



School of Business,
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Hôtel
Chevillon
Has the paint come off?

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A thesis about revenue drivers

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Gothenburg, January 2009

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Abstract

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Title: Hôtel Cheillon – has the paint come off?

Background and problem: In the 19th century Grez-sur-Loing held an important role in the world of art, especially when it comes to Nordic artists. The foundation Grez-sur-Loing based in Sweden bought Hôtel Cheillon in the early 1990's and hopes were high that it would serve as sanctuary for artist and authors, a chance to work in a historic environment far away from the stress of the modern society, but still close to one of the art capitals of the world: Paris. Today 15 years after the grand opening with HRM Queen Silvia of Sweden, Hôtel Cheillon is in desperate need of heavy restorations. However, the foundation can do nothing since there are no funds. For too many years the costs have been too high in comparison with the revenues, appropriations has not been made as they should have been so the foundation has come to a crossroad. How can they go on and what should be done now for the Hotel to last in the future? For many years there has been great focus on the costs and how they can be limited, but for the foundation Grez-sur-Loing can no huge changes be made for a decrease in costs. We have instead studied revenue drivers and how the foundation can find new revenue drivers in the future.

Purpose: The purpose of this thesis is to identify the revenue drivers for the foundation, as well as identifying the sources of customer value for the different customer groups.

Method: By conducting interviews with several persons related to the foundation Grez-sur-Loing in different ways getting qualitative data to find out what the general view of the foundation is. Interviewing artist staying at Hôtel Cheillon, and artists who have been there in the past, but also the funds who have granted scholarships to the artists to get their perspective on how the foundation is working. Finally, all of the information retrieved from the interviews will be analyzed and the ideas supported by the chosen literature.

Results and conclusions: From earlier studies we selected five revenue drivers for a deeper study and these five were; brand, customer loyalty, customer satisfaction, price and product quality. From our analysis we concluded that these five have an essential influence on the revenues of the foundation Grez-sur-Loing. Our analysis also resulted in that we identified four other revenue drivers: the quality of the service, the history, the location and the international touch. The study shows clearly the relations between the revenue drivers and the revenues.

Suggestions for future research: As studies of the revenues drivers only have been made in a few industries, it is interesting to continue investigate revenue drivers in other industries. It is also interesting to investigate if our proposals to the foundation Grez-sur-Loing are possible to succeed.

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CHAPTER 1: INTRODUCTION

This chapter presents the background of this thesis together with the problem discussion and the purpose of the thesis. The chapter ends with the disposition of the thesis.

1.1 BACKGROUND

Gre-sur-Loing has served a great cultural purpose ever since the artists in the 19th century found the beauty of the little village located 70 kilometers southeast of Paris. The village holds about 1300 inhabitants but more importantly from a Swedish perspective: Hôtel Chevillon. The Hotel served as place to live for some of the greatest painters and writers in Swedish history. In the 1990's it was bought by Swedish investors and reopened for business with the intentions to fulfill the same function it did in the past. The foundation Gre-sur-Loing owning and managing the Hotel today has however run into financial difficulties. The incomes merely cover the expenses on a yearly basis, but there is no room for appropriations for future restorations, something truly needed today. The standard of the rooms does not seem to satisfy the needs of Scandinavian painters, structural renovations are needed as well as several investments to satisfy the needs of the promising Nordic adventurers seeking for a calm place to work. Costs are today already at a low level, and to lower them even more is impossible if the foundation does not want to close the Hotel¹.

Ever since the original founders passed away the members of the Board of Directors have not had the time, resources or knowledge to take care of the foundation properly. Until today Hôtel Chevillon has functioned discreetly in the little village, the rent has been paid and in some cases also experienced as high.

It is fundamental for the foundation Gre-sur-Loing to create an added customer value for scholars in order for the Hotel to grow a stronger reputation in the Nordic and international world of art. A stronger connection needs to be highlighted between the funds that are paid and what the scholar really gets from staying at Hôtel Chevillon, except for a room to live in.

The weakened leadership due to lack of time has resulted in a low degree of involvement from the Board of Directors side which has led the foundation to a situation where the Hotel is falling apart and the funders think that the price is high in comparison with the standard of the Hotel.

The fact that the foundation Gre-sur-Loing has ended up in an economically unsustainable situation cannot be avoided. The foundation needs to improve their financial situation and focusing on the revenues is the right thing to do as they enable the organization to survive, even if cutting costs would be an easier solution.

1.2 PROBLEM DISCUSSION

Research in management control has recently focused more on the customer and the needs of the customers and a variety of tools have been developed to give customers what they want. Studies have been made in areas such as retail clothing and construction machine industry but so far very few studies have been made about foundations. This thesis highlights how important the customer is, but also which revenue drivers a foundation has.

1.2.1 GENERAL

The costs concerning the majority of foundations are already at a low level and cannot be reduced to the extent where it would actually make a difference. Therefore, the focus will be on revenues and in order to do this there needs to be an understanding for the customer and where the customer value comes from, as Hüttner's phrased it; *"the base in revenue thinking is to understand and to create customer value"*². It is

¹ Interviews in Gre-sur-Loing, Per Norinder, Bernadette Plissart, Jean Le Vot, 2008-11-07

² Hüttner's, Boken om intäkter, 1996, pp 54

essential to focus on both the revenue drivers and the customer values. A revenue driver is defined as a variable that drives revenues for an organization³ and customer value is defined as customer acquisition minus customer sacrifice⁴.

As non-profit organizations do not have monetary incentives to run a business and donors do not expect any kind of financial rewards for their donations⁵, there is something else motivating their existence. For foundations it is to offer the customers the foundations services. However, they still need revenues to survive, and to obtain revenues they need to attract customers and therefore finding customer values and revenue drivers is important. An article by Ittner & Larcker⁶ have concluded that there is a positive relation between customer satisfaction and revenues, something that makes it interesting to investigate which the factors are that drives and render revenues.

Furthermore, the sources for different costs are not that many whereas the sources for revenues could be many more and complex. The area of revenue drivers is today quite unexplored and there are only a small number of articles related to the subject, and none of them discusses this type of organization. We have found studies which discuss for example retail clothing⁷ and the construction machine industry⁸ but no studies on non-profit foundations.

Regarding the revenues, the sky is the limit. As the area has been neglected within the foundation for years, there is much possible work to be done and identifying the experienced customer and economic value is a larger question demanding investigating interviews and an overall comprehension from the evaluator. That is why we have chosen not to take the costs into consideration in this thesis and we will only focus on the incomes.

1.2.2 GREZ-SUR-LOING

Finding the revenue drivers is however a complex objective for this type of organization. First of all the foundation is a non-profit organization and in the long run the expenses and the incomes ideally end up at the same level. Furthermore, the target group for the foundation is divided into two; the artists and the funders. The values and aspects that matter to the funders are not the same which are important for the individual artist. The artist is the consumer of what the foundation Grez-sur-Loing has to offer, but the funders are the customers in the aspect that they are the ones who ultimately end up paying for the service. Distinguishing the customer values for these different target groups are essential though problematic, as well as considering which aspects to put emphasis on.

How the revenues are connected to the revenue drivers is a problem which will be enlightened. It is problematic since the customer and consumer is not the same individual, but also since the general conception of the foundation is that it is a non-profit organization. Today there is not a common outspoken knowledge within the foundation of what it is that render revenues to the foundation and what does not. It is essential for the foundation to have this information to easier market its product but as well to know how their pricing can be made.

We believe that the possibility for improvements for the foundation Grez-sur-Loing is higher after our study concerning revenue drivers, than it would have been if we had focused on the cost drivers.

³ Horngren et al (2000)

⁴ Ax et al (2005)

⁵ Berry B & Otley D (1996)

⁶ Ittner & Larcker (1998)

⁷ Nissen et al (2007)

⁸ Fröven & Svegelius (2008)

1.3 PURPOSE

The background and the problem discussion has shown us a gap to be filled, hence the purpose of the thesis is to fill that gap. We have found two key purposes of the thesis which will be fulfilled by evaluating the collected qualitative data:

- Identify and link revenue drivers for non-profit and non-governmental organizations. Though, as the assignment was given to the authors from the foundation Grez-sur-Loing, the foundation will be the main focus.
- Identify the sources of customer value for the different customer groups, funders and scholars and how they are linked together with the foundation Grez-sur-Loing.

1.4 DISPOSITION

Theoretical framework: The second chapter is the foundation of the thesis. The theories will be presented which are necessary to be able to understand the aim and analysis.

Method: The third chapter describes the procedure and method we have been using for answering the purpose of the thesis. We further discuss how and why we did the interviews, and finally we discuss criticism of sources and their validity and relevance.

Empirical studies: This chapter includes the history of the foundation Grez-sur-Loing together with the results from the interviews.

Analysis: In the analysis we discuss the results from the interviews. We discuss the selected revenues drivers together with the identified revenue drivers for the foundation Grez-sur-Loing, as well as the identified customer value.

Conclusion: In the last chapter we answer the purpose of the thesis and finally we present our recommendations for future research.

CHAPTER 2: THEORETICAL FRAMEWORK

This chapter presents the theoretical concepts concerning revenue drivers. The theory is the base for analyzing the empirical outcome and concluding the thesis.

2.1 INTRODUCTION

The reason for both discussing revenue drivers and customer value is that we got this assignment from the foundation Grez-sur-Loing who wants to know how they can render more revenues. In order to realize this, it is important to investigate what it is that creates customer value for the scholars as well for the funders. To make this thesis interesting for others we have searched for revenue drivers that are applicable for foundations in general. However foundations are non-profit organizations and distinguishing these from profit driven organizations has been done by Jönsson & Paulsson. They say that a non-profitable organization has the objective to offer services to the public without receiving any financial reimbursements for the efforts. Furthermore, they discuss differences such as the fact the non-profit organizations rely on donations and therefore an added customer can be seen as a burden, whilst on the other hand it would be seen as an opportunity to increase revenues for the profit driven organization⁹. As we find it important to conduct the research of revenue drivers, the main focus has been to find revenue drivers for foundations. The part concerning customer values enables future recommendations to the foundations Grez-sur-Loing.

Our theoretical framework regarding the revenue drivers is based on an article by Shields & Shields. The reason for using this article is because it describes revenue drivers from a general perspective and how revenues are driven in a company.

2.2 REVENUE DRIVERS IN GENERAL

Revenue drivers are defined as a variable which influences, and in that way drives the revenue. The area of revenue drivers is relatively unexplored, especially in organizations such as ours. Shields & Shields are discussing the relation between revenue and revenue drivers and they identify a number of revenue drivers at different levels of analysis, such as customer, product, company, and industry level. Shields & Shields are also using several characteristics for describing the relation between revenue and revenue drivers, which we will present in 2.3. Further on in the chapter we will do a selection of the identified revenue drivers, and focus on these selected revenue drivers, as the spectrum is too wide to analyze all of the 25 identified revenue drivers in the study of Shields & Shields.

2.3 THE RELATION BETWEEN REVENUE AND REVENUE DRIVERS

To make it easier to understand we will graphically illustrate and summarize the relation between revenue and revenue drivers. Together with every model function we will describe its relation and impact to revenues. In some of the examples seen below on the left side, X indicates a revenue driver and Y revenue.

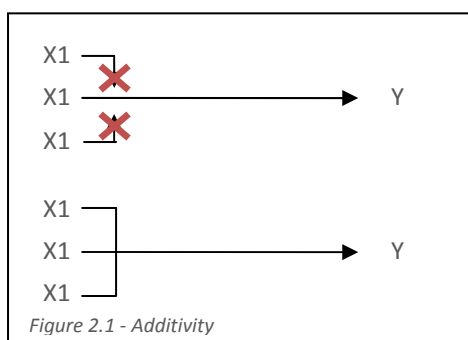
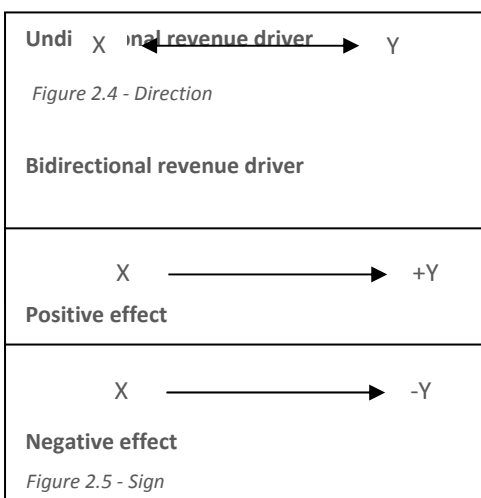
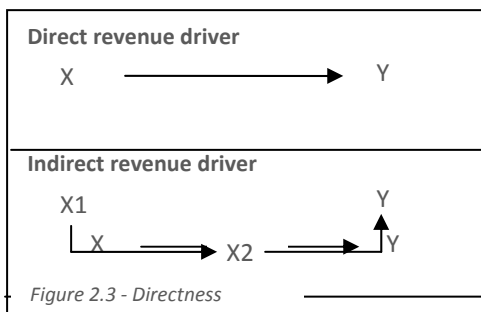
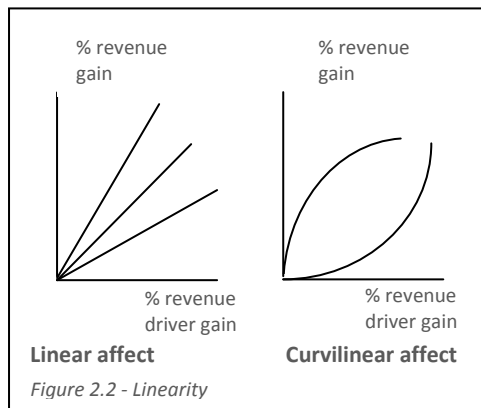


Figure 2.1 - Additivity

Additivity: The additivity describes the degree of independence for the revenue driver. If the revenue driver has an additive effect on revenue it is not affected by other variables. On the contrary, a revenue driver can work in interactivity with other revenue drivers meaning that its effect is restricted by the value of another variable¹⁰.

⁹ Jönsson & Pålsson (2002)

¹⁰ Shields & Shields (2005)



Linearity: The effect of a revenue driver on the revenues can either be linear or curvilinear. A linear effect means that a certain increase in the value of a revenue driver will always result in a certain increase in revenues. In contrast, a curvilinear relation has an increasing or decreasing effect on revenues¹¹.

Directness: If a revenue driver has a direct effect on revenue, they are directly linked together. Some revenue drivers however work indirectly meaning that they affect other revenue drivers which directly are affecting revenue¹².

Direction: If a revenue driver is unidirectional the relation with the revenue just goes one way, whereas a bidirectional revenue driver has a mutual relation with the revenue¹³.

Level of analysis: The level of analysis is where the study of variables proceeds as well as where the change of a variable appears. The different levels of analysis are; customer, product, organization and industry. The customer level concerns customer satisfaction while the product level includes quality, price and character. Strategies and development and their influences are discussed within the organization level, while competition is at the industry level. If you make a study at one level, this will not imply that the results of this study can be generalized on the other levels. The relation within a level does not necessarily apply for other levels¹⁴.

Sign: Is the relation between revenue driver and revenue positive or negative according to the value¹⁵?

Timing: The effect can either occur directly, which is called contemporaneous or with some delay, lead¹⁶.

Duration: For how long the effects of the revenue driver last, that is the length of the effect¹⁷.

¹¹ Shields & Shields (2005)

¹² Ibid

¹³ Ibid

¹⁴ Ibid

¹⁵ Ibid

¹⁶ Ibid

2.4 SELECTION OF REVENUE DRIVERS

The article by Shields & Shields presents 25 identified revenue drivers which can be seen in table 1. This compilation is so extensive that we only have selected five of these to the theoretical framework. These five are marked and will be discussed in 2.5.

<u>Customer level Revenue Driver:</u>	Employee skill
Customer satisfaction	Firm viability
<u>Product-Level Revenue Drivers:</u>	Market share
Product-sustaining activities	New product and service introduction
Unit production volume	Nonfinancial performance
<u>Organization-Level Revenue drivers:</u>	On-time delivery
Brand	Operating scope
Capacity	Performance measures
Capacity utilization	Physical distance between locations of initial and subsequent customer contact
Competition	Post-sale service quality
Customer loyalty	Product price
Customer satisfaction	Product quality
Economies of scales	Volume x strategic information technology
Employee incentives	Web traffic growth
Employee satisfaction	Website stickiness x website satisfaction

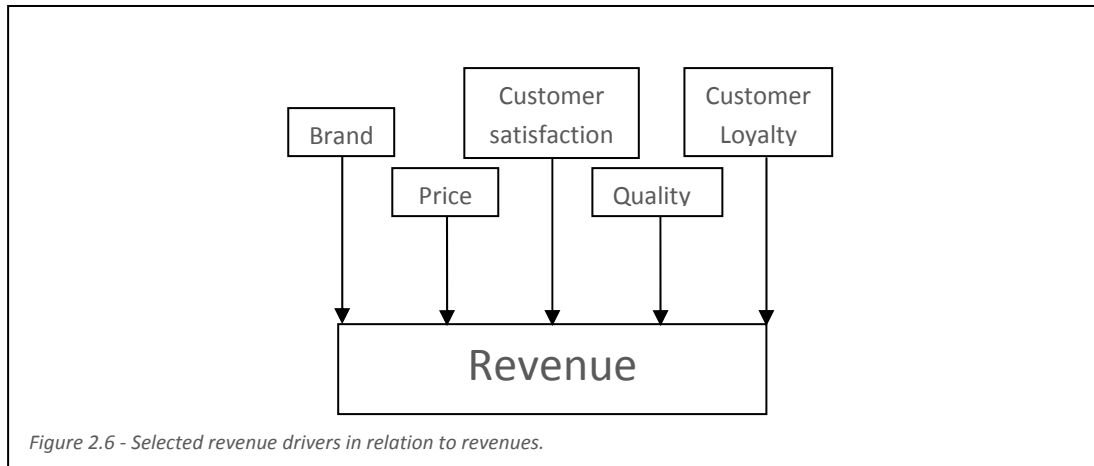
Table 2.1 - Revenue drivers¹⁸

2.5 SELECTED REVENUE DRIVERS

A criterion for the selected revenue drivers was that they must be familiar and relevant for our organization. Another criterion has been that they must be of non-financial nature since they have a more obvious link to future revenues than the revenue drivers with financial dimensions have. We have also chosen revenue drivers who are supported by several studies, for example Smith & Wright and Behn & Riley, since they are supported by secondary data to a higher degree and therefore we will reach a higher level of relevance. Our selected revenue drivers are *brand*, *customer loyalty*, *customer satisfaction*, *price*, and *quality*. The illustrated revenue drivers in figure 2.6 are each going to be discussed in a deeper and more detailed plan than shown in the figure. Our aim is to give the reader a deeper understanding of the relations that exist between revenue and the revenue drivers. Our selected revenue drivers have been complemented with other literature than Shields & Shields' article, this to give the reader a broader understanding over these revenue drivers.

¹⁷ Ibid

¹⁸ Shields & Shields (2005), pp 39-42



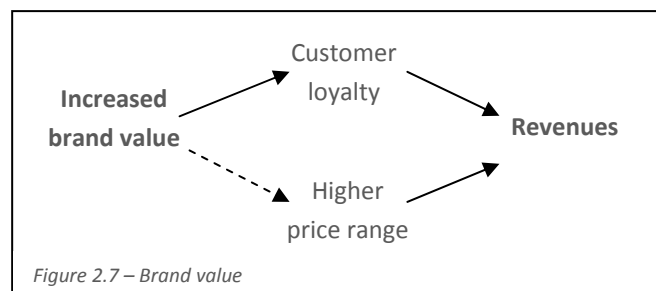
2.5.1 BRAND

A brand is a name, symbol or character, which is used to identify products or services. A trademark can consist of one word, a logo or a unique concept, which distinguish the company from its competitors. Marketing plays a significant role in influencing the brand. If a trademark is famous the customers can accept to pay extra for the product or the service just for the brand and vice versa, if the trademark is not so known the customers are not willing to pay a high price.¹⁹ Marketing intends to make the brand more visible and convey the company's attributes values and benefits. To be more visible in media can result in a higher interest of the product and service from customers which can create customer loyalty.²⁰

Table 2.2 - Brand as a revenue driver

<i>Study</i>	<i>Sign</i>	<i>Linearity</i>	<i>Additivity</i>	<i>Directness</i>	<i>Direction</i>	<i>Timing</i>
Smith & Wright	Positive	Linear	Additive	Indirect (customer loyalty)	Unidirectional	Contemporaneous
Smith & Wright	Positive	Linear	Additive	Indirect (price)	Unidirectional	Contemporaneous

Brand has a positive relation to price meaning that a stronger brand will result in lower price sensitivity. Marketing influences the awareness of the brand and the company also affecting the customer. If the marketing influences the customer positively the loyalty will be strengthened and in that way the revenues will be affected. From the study by Smith & Wright a conclusion can be made; the brand is an indirect revenue driver when it first affects the customer loyalty which in turn affects the revenues²¹.



¹⁹ Kotler P (2000)

²⁰ Keller K (1999)

²¹ Smith & Wright (2004)

2.5.2 CUSTOMER LOYALTY

Loyalty is a broad and ambiguous concept, but in a big perspective it is when a customer uses the company over long period of time. Loyal customers are often ready to pay a little more for the products and are also contributing to the marketing by the word of mouth. New customers are often expensive as there is a cost of establishing a relation, which does it more lucrative to focus on existing customers²². If the relation becomes deeper the revenues can be affected as the customers stay loyal even if the prices are raised. It is also easier to sell more products to a loyal customer, which renders revenues²³.

Table 2.3 - Customer loyalty as a revenue driver

<i>Study</i>	<i>Sign</i>	<i>Linearity</i>	<i>Additivity</i>	<i>Directness</i>	<i>Direction</i>	<i>Timing</i>
Smith & Wright (2004)	Positive	Linear	Additive	Direct	Unidirectional	Contemporaneous
Smith & Wright (2004)	Positive	Linear	Additive	Indirect (price)	Unidirectional	Contemporaneous

If there is word of mouth marketing the customer loyalty can be seen as an indirect revenue driver as the company will get a good reputation which can increase the interest from future customers. The direct relation between customer loyalty and revenues exists but at the same time it is hard to prove this as the relation and how it is created is difficult to see. According to Smith & Wright the loyalty has a positive and linear relation to revenues, in other words, a rise in customer loyalty will render in augmented revenue. Loyal customers are the key figures for the organization's revenues in a direct and in an indirect way.

Smith & Wright's study shows both a direct and an indirect relation between the customer loyalty and the revenues. Higher customer loyalty generates higher revenues as well as a higher customer loyalty will make it possible to charge higher prices. The price elasticity is higher for loyal customers as it does not matter if the competitor is cheaper, as loyal customers will not change supplier due to the minor differences in price. Therefore it is more important to maintain a good relation with loyal customers.²⁴

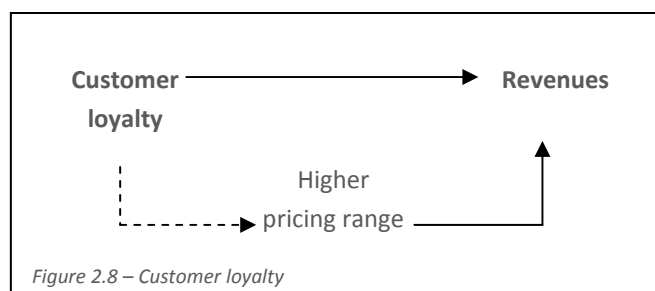


Figure 2.8 – Customer loyalty

²² Holmberg U (2004), pp 2, 26-33

²³ Kaplan & Norton (2004)

²⁴ Smith & Wright (2004)

2.5.3 CUSTOMER SATISFACTION

Customer satisfaction indicates how well the product or service meets the customer's expectations. A customer's satisfaction is connected to the feelings the customer has about the product. A customer can be satisfied or disappointed in relation to the expectations the customer had before using the product or service. Customer satisfaction is a very subjective measure and varies greatly from person to person as different personalities perceive the product or service differently²⁵.

There are three different type of customer satisfaction;

1. The company's services and products do not reach the customers' expectations and leave the customer unsatisfied.
2. The company's services and products reach the customers' expectations and leave the customer satisfied.
3. The company's services and products top the customers' expectations and leave the customer more than satisfied. This makes the company competitive.

When a customer gets satisfied the primary needs are being fulfilled but to get to the third step the secondary needs of the customer also has to be fulfilled. The primary needs for the consumers are what the core service includes, and the secondary needs are satisfied by supporting services of the organization²⁶.

It is important for the company not to create expectations that are too high as the customer then easier will get disappointed but at the same time it is essential to balance this as too low expectation will not attract customer to buy the product or the service. Satisfied customers are something that renders revenues²⁷.

Table 2.4 - Customer satisfaction as a revenue driver

<i>Study</i>	<i>Sign</i>	<i>Linearity</i>	<i>Additivity</i>	<i>Directness</i>	<i>Direction</i>	<i>Timing</i>
Banker et al (2000)	Positive	Linear	Additive	Direct	Unidirectional	Contemporaneous
Behn & Riley (1999)	Positive	Linear	Additive	Direct	Unidirectional	Contemporaneous
Ittner & Larcker (1998)	Positive	Curvilinear	Additive	Direct	Unidirectional	Lead

Customer satisfaction is linked together with numbers of complaints according to an article by Behn & Riley. If there are few complaints the customer satisfaction is higher and vice versa. Customer satisfaction has a direct relation to revenues; if the customer satisfaction is low the revenues will be reduced.²⁸

The relation between customer satisfaction and customer loyalty has been discussed in several studies. The customer satisfaction is an indirect revenue driver as higher customer satisfaction gives a higher customer

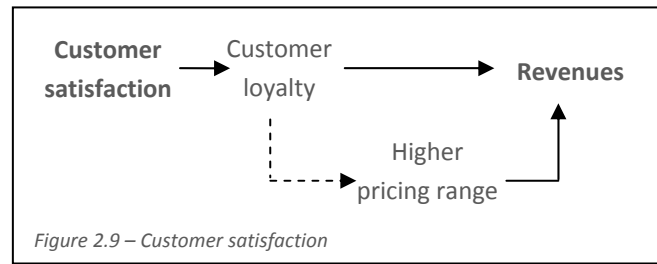
²⁵ Kotler P (2000)

²⁶ Edvardsson et al (1998), pp 33

²⁷ Kaplan & Norton (2004)

²⁸ Behn & Riley (1999), pp 29-56

loyalty and that gives higher revenues. What has to be noticed is that it is not sure that satisfied customers create customer loyalty.²⁹



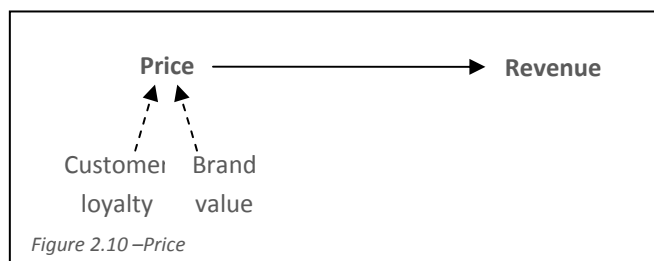
2.5.4 PRICE

The price is how much the customer is paying in terms of money and the effort to buy the product. The relation between price and revenue is obvious as different prices render different revenues, and therefore it can be said that there is a direct relation. To use the price as a revenue driver the company needs to differentiate its products and services, this in order to create higher price elasticity for the customers. To make the customer satisfied the customer needs to find that the price of product or service correlates with what they receive³⁰.

Table 2.5 - Price as a revenue driver

Study	Sign	Linearity	Additivity	Directness	Direction	Timing
Smith & Wright (2004)	Positive	Linear	Additive	Direct	Unidirectional	Contemporaneous
Sällström (1997)	Positive	Linear	Interactive	Direct	Unidirectional	Contemporaneous

According to Smith & Wright's study the price has a positive and direct effect on revenues in the sense that a reduced price has a direct impact on the revenues. The researchers conclude that the revenue driver customer loyalty has a moderate relation to price. When a company has a high customer loyalty, the company can charge higher prices thanks to a loyal customer base. If loyal customers get positive experiences of the product, the company can charge higher prices. Similarly, the revenue driver brand has a positive relation to the price when the marketing and positive word of mouth creates lower price sensitivity.³¹ But as earlier discussed, even the brand can have an indirect relation to the price range.



²⁹ Söderlund (2001)

³⁰ Lazear, P. (1986), pp 14-32

³¹ Smith & Wright (2004)

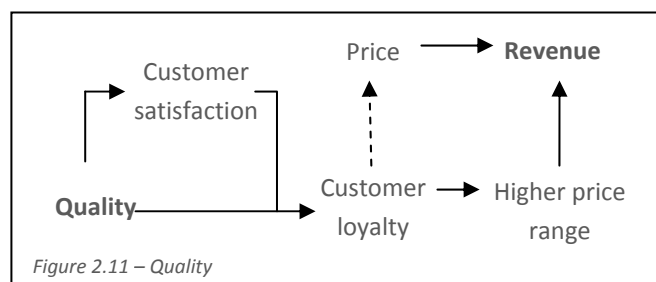
2.5.5 PRODUCT QUALITY

The quality of the product is a measure of how well the product meets the expectations of the customer. The quality shall satisfy the current and the future customers. The quality of the product offered shall meet and preferably exceed customer expectations. If it does, the company will receive customer satisfaction and create customer loyalty, which leads to increased revenues.³²

Table 2.6 - Product quality as a revenue driver

Study	Sign	Linearity	Additivity	Directness	Direction	Timing
Smith & Wright (2004)	Negative	Linear	Additive	Indirect (Loyalty)	Unidirectional	Contemporaneous
Babakus et al (2004)	Positive	Linear	Additive	Indirect (satisfaction & price)	Unidirectional	Contemporaneous
Nagar & Rajan (2001)	Positive	Linear	Additive	Direct	Unidirectional	Lead
Sällström (1997)	Negative	Linear	Interactive	Direct	Unidirectional	Contemporaneous

A good quality will render in satisfied customers which also affects customer loyalty and indirectly revenues. Smith & Wright show an indirect relation where the quality affects the customer loyalty and therefore also the revenues. If the quality is high, the customers are more likely to become a loyal customer, and loyalty is as mentioned above connected to price. Here we can see a negative relation between the quality and the loyalty but this conclusion is vague and cannot be applied on all industries³³. Studies have also been made where it can be shown that customers are willing to pay a higher price if the quality increases. This shows that there is an indirect relation between quality and revenues via price³⁴.



³² Bergman & Klefsjö (2001)

³³ Smith & Wright (2004)

³⁴ Babakus et al (2004)

2.6 CUSTOMER VALUE

In recent decades there has been a shift in the perception of what it is in the company's processes that creates value. Earlier the production was in focus of the company's development and the market was the end point in the value chain. But now, companies have opened up their eyes for the customer, the customer loyalty and the customer profitability³⁵. In many industries the 80-20-rule is discussed which means that 20% of the company's customers account for 80% of profitability. It also appears that it costs five times more in money, time and resources to attract new customers compared with what it costs to retain existing customers, according to Naumann³⁶. Therefore it is not difficult to understand the focus on customers.

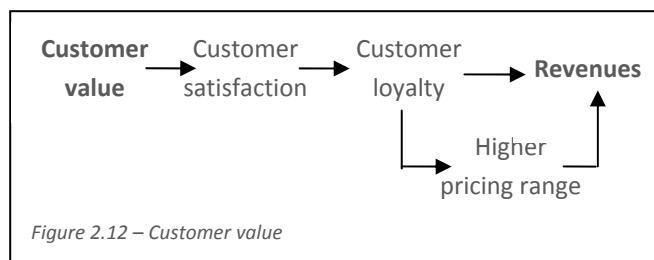
Today is customer value discussed frequently and how it is defined varies. But the general and the most widespread theory, developed by R. Oliver, is "the expectancy disconfirmation theory"³⁷. According to the theory the customers buy products with expectation of the product or service. If the results are matched with the expectations, there will be a confirmation while at the disconfirmation, differences between expectations and results have emerged. The difference can be both positive and negative, at negative difference the result is worse and at a positive difference the result is better than expected.

Customer value is about creating value for customers and how a company can increase customer value is always a subject for discussions. In order to enhance customer value the company should identify its main activities and processes and then improve them.

Customer acquisition minus customer sacrifice is one way to define customer value. Customer acquisition is what a customer gets when they buy a product or service while the customer sacrifice is what a customer pays together with the customer's efforts to acquire the service or product.

Customer value can be affected but then the company needs knowledge of what the customer value is for the customers. Knowledge can be obtained through various surveys or through interviews.³⁸

To increase the perceived customer value, it is important to pursue the target of giving value for the money. There are two means that can affect customer value, by functionality and by cost. A company can either keep the functionality constant and reduce the cost, or the cost can be kept constant and the functionality can be increased. Functionality is the quality, design and performance, namely customer requirements.³⁹



³⁵ Normann (2001)

³⁶ Naumann (1995)

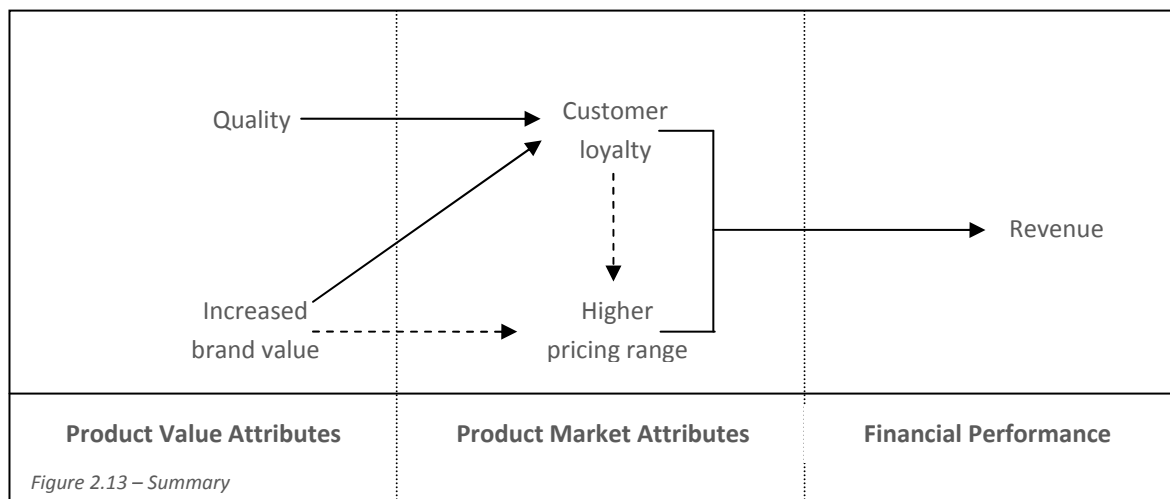
³⁷ R. Oliver (1980)

³⁸ Ax et al (2005), pp 641-642,

³⁹ Ibid. pp 671

2.7 SUMMARY OF THE REVENUE DRIVERS

To summarize the connections between the chosen revenue drivers and revenue, the figure below will illustrate how they are linked together. The revenue drivers can also be divided into three different categories; *product value attributes*, *product market attributes* and *financial performance*⁴⁰ depending on their character. Smith & Wright are focusing on the value chain which includes these three categories, instead of only assuming relations between customer loyalty and financial outcomes. The links between the three categories have been investigated in the study of Smith & Wright and what they have found is that the category *product value attributes* is what the business creates, in other words the results of the business processes, such as brand, firm viability and product quality. The companies are creating these values to satisfy the customers and by doing so opening up for customer loyalty and to distinguish the company from its competitors. The results of these actions can be seen in the second category, *product market attributes*. If everything functions, the company can expect to transform these product market successes to financial success. In other words, the actions move to the third and last category, financial performance, where they result in revenues⁴¹.



⁴⁰ Smith & Wright (2004)

⁴¹ Ibid. pp 187

CHAPTER 3: METHOD

This chapter will describe the chosen approach to reach the purpose of the thesis.

3.1 INTRODUCTION

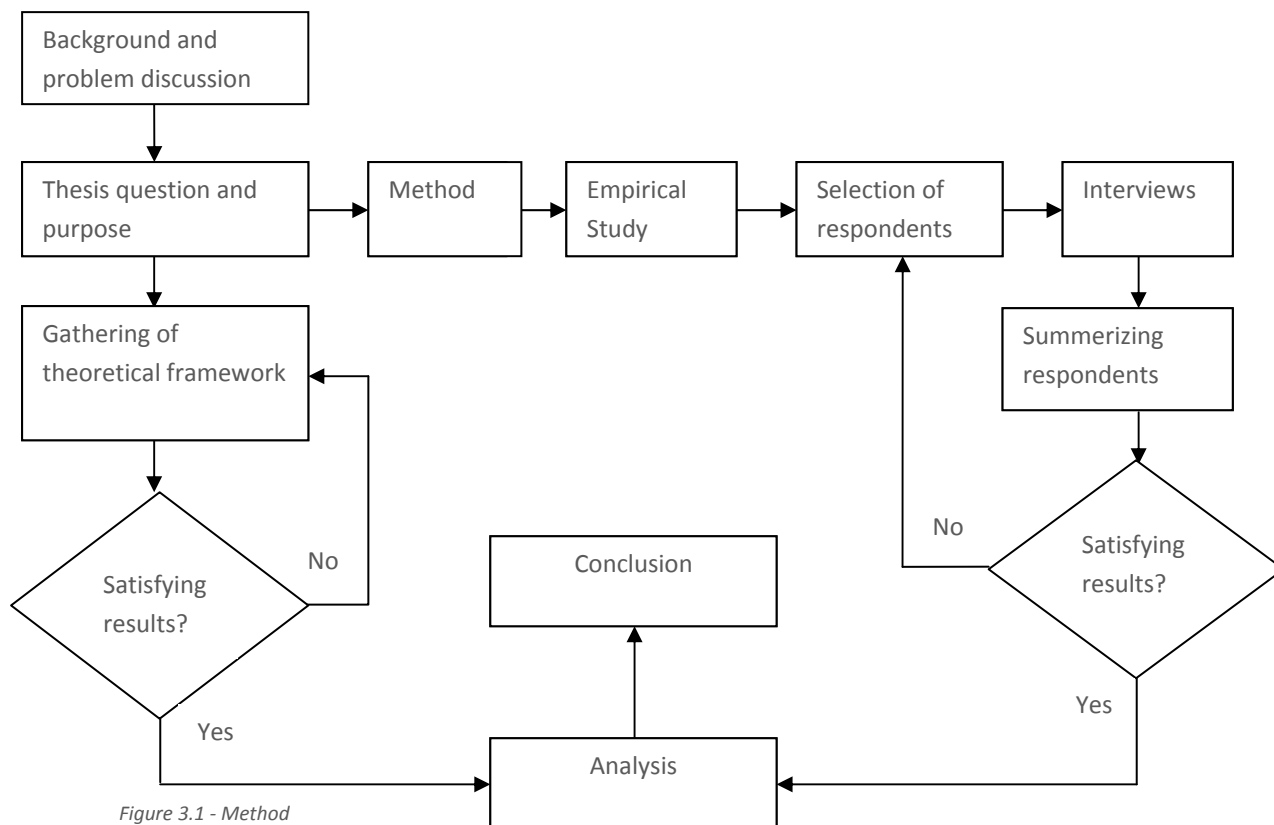


Figure 3.1 - Method

The thesis is a deductive study collecting qualitative data from a number of interviews. As the area of revenue drivers concerning non-profit organizations has not properly been covered in existing literature, the theoretical framework will only serve as guidelines since the conditions for non-profit organizations are different in several aspects in relation to profit driven companies.

3.2 PERSPECTIVES

The thesis has a descriptive purpose as the aim is to discover the revenue drivers and its relation to revenues. The research area is fairly undiscovered and therefore the thesis will be exploratory. As the thesis also has an aim to improve the foundation an evaluation of the existing revenue drivers is included and the exploratory purpose aims to find new revenue drivers⁴². Personal interviews will be made and they are important in order to perceive a feeling of the respondents' relation and feelings about the subject for the interview.

3.3 SELECTION OF FOUNDATION

There are different ways of making the research about a specific subject. You can either study several foundations or you can choose to focus on a single one, which we have done. Instead of interviewing people from different foundations, we have made numerous interviews with people connected to one foundation to reach the result. Initially the foundation Grez-sur-Loing was advertising in the Gothenburg School of Business, Economics and Law that they were in need of two students who would be willing to write a thesis for the

⁴² Lekvall & Wahlbin (1993)

foundation. As both of the authors recently had spent two semesters in France, had an interest in art as well as the fact that the purpose of the thesis seemed to correlate to the authors interests' it was a natural choice to contact the foundation to find out more about the project. After meeting Per Norinder it became clear that the foundation was something that attracted the authors, and Per Norinder also accepted the authors as writers for the thesis.

3.4 COLLECTING DATA

As described in figure 3.1 we have two different methods for collecting data which will be explained below.

3.4.1. PRIMARY DATA

Primary data is first hand information gathered by the authors. The gathering of data can be done in many ways, whereas interviewing and surveys are the most common. Each way of collecting data has its advantages and disadvantages. Surveys are good for comparing results as all the respondents answer the same questions. Interviewing allows the author to follow-up with complementary questions and to clarify questions in case it is unclear to the respondent. Though what is always important to take into consideration is the risk that the respondent could get influenced by the interviewer⁴³.

3.4.2. SECONDARY DATA

Secondary data is information already gathered by previous researchers in forms of literature, articles or other written sources. The secondary data is analyzed to see how the problem has been processed and analyzed in earlier studies⁴⁴.

3.5 INTERVIEWS

To meet the purpose of the thesis the authors will conduct interviews with persons related to the foundation from different perspectives. Hopefully this will render in a representative picture of what the general point of view of Hôtel Chevillon is. The ideas of the different parties involved with the foundation Grez-sur-Loing is valuable information when discussing customer value.

3.5.1 SELECTION OF INTERVIEWEES

The selection of respondents will be based on the respondent's knowledge and experience of Hôtel Chevillon. We search for respondents who can give us their impressions of the Hotel and say something about either the revenue drivers or customer value. The artists and the funders can give their opinions about the customer value, while the members of the Board of Directors have the knowledge of the revenue drivers.

All respondents will be contacted by e-mail or telephone with some help of Per Norinder's contact list. Since some of our respondents live in France we will go to Paris and Grez-sur-Loing to conduct personal interviews. We will also have personal interviews with respondents residing in Gothenburg and Stockholm.

3.5.2 INTERVIEWING TECHNIQUE

Individual interviews

For the purpose of the thesis we have had individual interviews which were possible since our visit to France and most of our respondents live in Gothenburg. We believe that individual interviews are more efficient as we get a depth to the responses, which is an advantage when it comes to interviewing. With a personal

⁴³ Edvardsson et al (1998)

⁴⁴ Ibid.

interview, the interviewer can continue with the question until it has been answered to the interviewer's satisfaction⁴⁵.

Open questions

When preparing interviews it is important to collect information and discuss what is relevant for us to find out about. The interview guide should be formulated with open questions and divided into different subject areas. It is essential not to have too specific questions so the respondent can speak openly about the subject⁴⁶.

The Dictaphone

A Dictaphone was used during the interviews to make us focus as much as possible on the interview. When you are writing at the same time as you are listening, it is easy to lose track or for information to get lost. When you are recording you do not have to ask the respondent to repeat his answers and the speed of the interview does not depend on how fast you are writing which make the interview more like a conversation⁴⁷.

Neutral questions

An interview should always begin with neutral questions, furthermore the interview shall start with background information and ends neutrally with space for comments about the questions or requests for the study. Regarding the phrasing of the issues; long questions, leading questions and negations should be avoided⁴⁸.

Conversation

When phrasing the questions it is important not to ask questions where the answer can be yes or no. If you have questions with how, what and why, it is more likely that you get a more detailed answer. An aim with personal interviews is to get the respondent to feel that it is more like a conversation than a hearing. This can be achieved by allowing the interview not to be too structured and to let the interview run and rise spontaneously with side issues⁴⁹.

Follow-up questions

Even if a question formulary has been prepared, you have to be able to adapt the questions during the interview as respondents can keep on talking answering several questions at the same time. It is important to listen for when follow-up questions could be needed⁵⁰.

3.6 CRITICISM OF THE SOURCES

As the thesis question is rather unique and revenue drivers are normally evaluated under other circumstances, many of the references are not directly applicable to our study. They can however serve as guidelines in the process of finding the conclusion in our thesis, so we do not have to invent the wheel a second time.

Regarding the interviews, there is always a certain level of subjectivity from the respondents, as well as the influence by the interviewing person. The questions have been carefully developed in order not to get biased answers. Even though the safety precautions taken, we have taken in account that own interests will always affect the answers of the respondent. It could also be so that a genuinely honest response regarding an

⁴⁵ Häger B (2001)

⁴⁶ Häger B (2001)

⁴⁷ Patel et Al (2003)

⁴⁸ Ibid.

⁴⁹ Andersson B-E (1994)

⁵⁰ Ibid.

improvement could be an improvement from the respondent's point of view, but not for the foundation Grez-sur-Loing in total. We have been well aware of the fact that one person both is the chairman of Grez-sur-Loing as well as the boss for the foundation Hasselblad. This can make the persons answers subjective but this have been taken in concern during the interview.

3.6.1 VALIDITY

Validity is the correlation between what we are saying we are going to research and what we actually do. To strengthen the validity several precautions have been taken. First of all, we decided early on in the process of the thesis writing what problem to focus on. We defined the different characteristics such as revenue driver and customer value, which enabled us to phrase interviewing questions allowing open questions and answers. The definitions of the characteristics also led to a problem discussion which rendered in a purpose of the thesis. The guidelines were set. From there we could collect the right data for our thesis, both in terms of primary and secondary data. Since the area is relatively undiscovered, meaningful secondary data has been hard to find. Theories have been used where it matches the specific foundation; to balance up the validity we have conducted numerous interviews.⁵¹

To even more strengthen the validity, the face to face interviews have given us a deeper knowledge of the foundation, as well as actually visiting the Hotel. The questions have been designed after getting a deeper understanding of how revenue drivers work in reality after examining the collected theoretical data.

3.6.2 RELIABILITY

Reliability is measured to which extent the results can be repeated in similar studies. With a high level of reliability the results can be replicated no matter who is making the study or under which circumstances it is made. This is achieved by avoiding errors which could give biased results⁵² thus the collecting of data is a crucial aspect for remaining at a high level of reliability in this thesis. However, as the area is fairly unexplored until now there is a risk that the reliability could be lower than for studies within an area which has been previously researched.

Collecting primary data by open interviews may render in biased result, this due to many reasons. The respondents might be unaccustomed to answering questions of this character and they also have personal interests of biasing their answers towards their own interest. The interview procedure might initially be imperfect due to the lack of interviewing experience from the authors of the thesis. To strengthen the reliability some security precautions has been made. Both of the authors have been present at all interviews and they have been recorded, except for two occasions where it was impossible. This may be helpful when it comes to follow-up questions when the answers have been unclear. Whenever there has been uncertainty in a respondents answer, they have been contacted on a later point to explain what they actually meant. To further strengthen our reliability we have chosen to meet as many persons with different relations to the foundation as possible. In that way we can eliminate the effect of biased answers as much as possible.

⁵¹ Lekvall & Wahlbin (1993)

⁵² Patel & Davidson (1994)

CHAPTER 4: EMPIRICAL STUDIES

To give the reader a better understanding of the foundation Grez-sur-Loing we will in this chapter describe Hôtel Cheillon. We will further on present the results from the interviews with the selected members of the Board of Directors, the French committee, the funders as well as some of the artists who have lived at the Hotel.

4.1 INTRODUCTION

Thanks to our visit in Paris and Grez-sur-Loing we have been able to get a picture of the Hotel and its surrounding, so the information about the Hotel is not entirely from the literature the internet, it is also from our experience.

4.2 FOUNDATION PRESENTATION

Strindberg said about Grez-sur-Loing: *“Here can I live again. Everything is nice, nature, Hotel, people and food. It is a blessed place. Why? I do not know”*⁵³

4.2.1 BEGINNING

Ever since the 19th century, the region southeast of Paris has been attractive to artists of the world. There were two crucial inventions which made it possible for the artists to travel out to the countryside to paint, the train and oil-colors on tube. The first ones to arrive were the Anglo-Saxon painters but they were soon to be followed by their Nordic equivalents. What initially attracted them to Grez-sur-Loing was the river with its clean water. The artists had been living in surrounding villages without access to running water for years. But as soon as the rumors about Grez-sur-Loing started to spread and also the existence of two Hotels for artists, the village soon became popular among the top painters visiting the region. What they sought was tranquility and inspiration, as well as a place to exchange points of view with their colleagues and antagonists. The fresh air, the flourishing nature and the ancient bridge made Grez-sur-Loing an ideal place for some of the greatest artists of the time⁵⁴. Among the most famous persons to stay in Hôtel Cheillon were Carl Larsson, Robert Louis Stevenson, August Strindberg, Ville Vallgren, Bruno Liljefors, Anders Zorn, Eva Bonnier and many of others⁵⁵. But other great artists such as the iconic Japanese painter Kuroda spent many years in Grez-sur-Loing, but not specifically in Hôtel Cheillon⁵⁶.

4.2.2 THE RETURN

When the interest from the painters began to stagnate in the beginning of 20th century, the Hotel came into private ownership before the Hôtel Cheillon was for sale in 1987. By then the maintenance had been poor for years so the Hotel was in a bad shape. The three gentlemen, Jan Wallinder, Jan Landmark and Alf Elmberg with a genuine interest in art saw the potential of the Hotel and bought it. Erik Malmsten, Bo Myhrman and Lars Rahmn saw the same opportunities and joined the project. Together, they created the foundation Grez-sur-Loing and restored the Hotel to a pleasant place to live. When the extensive renovating was finished in 1994, HRM Queen Silvia of Sweden together with the Swedish Minister of Culture, Birgit Friggebo reopened Hôtel Cheillon in a grand opening ceremony.⁵⁷

⁵³ Wennberg K, *Strindberg i Grez*,(2007)

⁵⁴ www.grez-stiftelsen.se and interviews with J. Le Vot and P. Norinder

⁵⁵ www.grez-stiftelsen.se

⁵⁶ Interview P. Norinder, J. Le Vot

⁵⁷ Interview P. Norinder

4.2.3 THE ROOMS

The Hotel consists of four flats and two studios with a belonging atelier to each of the apartments. All the flats have a little kitchen and WC. The flat where Carl Larsson lived with his wife is the biggest flat and is of course named after him. There are some common rooms on the ground floor such as a dining room, living room, library, and a kitchen. The beautiful garden is also for common use and from here can you walk down to the river Loing and the old bridge. In the past Hôtel Chevillon was always lively. The kitchen was used as a restaurant, people were fishing down by the river, using the boats and a lot of paintings were made in the garden. There have always been a lot of Swedish artists in Grez-sur-Loing and one of the reasons to why they came was because of the particularly light and the international meetings. Even today there is a special shimmer over Grez-sur-Loing from the 19th century, with its parties and atmosphere. A Swedish painting has been left to the following generations which always will be linked together with Carl Larsson and August Strindberg and all of the other Swedish artists.⁵⁸

4.2.4 TODAY

Today the initial investors are dead, the interest and the resources are not the same; however the foundation is working hard for the Hotel's existence. The founding investors had apart from their genuine interest, a substantial amount of money to invest. Now there is still interest but not at all the same resources and when resources are missing, the beautiful ideal is deteriorating. Even if the foundation does not have any interest of profit, the foundation still needs money for renovating immediately. To be able to attract new artists they need to have a good standard to avoid complaints⁵⁹.

Today there are several cultural funds from Sweden, Scotland and Finland renting apartments in Hôtel Chevillon. There is also a bookstore who is renting an apartment and there has been a housing cooperation involved too, but the aim is the same for everyone; to support the culture whether it is art, scientists or photography⁶⁰.

4.3 REVENUE DRIVERS

THE SWEDISH BOARD

The Swedish board consists of Bo Myhrman, Birgitta Bergenholtz, Christina Backman, Stina Wallinder, Claes Malmsten, Johan Malmsten, Elisabeth Myhrman, Marcus Gabrielsson and Per Norinder. We had the possibility to meet six of nine members of the board.

The first interview conducted was with Christina Backman. She provided us with background information about the foundation Grez-sur-Loing and its financial situation. Therefore the interview will not be presented in this part as it is not relevant to the purpose of the thesis.

BO MYHRMAN

Bo Myhrman has been the chairman of the Board of Directors since 1997. He was present at the purchase of the Hotel and is the only one left from the first Board of Directors. As the only remaining founding member, Bo feels a great responsibility for the Hotel to live on forever.⁶¹

⁵⁸ Lindwall, *Konstnärskolonin i Grez*

⁵⁹ Interviews C. Backman 2008-10-27 Gothenburg

⁶⁰ Interviews C. Backman 2008-10-27 Gothenburg

⁶¹ Interview B. Myhrman 2008-12-02, Gothenburg

Positive and negative about Hôtel Chevillon

The most positive thing about Hôtel Chevillon is its **product quality**; the Hotel contributes to the development of the art. The Hotel offers a fantastic workplace in a multicultural environment. There is a cross-communication between human and cultural values. It is also the only place outside the Nordic countries with this objective, and it feels like an important task to run the foundation. The Hotel is very appreciated in the art society, the funders that give scholarships provide a contribution to all this. It is both an exciting and pleasant cooperation. The product quality could raise even more if the hygiene conditions were not so bad. The product quality is not affected by the value of the other revenue drivers but it affects the customer satisfaction as well as the loyalty and if they are high the price can increase.

The negative aspects about the Hotel are the existing difficulties. With the present situation, it is more difficult to get sponsors for an activity that functions quite well. It is difficult to get companies or individuals to donate money to something that someone else has already built up and gotten credit for. Without money the standard of the Hotel can not change.

Revenue drivers

According to Bo the revenue drivers are the brand, the history, the customer satisfaction, the loyalty, the price, the product quality (discussed above), the localization, the quality of the service, the webpage and the international cooperation.

The brand Hôtel Chevillon together with the **historical** background is a fantastic resource and it is a huge revenue driver even if it varies over time. He believes that the marketing is good enough and he does not think that a strengthened brand would lead to increasing revenues at this point. The history is the primary factor that affects the brand; moreover the good reputation of some of the institutions sending scholars does a favor for the brand. For example the scholarship from the Hasselblad foundation does this, an award he compares with Nobel Prize. Nevertheless, the brand could be strengthened by a stronger combination with the history, but it would not have a direct impact on the revenues and it would take some time.

The customer satisfaction is also a revenue driver and the Hotel has received a lot of positive response from their customers. Bo believes that if the customer value would raise it would also lead to a greater customer satisfaction, although it would be a gradual change. Everything is linked together, if the customer satisfaction falls, the number of applications would be fewer. The municipality Grez-sur-Loing can affect the customer satisfaction by arranging some happenings at the Hotel. Bo believes that the artists can feel a bit too lonely from time to time and that they would appreciate some events. The revenue driver could be strengthened by renovations, though they need resources for renovations today as well for the future.

The third revenue driver is **the loyalty** from the funders, which is extremely strong from some of the institutions. If they have had as much money as loyalty the foundation would not be in this situation. Notwithstanding the above, there are limits for the loyalty meaning that the hygiene cannot be too bad. The historical perspective affects the loyalty together with the fact that it is a much appreciated place to send scholars.

There is not so much to say about **price** as revenue driver. They accept that they cannot take out a higher rent because it would frighten the institutions. Thus the price can neither be lowered nor raised since a lower rent would not cover the costs and a higher rent would scare the customers away and the foundation would lose important revenues, in other words; the revenue driver price is curvilinear.

The quality of the service. Bernadette Plissart, the director of the Hotel, is conveying a positive picture to the local surrounding and is spreading joy and happiness. It is important not to be recognized as a snotty

organization and for this purpose: Bernadette is doing a fantastic job. Bernadette and the quality of the service are two essential aspects as they are a part of the customer satisfaction which could affect the revenues.

The webpage is important as it saves expenses and it allows the public to easily find information about the Hotel.

The international exchange conveys a Nordic unity together with the USA and Great Britain which attracts people to apply for a scholarship at Hôtel Cheillon, in other words the international exchange works together with the customer satisfaction and the brand. What is difficult to say is how much the revenues can increase if another country gets interested and starts sending scholars.

Something else that works together with the customer satisfaction and the brand is the closeness to Paris, it makes the village less isolated. The possibility to go to Paris prevents getting cabin fever, though the communications are not the greatest. In other words, **the localization** is an essential revenue driver. But it is impossible to say whether the revenues would increase or not if the communications between Paris and Grez-sur-Loing would be better. Something that is clear is that the revenues do not have an impact on the localization.

Improvement to strengthen the position of Hôtel Cheillon

Bo hopes and believes that Hotel Cheillon will continue to exist. He is open for a sale if anyone else would like to buy the Hotel and take over the operations. But he stresses that the main object of the foundation is to remain as it is today, and that a sale would be a last scenario solution. The Hotel must somehow find funding for the renovations and Bo is open for different types of solutions, but he finds it hard to believe that the Swedish state would allow such an asset to go bankrupt. The foundation needs to find some kind of sponsoring which would lead to an injection of capital, in other words, deep pocket money.

The capacity is too little, according to Bo the Board of Directors wants to try to expand the organization but that depends on how the cooperation with Norway, Denmark, the United States and Japan will turn out. According to Bo the small rooms upstairs will not bring any money, they are good to use when the members of the Board of Directors need to go to Grez for meetings and need to spend a night or two in the Hotel.

JOHAN AND CLAES MALMSTEN

Claes and Johan Malmsten are both sons of one the original founders Erik Malmsten. Johan has been a part of the Board of Directors since 2000 and Claes joined in 2006 when the Board of Directors was enlarged.⁶²

Revenue drivers

Claes and Johan found six revenue drivers; the brand, the customer satisfaction, the loyalty, the price, the webpage, the international touch and the quality of the service.

The brand: A large part of the brand value is in the name Grez as the name Hôtel Cheillon is too long and complicated. The value of the brand varies over time depending on who often it is mentioned in media for various reasons. Without the brand and everything that comes with it, the building would be just another building in France, so in that aspect it is very important.

If the value of the brand would change, the rents would most likely not be affected for two reasons. Claes and Johan believe that they already have reached the limit for how much they can raise the rents, without making a big renovation. Secondly, the foundations who are granting scholars to go to Grez-sur-Loing are not really

⁶² Interview C & J. Malmsten, Stockholm, 2008-12-03

affected by media coverage as they already have a clear picture of what they are dealing with. If the brand would drastically get lowered, they think that most of the foundations granting scholars would be quite patient as long as they know that the problems will be fixed. Donations, on the other hand, could be affected by an increase or decrease in the brand value. When the actual increase in donations would happen is very hard to say since Malmstens feel that donations come in randomly, and also depending on what kind of efforts the Board of Directors is making to attract donations.

A revenue driver affecting the brand is in one way the history. As paintings made in Grez-sur-Loing are sold on auctions for sums over a million kronor every now and then, it brings Grez-sur-Loing up to attention and therefore also affects the brand value.

The brand is indirectly reversely affected by the revenues. Revenues are needed to maintain a certain level of standard and quality; if this is not done the value of the brand would probably be damaged sooner or later.

According to Malmstens, the brand could be strengthened through different types of actions, something that could make it easier to get donations, but there are no guaranties for that.

Client satisfaction: Both client and customer satisfaction is a condition that needs to be fulfilled for the funders to keep on sending scholars to Grez-sur-Loing.

If there are other revenue drivers affecting the customer satisfaction all depend on the expectations the scholars have before arriving to Hôtel Chevillon, if they have read about the history or the region. If the expectations are met up until a reasonable level we will have client satisfaction. All the other services offered by the Hotels are things that could bring the client satisfaction up to an even higher level.

Client satisfaction affects other revenue drivers to the extent it has a good reputation it will most likely be spread by the word of mouth. The effect will however have a lag. If it is a bad reputation, the effect will however be immediate.

If there is a change in the client satisfaction Claes and Johan believes that the effect on revenues will only come much after a decrease in the revenue value since the funders are quite patient. It would be brought to attention of the foundation Grez-sur-Loing that something is not right, but for the funders to cancel the contract, it would take a long while. Concerning the donations, it is impossible to speculate since there are so many other factors affecting their effects.

The effect of the client satisfaction could be strengthened, perhaps by arranging seminars it would give the French speaking scholars an extra value to the stay. This however could also potentially have a negative effect on client satisfaction as it might disturb the calm for the scholars in the Hotel.

Loyalty is definitely a revenue driver for the foundation, for example when it comes to repeat orders. It has also been discussed above how funders do not cancel their contracts because of changes in client satisfaction or brand value, something that can be connected to loyalty to the foundation Grez-sur-Loing.

Loyalty cannot bring the revenues to a higher level as it is now since the apartments are already expensive today. If the loyalty would change in a negative way it would definitely have an impact on the revenues. Loyalty is a condition for the foundation Grez-sur-Loing to exist as there is no money for hiring personnel to find new funders.

If the loyalty is reversely affected by the revenues is difficult to say, especially as the funders are so different when it comes to their organization, size and economy. If it is obvious that the foundation Grez-sur-Loing is in economic difficulties, the richer foundations might reach into their pockets to make a donation. The smaller foundations might just get worried about the future for the Hotel.

The price today is as high as it can be and the Hotel is basically full all months of the year. The price affects the revenues directly. The option of buying another building, which would decrease the overhead costs per apartment, is feasible, but there have not been any attractive buildings for sale yet. Besides, there would be a lot of additional work in finding new foundations who could send scholars to Grez, and how to solve that represents a dilemma.

Other revenue drivers

The webpage fulfills its function of building the value of the brand as well as informing future scholars about the history and everything that concerns Hôtel Chevillon.

The fact that there is an **international touch** in the Hotel when it comes to scholars from different countries works indirectly as a revenue driver. An artist does not go to Grez directly for getting international contacts, but the possibility to do so is indeed attractive. The Malmsten's would like to broaden the international touch even more by attracting scholars from the other Nordic countries and with a certain local touch as well. The affect would take some time but eventually it could have an impact on the revenues. The effect on revenues could be either mayor or minor, but regardless it would be an important change.

The quality of the service and Bernadette get continually praised by the scholars. Bernadette fulfills the social aspect of a hostess very well, one of the two wanted characteristics that the Malmsten's would like to see in a manager for Hôtel Chevillon. The other part that she cannot meet today is the need for a handy man. They believe that she is a reason for the customer satisfaction and that the quality of the service is not affected by any other revenue drivers.

Negative about Hôtel Chevillon

The city has lately closed down a lot, and the quality of the restaurant facing the Hotel is not very good. The prices are too high for food that no one really wants to eat. They would like to see a natural meeting point for the locals and the scholars where they can eat and enjoy themselves.

Improvement to strengthen the position of Hôtel Chevillon

Attracting tourist could create other values for Grez, but it has to be done in a controlled way. It must not turn to be a place like St. Michele, Kapri, which is more like a tourist attraction today. Swedes interested in their cultural history must have the possibility to enter the Hotel as well as other nationalities and the local population, but the tranquility must still be maintained in the Hotel.

PER NORINDER

Per Norinder is both a member of the Board of Directors in Sweden as well as a member of the French committee. He is a resident of both Gothenburg and Paris which gives him a possibility to have close contact with the French committee and the Swedish Board of Directors. He was elected into the foundation approximately 3 years ago⁶³.

Revenue drivers

Per finds the brand, the customer satisfaction, the customer loyalty, the quality, the localization, the webpage, the international mixture, the quality of the service and the history as important revenue drivers.

According to Per the history is one of the most positive aspects together with the possibility to cohesion with artists from different cultures. He believes that **France** as a country is attractive by itself and therefore he finds

⁶³ Interview, continuously October – December 2008

it as a positive aspect that the Hotel is located in France. The closeness to Paris offers unique possibilities, as an artist you can stay on the countryside and experience the calm, but in case you want to it is no impossibility to go to Paris to discover the treasures of the city. The localization affects both the customer satisfaction as well as the brand and it is not directly affected by another revenue driver.

To Per most of the revenue drivers are not used to the extent which they should be today. For example, **the history** which is the origin of the foundation needs to be marketed more together with **the brand** Hôtel Chevillon. The history is not affected by the revenues but the history is the main reason for why the funders are sending scholars to Hôtel Chevillon. The history is the strongest revenue driver but needs to be more marketed.

Two other aspects to work on to are **the webpage** and **the international mixture** of artists. These aspects could be developed into stronger revenue drivers. Per believes that a strengthened position in a revenue driver would bring extra revenues, but only with a lag.

The international mixture would strengthen the **customer satisfaction** and the brand and in that way affect the revenues; this is why the foundation needs to work with the international exchange and find new countries, for example Japan. Of course it would take some time before the effect would be noticed and the effect would probably vary over time.

A strengthened customer satisfaction could lead to higher **loyalty** which would bring extra revenues. It is difficult to say how much the customer satisfaction needs to increase to affect the loyalty and naturally it would take some time before the effect could be visible, but Per believes the effort would be worth it.

Negative aspects

To Per there are three negative aspects more important than any other; the condition of the building, the economical situation and the staff dilemma concerning all levels of the foundation. **The product quality** is unique but if the quality of the building does not change, this will lead to lower revenues. An improvement in the quality, which has to come soon according to Per, would strengthen the product quality and affect the revenues. An improvement of the quality would make both the customers and the consumers more satisfied which also could lead to a higher pricing range and by that higher revenue. By higher revenues it would be easier to maintain a higher standard.

Regarding the staff dilemma, Per believes that **the quality of service** could be improved and hence be a greater source of income. The quality of the service is not affected by any other revenue driver but it affects the customer satisfaction, in other words it is an important revenue driver.

Improvement to strengthen the position of Hôtel Chevillon

Per believes that the most important value of the Hotel is the possibility to work and create in a tranquil and historical environment. He feels that the values are not used to their full extent today, not because the customer value is the most important factor to focus on, but because it could serve as a source of incomes, in other words a revenue driver if it is used properly.

Per sees a close to endless list of possible improvements which could help the Hotel. First and foremost, the building needs to be renovated. The negative aspects mentioned above must be solved in one way or another and what the Hotel needs is a person who is innovative, outgoing and committed to work for the Hotel. To Per it does not matter so much who the person is, if there is a will and passion, there is a way.

Marcus Gabrielsson is a member of the Board of Directors and has been so since 2006. His grandfather Jan Wallinder was one of the original founders of the foundation and he has visited the Hotel several times, even before he got elected into the Board of Directors. His main purpose participating is to carry on the dream of his grandfather⁶⁴.

Revenue drivers

According to Marcus Gabrielsson Hôtel Cheillon holds a treasure which cannot be removed from the location, its **history**. That was the incentive to first create the foundation and that is what attracts artist the most to come to Grez-sur-Loing. The historical value is very important for the artists who are staying there, but the surrounding environment is important as well; Paris, Fontainebleau and the nature in general. The history of the Hotel has to be seen as the most important revenue driver, as it is the base of the whole foundation and can never change. The history will forever stay untouchable. Closely linked to this we have the **brand**, which naturally is important as well and is affected by the history. **Loyalty** from the funders is more important than **customer satisfaction** from the artists and the **webpage**, but they are all very important.

The loyalty affect the revenues directly as it is the funders who pay for scholars and it is the funders who are loyal. But of course, the loyalty is affected by both the product quality as well as the quality of the service. Revenues do not directly affect the loyalty but indirectly as the revenues can improve the quality of the building and by that affect the loyalty.

The importance of **the webpage** is rising and if a Japanese version could be done, the importance would rise even more. **Localization** is important in two different ways as a revenue driver. One aspect of it is that it is hard to get there, which is something positive for the funders, but maybe not as attractive for the scholars at all times. This revenue driver affects the customer satisfaction but reversible it is really not something that can be changed. **The price** is of course a revenue driver as well but if there will be no improvement of the quality of the building it is not a revenue driver that can affect the revenues. If the foundation Grez-sur-Loing increase the price it is not sure how many customer they would lose but it is for sure that it would not have a positive effect on the revenues. **The product quality** is according to Markus an essential revenue driver, and if the quality of the Hotel would be improved, it would have an impact on the revenues as the price could augment together with a raised customer satisfaction. The quality both affects the revenues and can be affected by the revenues.

Negative about the Hôtel Cheillon

He thinks that the Hotel is in a rather bad condition today, resulting in bad protection from the windy and cold weather and that has to be seen as the most negative aspect about it.

Improvement to strengthen the position of Hôtel Cheillon

Opening up the business is most likely something that has to be done, but it has to be done carefully. The original idea of the Hotel, which is providing a calm environment in a historical place to work in, cannot be disturbed, but arranging seminars more or less once a month is according to Marcus a good idea. Rents could be raised, but not until there has been a restoration of the apartments. Therefore funds are needed from other places, and more commitment from one or some persons in a designated mission would easily bring in enough funds to support the needed restorations. If more funds are granted, this would also make it possible to invest in another building and expand the business.

⁶⁴ Interview, Skype, 2008-11-24

Table 4.1 Selected revenue drivers according to the members of the Board of Directors

Interviewee/Selected R.D	Brand	Loyalty	Satisfaction	Price	Quality
Myhrman	X	X	X	X	X
J.Malmsten	X	X	X	X	-
C.Malmsten	X	X	X	X	-
Norinder	X	X	X	-	X
Gabrielsson	X	X	X	X	X

As can be read in table 4.1, all of the members of the Board of Directors agree Brand, Loyalty and Satisfaction are revenue drivers. Regarding the quality, three out of five agreed that it is a revenue driver while two found the quality more as a need and something that would not bring any extra money. One of them could not say if the price was a revenue driver and the other four found the price as a revenue driver.

Table 4.2 Identified revenue drivers according to the members of the Board of Directors

Interviewee/Additional R.D	1	2	3	4	5
Myhrman	History	Service quality	Localization	International touch	Webpage (indirectly)
J. Malmsten		Service quality		International touch (indirectly)	Webpage
C. Malmsten		Service quality		International touch (indirectly)	Webpage
Norinder	History	Service quality	Localization	International touch	Webpage (indirectly)
Gabrielsson	History		Localization		Webpage (indirectly)

In table 4.2 the additional revenue drivers are presented. Here the reader can see which revenue drivers that were discussed outside the selected revenue drivers. All of the respondents see the history as an important factor for the Hotels existence, though only three out of five see it as a direct revenue driver. The webpage is seen as an indirect revenue driver by three out of five of the respondents. The international touch mixture, the localization and Bernadette are also import revenue drivers for four of five.

4.4 CUSTOMER VALUE

The funders are the customers in the aspect that they are the ones who ultimately end up paying for the service. It is important to interview the funders as their loyalty to the foundation Grez-sur-Loing is extremely important which means that it is essential that the funders are satisfied.

FUNDERS

BOSTADSBOLAGET

Margita Björklund is the vice chairman of the Bostadsbolaget and has been involved with the foundation Grez-sur-Loing since the beginning in 1994. At the moment, they are not sending any more scholars to Hôtel Cheillon since they feel that the qualitative selection they have does not match their standards. This due to the limited amount of applicants they can select from, as the applicants must be registered for census in Gothenburg and be working or living in a building of Bostadsbolaget⁶⁵.

Positive and negative about Hôtel Cheillon

Margita thinks that the greatest asset of the Hotel is its garden, a place for inspiration and tranquility. The exterior of the building in general is something extraordinary together with the tranquil environment. Bernadette is also something very positive for the Hotel, since she has heard that many artists appreciate her during their stay. The possibility to meet artists from different countries together with the possibility to be productive is something that is very important.

Most of the complaints are related to practical issues, such as paint flaking off the walls and non functional toilets. The interior of the house in general is not meeting the expectations, and she thinks that the interior of the Hotel has been neglected more or less since the opening.

Customer value

A great customer value is the change of environment, that you have the possibility to work uninterrupted without being bothered by the daily needs of the society. The possibility to work in the garden, especially in the summer months is something rewarding for the artists, together with the possibility to meet with other artists.

The international exchange is a very important factor for Bostadsbolaget when sending scholars to Grez-sur-Loing. The history of the Hotel also plays a great part, as well as the historical relationship with the foundation Grez-sur-Loing., in other words loyalty. The localization is a bit less important than the factors mentioned above and the possibility to visit Paris is important, but not crucial. The competition from other similar institutions around the world does not really influence the choice of sending scholars to the Hotel since what the Hotel is offering is something unique which cannot be duplicated anywhere in the world. The choice for Grez has been made, and the competition does not change it. Customer satisfaction, regarding the artists, plays a part, but there are two dimensions of it. If the scholars would continually complain about the Hotel, Bostadsbolaget would stop sending scholars, but as that is not happening, it is not an option. They can accept some complaints about the practical problems. However, it is a worrying fact that the complaints have grown in numbers over the years.

The relation between customer value and revenue drivers

For Bostadsbolaget, they see that the largest part of the rent is paid for the apartment together with the access to the common spaces. After that, the possibility to use the garden, especially in the summer is equally

⁶⁵ Interview, Gothenburg, 2008-11-28

important as the international exchanges. Fourth, it is the location by the river together with the history. To increase revenues, the primary revenue driver, the apartments, needs to be strengthened. If there are too many complaints, there will be no scholars.

Improvement to strengthen the position of Hôtel Cheillon

The Hotel needs to be working more like any other business. They need to see the opportunities to earn money, and use them. Bernadette's profile is loved by the artists staying the Hotel, but still she needs to run the Hotel as a business. Getting into a conflict every now and then should not be intimidating. The Hotel needs to show that they value what they have by requiring a deposition from the artist, as it is much harder and less likely that the foundation Grez-sur-Loing would send an invoice after the artist has left. In order for this to work, they need to inspect the rooms before and after the artist has been there.

They need to take better use of the rooms that they have. They need to charge for people staying in the guest rooms and other rooms not used in the Hotel could easily be used for activities that could bring revenues to the foundation. If an artist decides to bring his/her whole family, they need to charge for that since the apartments are only built for one or two persons. The depreciation of the facilities is much greater when there are children involved. However, it is not possible for the foundation to charge more in rent before the standard of the apartments has been changed.

Furthermore, they need to find a new market of donors, not only focusing on foundations. Companies in some sectors such as banking, auditing and law normally have an interest of profiling themselves as culturally aware. These kind of donors usually possess greater resources than the struggling foundations

THE FINNISH CULTURE FUND

The Finnish culture fund is a loyal customer to the foundation Grez-sur-Loing. Ever since 1994, they have been sending three scholars, for 6 months each, per year to Grez-sur-Loing. They have a contract to send applicants and it is renewed every 5 years. They have also been involved in the renovation of some apartments, and they have been funded the building of one atelier.⁶⁶

Positive and negative about the Hôtel Cheillon

The most positive aspect about Hôtel Cheillon is the possibility to work in the environment which exists there, meaning the history and the nature. The exchange between artists, in particular Nordic artists, is seen as something valuable for the Finnish culture fund. Sometimes they receive some complaints from their scholars in the written reports which they are obligated to write, but there has never been any reappearing complaints, only complaints on a personal level.

Customer value

The possibility to do what you have planned to do in a tranquil historical environment has to be seen as strongest customer value for the artists. The Nordic cooperation and the Nordic history in the Hotel is an important factor for the Finnish cultural fund as they decide to send scholar to Grez-sur-Loing. The knowledge of the excellent working environment is also important for the Finns, and the history, nature and the surroundings are all a part of that.

Improvement to strengthen the position of Hôtel Cheillon

The Finnish culture fund thinks that things are quite good as they are. Perhaps the Hotel could be in use of some bigger restorations, but that is nothing that they have any precise knowledge of.

⁶⁶ Interview, skype, 2008-11-25

PARTILLE BOKHANDEL

Partille Bokhandel with Gunilla Ericsson and her partner have sent scholars to Grez since the beginning. They had been thinking a long time about scholarships but they did not want to just give money or a crystal vase so when the Hôtel Cheillon was opened they saw the opportunity to give a scholarship that had a real value. They wanted to give a scholarship that could help the writer to contribute his or her skills⁶⁷.

Positive and negative about Hôtel Cheillon

They are satisfied with almost everything at the Hotel. The environment is fantastic together with the closeness to Paris. The cohesion with other scholars has an important role as well. At Hôtel Cheillon they can share thoughts and knowledge with artists, photographers and writers.

Shameful, according to Gunilla, is that the guests who are staying at the Hotel do not take care of the place. She thinks it is sad that the bicycles are broken, that the boat has disappeared and that the apartment is sometimes left in a mess after they leave. She thinks that the artists should take greater responsibility, when they are living there they should take care of it as it was their own home. They are a part of the Hotel and everyone should be helping in maintaining a good standard. There is no staff that can fix the bicycles and such things; it has to be themselves that have to take care of the place and the belongings.

Customer value

Hôtel Cheillon is a unique place and it is very unlikely that any of the scholars has been there before. The Nordic people have a special attraction to France and together with the environment and the mix of the different cultures all create customer value.

Improvement to strengthen the position of Hôtel Cheillon

Gunilla thinks it is a good idea if it would be clearly written down in the information passed out to the scholars that everyone is helping in taking care of the Hotel. If information about depositions for bicycles and such, and that the room must be left in the same order it was upon arriving, the general standard of the Hotel would rise. Gunilla believes that if the customer value is strengthened the customer satisfaction also could be improved. This by arranging different happenings as the days at the Hotel sometimes can be very long. She also thinks it is important to attract the villagers to the Hotel. In the past people used to take a cup of coffee in the café but nowadays when the possibility does not exist anymore, it would be great if the artists could meet the villagers in some other way. Maybe by theatrical appearances or by showing how Swedish holidays are celebrated like Lucia or midsummer. Before the artists have been showing Nordic traditions, something that has been much appreciated.

HASSELBLADSSTIFTELSEN

The chief executive for the foundation Hasselblad is Bo Myhrman, and has been so since 1998. Of course it is through him the Hasselblad foundation is renting an apartment at Hotel Cheillon. The scholarships go to scientists and photographers to improve the science and the photography. The thought is to give the scientists peace to think and to give photographers a fabulous environment to work in⁶⁸.

Positive and negative about Hôtel Cheillon

The most positive aspect according to Bo is that the environment provides a good workplace. It is much estimated to live there and the scholars are lyrical over the communication and exchange of opinions with the

⁶⁷ Interview, Partille, 2008-12-02

⁶⁸ Interview, Gothenburg, 2008-12-02

others who are staying at the Hotel. The culture and the science are connected and that is why you can do important exchanges. The negative aspect is the maintenance of the building.

Customer value

France is a cultural country that always has attracted Nordic people, and by culture food, literature and art included. France means a lot for people in Sweden, the country has a positive value for the Swedes with a great cultural tradition. It is nice to be able to offer the photographing world a beautiful environment and the scientists rest and peace. For the artists it is more about the possibility to paint outside and in big ateliers.

Improvement to strengthen the position of Hôtel Cheillon

The artists want to get away from their daily life and Bo thinks that Hôtel Cheillon is a superb place to be in, it is just that the Hotel is in need of more resources to be able to make some important renovations.

4.4 CONSUMER VALUE

ARTISTS

In this part the interviews with some of the artists who have been to Hôtel Cheillon will be presented. The artist is the consumer of what the foundation Grez-sur-Loing has to offer, which make them important to interview.

LILLEMOR PETERSSON (KULBERGS MINNESFOND)

Lillemor Pettersson stayed at Hôtel Cheillon one month due to a scholarship from Kurlbergs minnesfond. Lillemor is an artist, ceramist and sculptor⁶⁹.

Positive and negative about the Hôtel Cheillon

When Lillemor arrived late an evening to the Hotel the house was empty, she could feel the smell of Carl Larson in the corridors. She says the atmosphere and the silence are fantastic and it really affects you as a human. She does not find the village to be a chuckhole, at contrary she found it absolutely amazing. The difference between a little village in France and Sweden is that in France this little village is a commune. This makes the position of the mayor interesting as he plays an important part in highlighting the village. The post office is taken from the 50's, but it is not a stop in the development, it is recourse. Of course the artists can get a cloistered feeling in the village but many artists are there to get tranquility. If the artist wants to have a more social life, it is up to the artist to arrange for it. To live at Hôtel Cheillon is a great experience as the sojourn improves the artists.

What is negative about Hôtel Cheillon is that it is expensive to live there and there are always rooms empty.

Customer value

According to Lillemor there are three customer values: 1. To dispose a workplace in another country, to have the possibility to focus in a peace and quiet and to have an own atelier where the artists can work. 2. The proximity to the cultural city Paris in combination with the calm in Grez. 3. The tradition together with the atmosphere. It is absolutely fantastic to be able to hear Strindberg's voice and feel the smell of Carl Larson. These are amazing customer values which the foundation needs to be careful with if they are going to open up a little more to the world.

⁶⁹ Interview, Skype, 2008-12-11

Improvement to strengthen the position of Hôtel Chevillon

The capacity should be improved; the foundation cannot let the three rooms be empty from time to time. The information that you get before arriving to the Hotel says that there is a TV, bicycles and a computer, but there is not. She does not think it should be so difficult and expensive to have five functioning bicycles.

The contact with the village and the rest of the world should be improved. The foundation should open up a little bit more. She understands that Bernadette is thinking about the artists when keeping the doors closed for the rest of the world, but still the house could be open for visitors the first Sunday every month where the artists can show their works and meet the villagers. It could be a little café down at the river but for this to work, there has to be one more employee. It is important to balance the tranquility and the openness to assure that the artists do not get disturbed.

LARS ÖHRSTRÖM (THE FOUNDATION HASSELBLAD)

Lars Öhrström is a scientist from Chalmers University of Technology in Gothenburg, Sweden. He received a two month scholarship from the foundation Hasselblad for November and December 2008 to focus in his areas of research⁷⁰.

Positive and negative about the Hôtel Chevillon

Lars thinks that the most positive aspect about Hôtel Chevillon is the silence and tranquility which offers a good environment to work in. The history and beautiful environment are extra bonuses which come along as extra values and the possibility to borrow bicycles makes it even better. What was not so good is that the house is not really sound proof, and the info sheet received before arrival is not up to date. The history is not so important but he thinks it is fascinating.

Customer value

The silence, the tranquility and the history create a fantastic environment.

Improvement to strengthen the position of Hôtel Chevillon

Use contacts in the world of higher education to attract more scholars from this area. It is possible to open a little bit, but it has to be done carefully. Let artists who have been in the Hôtel earlier form a supporting foundation which can restore parts of the Hôtel when the foundation Grez-sur-Loing cannot afford it.

JARMO KALLINEN (FINNISH CULTURAL FUND)

Jarmo Kallinen received a scholarship to go to Grez-sur-Loing for six months. He is an artist and he also brought his wife Soile Jaaskelainen who is also an artist⁷¹.

Positive and negative about the Hôtel Chevillon

Jarmo thinks that Hôtel Chevillon is an excellent place to find peace in order to work. The fact that there is nothing disturbing in the daily life is the best thing about the Hôtel. The surrounding nature is also an inspiration. Spacious apartments and the proximity to Paris make the stay even more valuable. The history for the Finnish artists is not so important, as the artists who have been there previously mainly come from Sweden.

Customer value

⁷⁰ Interview, Grez-sur-Loing, 2008-11-07

⁷¹ Interview, Grez-sur-Loing, 2008-11-07

The tranquil working environment, but they also like the spacious apartments.

Improvement to strengthen the position of Hôtel Chevillon

The Finns would like to see some improvements mostly focused in the material parts such as WiFi in the ateliers, investing in a new boat by the river and perhaps installing a sauna. This would make their stay even better. They do not think it is a good idea to open up the Hotel too much to the public, but it could be done moderately as long as the artist notified about this in advance.

FILIPPA PIERROU (BOSTADSBOLAGET)

Filippa Pierrou is a Swedish film director and writer who went to Hôtel Chevillon the summer of 2008 through a scholarship from Bostadsbolaget. First, she stayed just for one day when the shower was not working, the wallpapers were falling down from the walls and the paint was flaking. The apartment was, frankly, not suitable to live in. The Hotel was screaming for someone to take care of it. She offered to help repainting the apartment, but she did not receive any approval or money from the Hotel. When she returned after a couple of weeks, the shower was working and she made some personal changes in the apartment⁷².

Positive and negative about Hôtel Chevillon

The Hôtel Chevillon is a magical and a wonderful place to be in. She describes the place as a “ploughed field for artists”. By that she means that the Hotel has a good breeding ground, which has already been ploughed by preceding artists. It is just for the following artists to continue to plough. The light in Grez generates creativity and the willingness to paint. What an artist is looking for is the history, the location, the nature and the serenity and all of this you can find in the magical house Hôtel Chevillon.

The proximity to Paris was not so important for Filippa, she thinks that when you are there you do not want to leave from the village. But if someone wants to go to Paris, she thinks that the public transportation system is working well for this purpose.

The most negative about Hôtel Chevillon is that it should be a house which is alive, as described in the books from the past, but today it is dead. She thinks that practical issues easily could be solved, there is just an entrepreneurial spirit missing in the Hotel.

Customer value

According to Filippa the Hotel has many customer values. The history has of course an important role as well as the tranquility, the history and the light. The ateliers are amazing and together with the magical atmosphere it is a paradise for artists. All of this opens up for creativity. Hôtel Chevillon is a magical and unique place that you cannot find at many places in the world. The brand is extraordinary.

Improvement to strengthen the position of Hôtel Chevillon

Filippa is missing bicycles and a boat, which at the moment are broken or missing. There is no responsible person at the Hotel that is taking care of the daily needs. If you are staying at a place where you can see that everything is worn down and not taken care of, then you as a scholar will not take care of it either. However, if you see that things are being taken care of and that items are in a good condition, then will you also take care of it. Like that the Hotel could create a positive atmosphere towards its facilities and they would most likely live longer.

⁷² Interview, Grez-sur-Loing, 2008-11-07

The two main things that are missing today are an entrepreneurial mind and the openness. The openness does not mean revolving doors, but there must be an open spirit in the Hotel. Today it feels like a museum, with no elements of the present time. Obviously, the past should be preserved, but it is also a new time. It is an oasis, a treasure, which should be shared with others and cared for and the foundation should let it breathe.

The entrepreneur or the host should be involved, innovative and willing to create. The Hotel should be a business like any other; after all it is a Hotel. The entrepreneur should find a solution how to use the small rooms as well.

To be able to create the same kind of atmosphere as in the past, open invitations could be one solution. Invitations that are unforced, not the type you need to RSVP a week in advance. It is so isolated anyway, so even if you open up a bit it would not do any harm.

The potential of the Hotel is not fully utilized, something Filippa finds very surprising. There should always be full coverage at Hôtel Chevillon. The Hotel should be alive, as in the old days. The entrepreneur must change the feeling of living in a hostel to a Hotel feeling in terms of interior design. Nobody is expecting Grand Hotel, but as it is today the artists have a close encounter with death when they come to the Hotel, according to Filippa.

The foundation should try to recreate the atmosphere of how was in the past, they should get life in it. It is sad that it is not as it was before. There must be a neutral spirit that drives the Hotel forward. When creativity starts, the money will come as well. Today it is run by an old structure; it is time to change to a new!

4.5 IDENTIFIED CLIENT VALUES

The customer values have been divided up in two parts to distinguish what the funders respectively the artist feel is rendering customer value.

4.5.1 IDENTIFIED CUSTOMER VALUES - FUNDERS

The garden, the building, the common rooms, the nature and everything that surrounds Grez-sur-Loing that offers a source of inspiration and a possibility to work in a tranquil environment is important to the foundations when considering sending scholars to the Hotel. It is very hard to find a place where you can work completely uninterrupted in your home town, or in other parts of the world, so by giving an artist the opportunity to this in completely new surroundings is very valuable.

The possibility to send scholars to a place where they can interact and exchange opinions with other artists, writers or photographers from other parts of the world is also valuable. The history of the Hotel is important together with the built up relation with the contacts with the foundation Grez-sur-Loing, in other words the loyalty factor.

The proximity to Paris generates a value for the foundation as it is a historically important city in the world of art, and the fact that the Hotel is located in France is great in itself since so many Swedes are very fond of France as a country.

4.5.2 IDENTIFIED CUSTOMER VALUES- SCHOLARS

To be able to work in a historic environment where, among others, Carl Larsson and August Strindberg lived gives a great value to some of the scholars, especially the Swedes. The artists feel that there is atmosphere and tradition to be creative due to the history. No matter what the background and purpose of the stay is, the tranquility which offers a great opportunity to work without disturbing elements of the everyday life is worth a lot. Nevertheless, the possibility to interact with other scholars is important.

Depending on the personality of the artist and its expectations the following aspects varied in importance, but they all gave some kind of value for the artist: the village, proximity to Paris, France, location and the silence.

Bicycles to go for a trip on the countryside or just to do your business seem to be important to all of the artists. The spaciousness of the apartments together with an own atelier is appreciated by the artists, though some of them complain about the standard of the apartment.

CHAPTER 5: ANALYSIS

In this chapter we unite theory from previous research together with the results we have received from the empirical study. We will first discuss the revenue drivers with a focus on the foundation Grez-sur-Loing, and where we can make a connection to a general point of view for foundations, this will be done. Though, as we have received the assignment from the foundation Grez-sur-Loing, the main focus has been to evaluate the revenue drivers for the specific foundation and not foundations in general. The chapter ends with a summary of the results we have found presented as different characteristics of revenue drivers and how they influence revenues. We will also discuss how customer values affect revenues.

5.1 ANALYSIS OF THE RESULTS

The chapter begins with a summary of the results from the Board of Directors regarding the selected revenue drivers. The members we interviewed had no direct opposing opinions; some of the members could neither confirm nor refute certain revenue drivers. Thus, the relations mentioned are not rejected by anyone, but strengthened by a majority. After the summary we have a discussion based on the views of the Board of Directors regarding each revenue driver. The discussion is followed by an analysis which is summarized graphically.

5.1.1 SELECTED REVENUE DRIVERS

We will now summarize the thoughts of our selected revenue drivers which were earlier discussed in the theoretical framework. As we discuss the effects of revenue drivers on revenues, we have separated the donations from the revenues, and we will only consider rent for the apartments to be the revenue in this case. The reasons for this are many; donations are affected by so many other external factors which make the influence of revenue drivers less important. For example, the current economical situation has an effect on the willingness to donate money, as well as what type of contacts the Board of Directors has and how big of an effort they are making to attract new donators.

Furthermore we have found that the foundation Grez-sur-Loing offers a product and that the product quality consists of the three key factors which are all affecting the product quality on different levels. The components of the product quality are service quality, standard of the Hotel and activities in the Hotel. However, the foundation has separated these three components of the product quality and we will therefore analyze them separately. In table 5.1 we find the quality of the Hotel, in other words the standard. Table 5.2 presents the service quality and in 5.1.3 we find the activities.

Table 5.1 Analysis of the selected revenue drivers

	<i>Sign</i>	<i>Linearity</i>	<i>Additivity</i>	<i>Directness</i>	<i>Direction</i>	<i>Timing</i>
Brand	Positive	Curvilinear	Interactive	Indirect (Price)	Bidirectional	Lead
Loyalty	Positive	Linear	Interactive	Direct	Unidirectional	Contemporaneous
Satisfaction	Positive	Curvilinear	Interactive	Indirect (Loyalty)	Unidirectional	Lead
Price	Negative	Curvilinear	Interactive	Direct	Unidirectional	Contemporaneous
Quality	Positive	Linear	X	Indirect (Satisfaction, Price)	Bidirectional	Lead/ Contemporaneous

The brand naturally has a positive sign though the value of the brand varies over time depending on different factors such as media coverage and the interest of art. All of the respondents are finding the brand important but it varies how strong they think it is as a revenue driver, as three respondents mean that the brand varies over time while the two others find the value unchangeable but all of the respondents agree that the brand affects revenues. The effect of a change in brand value may not have a direct effect on revenues, regardless if the effect is positive or negative. The customers already know the Hotel well, and a negative change in the brand value would leave their decision to send scholars unchanged due to strong loyalty. A positive change in the brand value would not automatically attract new customers, many of the people and funders in the art society have already heard about Hôtel Cheillon meaning a higher brand value would not automatically generate revenues. However, a drastic positive change in the brand value, for example worldwide media coverage, could attract new customers and enable a higher pricing range, hence the curvilinear effect. This discussion is strengthened by four respondents. The fifth respondent means that the brand is already known enough and marketing would not have an impact on the revenues. The majority agree that a change in the brand would not appear directly, only with a lag.

The value of the brand is interactive as it is strongly affected first and foremost by the history according to all of the respondents, but also by the product quality. However, product quality and history are just underlying factors creating a stronger brand value hence the revenue driver has a direct effect on revenue.

The revenues have an effect on the brand as well, according to the majority of the respondents. The revenues could affect how the customers perceive the foundation and the revenues also affect the standard of the Hotel.

In general terms, we believe the brand is an important revenue driver for foundations since there is no budget for heavy marketing or campaigns. The brand attracts customers to foundations. Moreover, foundations are most likely more sensitive to changes in the brand value than the foundation Grez-sur-Loing, this because they often work in silence and are not as known as foundation Grez-sur-Loing. Foundations do not have intentions to make profit and if there would be any damage to the brand, for example by negative media coverage, the damage would be hard to repair due to limited resources, and the effects of it would most likely be immediate. Positive brand changes would work the same way but with a positive outcome.

The customer loyalty: All the respondents see loyal customers as essential for the revenues and they have the same idea of how the revenue driver affects the revenues. If loyalty was higher the Hotel would be fully covered every month of the year which shows us that loyalty has a linear direct effect on revenues. The funders are loyal to the foundation Grez-sur-Loing because they think the Hotel has an important purpose to fulfill. They think it is important to keep a historical resource like Hôtel Cheillon alive, and they find that the village is a great place to find inspiration in; hence the history affects the loyalty. However, there is a physical limit to how much the revenues can be raised by customer loyalty according to three of five respondents. There is a certain amount of apartments and a certain amount of customers. When the Hotel has full coverage customer loyalty does not affect the revenues anymore. The members of the Board of Directors do not think that any level of loyalty would support a higher price as the prices are already as high as they can be with the current standard. Loyalty cannot change the financial situation of the customer if they do not feel that they get extra value for their money. If the number of loyal customers would increase by one, the foundation will receive one more unit in rent, thus, the effect is linear.

Worth mentioning is that the connection between revenue and loyalty is indirectly reversible. Higher revenues would allow a higher standard which would have an effect on customer satisfaction, which strongly affects the customer loyalty according to all of the respondents.

To summarize the importance of customer loyalty we can conclude from our interviews that customer loyalty has a great impact on the revenues for nonprofit organizations.

Customer satisfaction is according to all respondents extremely important since unsatisfied consumers and customers would affect revenues due to a lower brand value and loyalty, meaning that the revenue driver is indirect. The scholar's satisfaction has a positive relation to revenues but since they are not paying for the services, it is not as important as in "traditional businesses". Naturally, the funder's level of satisfaction is very important as it determines the customer loyalty. The costumers are loyal to the foundation and if some guests are unhappy after their stay that will not have an impact on the revenues, but if all of the scholars were disappointed it would affect the loyalty and by that also the revenues. Three of five respondents discuss how the effect of a weakened satisfaction from the scholars can be seen as process in several steps. It would first start with fewer applicants for each scholarship, then the funders would find the selection of applicants too low, leading to that they would be forced to stop sending artists to Hôtel Chevillon.

The customer satisfaction can be affected by several factors such as happenings, contact from the Board of Directors and the standard of the Hotel which shows that it is an interactive revenue driver. If the customer satisfaction would rise after renovations and organized happenings it is not sure that the revenues would increase immediately, but it would most likely start a positive rumor which could lead to a stronger brand and a higher demand for the apartments. With unchanged capacity and prices this would mean that customer satisfaction can only render revenues up to a certain level indicating that the foundation needs to focus on other factors as well to increase their revenues, implying that the relation between customer satisfaction and revenue is curvilinear.

As discussed earlier concerning loyalty, customer satisfaction could also be indirectly affected by revenues. Without revenues the standard would be lower and leading to unsatisfied customers, a negative reputation about the Hotel would start to spread leading to fewer applicants which in the end would give the funders a smaller selection of scholars to choose from, something that might endanger the scholarships to go to Grez-sur-Loing.

Price: Four respondents are talking about the price as a revenue driver so it has with no doubt an impact on the revenues but it is according to all of the respondents impossible to change so they believe that a change in the price would have a immediately effect on the revenues. If the price would be raised, the customers would be scared away and a lower price would not cover the overhead costs for the Hotel. In theory, a higher price would give the foundation Grez-sur-Loing a linear positive change in revenues, but as the respondents fear that they would lose many of their customers with a higher price they believe that the total outcome would be negative. In addition, it is hard to predict when the customers would feel that the price is too high; a 1 percent raise of the rent might not cause any losses in numbers of customers, but a 2 percent raise could make all the customers leave at once, showing that the effect is curvilinear. The respondents feel that even a 1 percent raise in the price would cause withdrawals hence the negative sign.

All of the respondents believe that the price is as high as it can be because they received that kind of indications from the funders and because they compare their price with similar institutions and finally since the rent is a substantial amount of money today. However, the funders are in a negotiating position and care for their own interests first and foremost, and that is to send scholars to Grez for the lowest price possible. No one except for the people in charge for the scholarships knows if a raised price actually would cause foundations to quit the cooperation with the foundation Grez-sur-Loing. We believe that the reaction from the Board of Directors could be psychological, which would mean that the price could actually have a linear and positive effect on the revenue.

It is essential for the foundation Grez-sur-Loing to make renovations and then set a price based on the new standard of the apartments which can cover both operating costs as well for appropriations for future renovations. As the respondents are saying, it is important to find the right level for the price to make both parts satisfied.

The product quality: Three out of five are talking about the product quality as a revenue driver but all of the respondents agree that the quality or the standard of the Hotel is extremely important and cannot become worse than it is today if they want to keep charging the same prices. If the quality on the other hand would raises, they could charge more and therefore product quality has an indirect positive effect through price on revenues. The price could be raised in relation to the quality and therefore it could be said that the effect of the quality is linear and the effect can be seen as contemporaneous according to three respondents. The product quality has a direct effect on customer satisfaction and an indirect effect on the loyalty. If the standard is bad, the consumers will be unsatisfied which will create bad publicity. So the product quality has an effect on the revenues and vice versa as the standard could be higher if the revenues were higher. As all of the members of the Board of Directors have pointed out, there needs to be a change of the standard in a positive direction. Therefore it is obvious that quality has a strong impact on the customer satisfaction and indirectly the revenues, but the effect would not be seen immediately.

The discussion above indicates that a smaller positive change in product quality would lead to a greater change in revenues, although some of the effect would show after the increased customer satisfaction has had its effect on applications.

5.1.2 IDENTIFIED REVENUE DRIVERS

Beyond our selected revenue drivers we have identified some other revenue drivers together with the members of the Board of Directors, which we will present here. The new identified revenue drivers are the ones that the members of the Board of Directors think have an influence on the revenues.

All of the respondents have mentioned the webpage as a revenue driver. However, we can only see the webpage as a cost saving part of the organization.

Table 5.2 Analysis of identified revenue drivers

	Sign	Linearity	Additivity	Directness	Direction	Timing
Service quality	Positive	X	Additive	Indirect (Satisfaction)	Bidirectional	X
History	Positive	X	Additive	Indirect (Loyalty, Brand)	Unidirectional	X
International	Positive	Curvilinear	Interactive	Indirect (satisfaction, brand)	Unidirectional	Lead
Localization	Positive	X	Additive	Indirect (satisfaction, brand)	Unidirectional	X

The service quality: A majority of the members of the Board of Directors found the quality of the service and Bernadette Plissart to be an important revenue driver as she according to them makes the consumers and customers happy, in other words creating satisfaction. Four respondents believe that without the director of the Hotel, Bernadette Plissart, the foundation could be seen as a snotty, unfriendly Hotel which would not be attractive to customers, something that would weaken the brand. Bernadette takes care of the guests and makes them feel comfortable, something that also creates customer satisfaction both for the scholars and the

funders. She continuously gets praised by the scholars, and she indeed fulfills the social aspect of being a hostess. However, some of the members of the Board of Directors mean that it would have been better if she also could handle the tasks of a “handy man” since it would save the foundation Grez-sur-Loing some money. When it comes to higher quality of service, Bernadette cannot bring anymore revenues as she already fulfills her task of a social hostess with excellence.

The revenues have an effect on Bernadette in the sense that higher revenues would allow the foundation Grez-sur-Loing to pay Bernadette a higher salary, and even give her a full time employment. In our opinion the revenues most likely has another effect on Bernadette as well; working for a foundation which has financial problems does not provide the stability and security that people are looking for when working. The uncertainty about the future can affect Bernadette’s performance while working.

In a general point of view, we believe the service quality always has an important role as people expect a friendly welcoming. If customers not are satisfied with the service it is not so likely that they will keep their relation to the foundation.

The history of the Hotel is the reason to why the foundation was created, which has to be seen as one of the most important revenue drivers according to all of the respondents. The history attracts many funders to send scholars to Grez-sur-Loing and it also keeps them loyal to the foundation Grez-sur-Loing. Furthermore the history is a great part of the brand value. It is impossible to determine what kind of effect the history has on the revenues, it could be marketed to a higher degree and it might have an effect on the revenues, but there are no guarantees.

The history as an underlying factor for the foundation Grez-sur-Loing is very important, but that is not the case for many other foundations. Therefore the history is likely less important for other foundations compared to the foundation Grez-sur-Loing.

The international touch: The fact that there is an international touch to the Hotel when it comes to scholars from different countries works indirectly as a revenue driver according to four out of five respondents. An artist does not go to Grez specifically to find international contacts, but the possibility to do so is indeed attractive. Finding scholars from different countries is attractive for funders, it leads to a higher degree of satisfaction among the scholars as well it gives Hôtel Chevillon and positive reputation of being a place where international artists can meet and work. The effects of a higher level of international mixture would not show immediately in terms of revenues, still it would affect other revenue drivers but also with a delay. The effect of one more country involved in sending artist to Grez would not render a specific outcome either, most likely the effects would be larger the greater the international mixture is, hence the curvilinear effect on revenues.

Regarding foundations in general, this is not a revenue driver that can be applicable for every foundation.

The localization: All of the members of the Board of Directors believe that the localization is extremely important as the artists easily could get cabin fever in an isolated village like Grez-sur-Loing unless it was not for the proximity to Paris. Nevertheless, it is not sure that the revenues would have been affected if the village would have been more isolated as most of the scholars go to Grez for the tranquility and the history, not to visit Paris. Furthermore, Sweden is a country filled with Francophiles so the fact that the Hotel is located in France attracts both funders and scholars, in other words localization affects the brand. Therefore localization has an indirect effect on revenues as it is linked together with the customer satisfaction.

The closeness to Paris offers unique possibilities, as an artist you can stay on the countryside and have the calm, but if you want to it is easy to go to Paris for a daytrip to discover the treasures of the city.

5.1.3 POSSIBLE REVENUE DRIVERS FOR THE FOUNDATION GREZ-SUR-LOING

The foundation has several opportunities to create future revenue drivers; here we will present some of the ideas.

Broader assortment: During all the interviews, the respondents talked about a broader assortment in form of seminars, exhibitions, courses and allowing happenings such as weddings to take place in Hôtel Chevillon. This could help the foundation gain more revenues as well as strengthen the brand, both within the local population in Grez as well with tourists which would like to know more about Hôtel Chevillon. Opening up the Hotel has to be done, but it has to be done carefully and in a controlled way. The original idea of providing a calm historical environment to work in cannot be disturbed, but arranging seminars approximately once a month should not be a disturbing element for the scholars as long as they are notified well in advance so they can choose to participate or not. Openness to the villagers would be a good idea as the artists could show their works and at the same time meet the villagers and get a real connection to the citizens of Grez. What is obvious is that there needs to be a balance between the tranquility and the openness, but many artists are asking for an atmosphere as in the past when there was a café at Hôtel Chevillon and the artists socialized with the villagers. To have a broader assortment could definitely render extra revenues and of course higher customer value. Swedes interested in their cultural history must have the possibility to enter the Hotel as well as other nationalities and the local population.

Together with Centre Culturel Suedoise and the commune Grez, the foundation could organize combined culture voyages. This could be in form of “one day in one of the old art colonies” or monthly one day excursions from Paris to Grez. Another way to strengthen “Hôtel Chevillon” could be to exhibit paintings made in Grez at CCS’s museum in Paris, this could attract artists or others interested in art to grow a stronger interest to Hôtel Chevillon. Seminars and exhibitions a couple of times per year would also attract people to visit Grez, as well as to write and to sell books about Grez.

This not yet used revenue driver is supported by all the members of the Board of Directors, as everyone also agrees on that the tranquility cannot get lost.

The capacity: The majority of the respondents think the capacity today is too low with six apartments since the Board of Directors wants to try to expand the organization to other countries, but that also depends on how the cooperation with Norway, Denmark, United States and Japan will turn out. Before they purchase another house they should also take better use of the capacity they have, as they cannot let three guest rooms stay empty. The guest rooms need to be charged for and if an artist decides to bring his/her whole family, they need to charge extra for that since the apartments are only built for one or two persons. But according to minority of the members of the Board of Directors these rooms are good to have empty if some of the members needs to make a visit and stay over a couple of nights. So this possible revenue driver is not supported by the whole Board of Directors. As it is today the rooms are not being used very often by the Board of Directors, so a solution which enables the Board of Directors to sleep in Hôtel Chevillon and renting out the rooms for other guests at the same time should be quite easy to find.

New donators: The foundation clearly needs more donations and to find the right people who are interested in maintaining a Swedish cultural heritage. One idea would be to try to find companies that are interested in art and who would like to rename an atelier or an apartment after the company or its founder. There has been an atelier called “Bonniers”, which proves that it could be of interest for the business world. It is important that a sponsoring company gets something in return, both for the company’s personal interests to be fulfilled and due to fiscal reasons. Either an atelier renamed after the company or a room in the Hotel where their employees could go for a week-end to relax and get away from the stress of the daily life. Companies usually have greater resources than financially struggling foundations. The majority of the Board of Directors thinks it

is a good idea but it requires that someone spends time finding these companies which could be interested. It demands time that no one in the Board of Directors seem to have today.

Supporting foundation: People who have a genuine interest in art and wants to donate money or old artists who have stayed at Hôtel Cheillon could form a supporting foundation or donate paintings for a public auction where the money could go to ensuring the Hotel's survival. A supporting foundation could restore parts of the Hôtel when the foundation Grez-sur-Loing cannot afford it; this however requires that the artists are interested in helping the foundation and that they get some kind of response and interaction from the Board of Directors.

Entrepreneur: The director of the Hotel will in a couple of years retire and the Hotel needs a person with the same ability to be loved by the scholars as Bernadette Plissart, but also a person who can fulfill the role of an entrepreneur. The Hotel needs to be run more like a regular business and to seize opportunities to earn revenues when they occur. An entrepreneur would see the opportunities to earn money and use them. A person that can arrange seminars, promote Hôtel Cheillon but also fulfill the role of a handy man would be perfect for the foundation.

5.1.4 GRAPHICAL SUMMARY OF REVENUE DRIVERS EFFECT ON REVENUES

The analyzed results in 5.1.1 and 5.1.2 are illustrated graphically below for a better understanding of how the revenue drivers affect revenues.

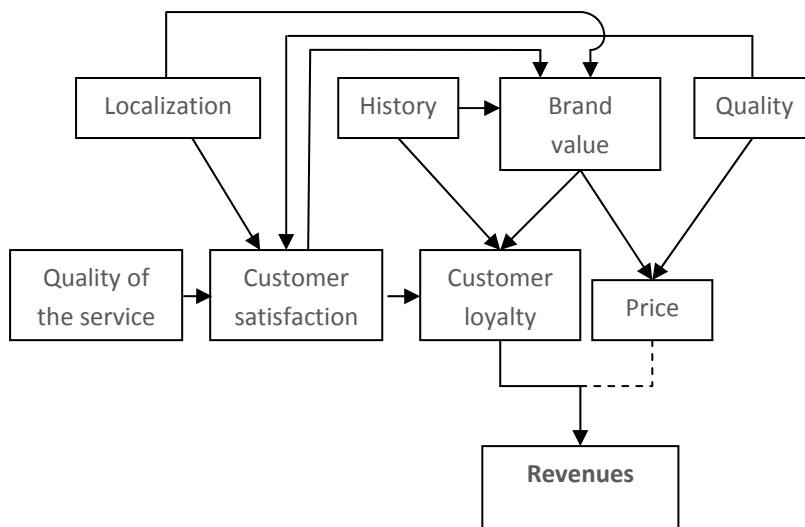


Figure 5.1 – Summary of revenue drivers' effect on revenues

5.2 CLIENT VALUES

As the foundation Grez-sur-Loing has a quite unique situation where the customer is not the same person as the consumer we have labeled the customer value client value, this we have divided into customer and consumer value to separate the two aspects of it. To distinguish the two values separately is very important as they lead to two different outcomes and they are also affected by different types of services from the foundation Grez-sur-Loing.

5.2.1 CUSTOMER VALUE

Fund:	Customer Value:
Bostadsbolaget	Tranquility, International exchange, the surroundings, the localization, the history, possibility to work undisturbed in the garden, big atelier
The Finnish culture fund	The tranquility, the environment, the international exchanges, the surroundings the history, the nature.
Partille Bokhandel	The environment, the international exchange, the localization, a new place to find inspiration
The foundation Hasselblad	The environment, the international exchange, the localization, a good workplace, the ateliers, possibility to work outside

Table 5.3 Customer value

The identified customer values such as the surroundings and the tranquility earlier discussed in 4.7.1 are key issues for the funders to keep sending scholars to Grez-sur-Loing. If the customer values are being fulfilled, which is done by comparing the expectations to what they actually get, it will give customer satisfaction which in a longer perspective can lead to loyalty.

Noticeable in the context is that the consumer satisfaction is not that important for any of the funders as customer value. If an artist returns home unsatisfied after a stay in Grez, this will not have a direct effect on the decision to send new scholars to Grez. There are a few different explanations from the respondents for this; first of all the some of the respondents see it as they are offering the artists an opportunity to do the best out of an extraordinary possibility. All the funders know Grez-sur-Loing very well and the responsible funders have visited the Hotel in many cases several times. They know exactly where the artists are going and what they should expect. It is then up to the artist to make the best of it and to be creative, if the artist is unsatisfied maybe it was the wrong place for that artist to go to; the Hotel in itself is what it is. The question for the foundation Grez-sur-Loing is if the succeeding persons who will be in charge of the scholarships will have the same passion for Hôtel Chevillon?

If there were to be any kind of continuously appearing complaints, the majority of the funders would most likely not stop sending scholars to Grez without getting in touch with the foundation Grez-sur-Loing and giving them a chance to correct the complaints.

5.2.2. CONSUMER VALUE

Artists:	Consumer value:
Lillemor Pettersson	The tranquility, the atmosphere, the workplace in another country, the atelier, the localization, the tradition.
Lars Öhrström	The tranquility, the environment, a good workplace.
Jarmo Kallinen	Excellent and tranquil workplace, the surroundings, the nature, the spacious apartments, the localization.
Filippa Pierrou	The tranquility, the atmosphere, an extraordinary brand, the history, the nature, the ateliers.

Table 5.4 Consumer value

The consumer values earlier mentioned in 4.7.2 are important for many reasons, and indirectly for the future of the Hotel. The consumer, in our case the scholar, is not the one paying for the product, but the scholar is experiencing and using it. When going to Grez the scholar naturally has expectations which hopefully will be fulfilled by the core service of the Hotel for the scholar to feel satisfaction. The more extra services the Hotel can offer, the more likely it is that the scholar can feel a higher grade of satisfaction. But in order for the consumer to feel any kind of satisfaction the consumer value needs to correlate with the core and extra services offered by the Hotel, if it does not the Hotel is doing the effort for no good.

A satisfied consumer will go home with a good experience about the Hotel and talk about it with its friends and family, who will also spread the message on and like that the knowledge of Grez can broaden. That will also increase the chance that number of applications gets higher as both average knowledge and the brand value rises along with consumer satisfaction. If scholars repeatedly would return from Grez unsatisfied, the reputation and brand of the Hotel would be damaged and the number of applicants would most likely go down which would make it impossible for funders to send scholars as there is no one to send.

Despite the fact that the scholars are not paying for the service, they react as normal consumers when something is wrong. Therefore it is very important for the foundation Grez-sur-Loing to listen to complaints, and actively try to find out the different types of complaints the scholars might have, and to try to correct them as soon as possible not to risk getting a bad reputation.

5.2.3 POSSIBLE COSTUMER VALUE

Organizing events where the funders can participate is one way to raise the customer value. This could include seminars or exhibitions with artist that have stayed in Grez with a scholarship from the concerned funder.

Basically what the customer value is about is that the foundation receives a good treatment from the Board of Directors as they already know the Hotel so well. This can be done by a magazine or an online mailing list stating the most recent news about Hôtel Chevillon, who has been there and what are the plans for the future? There is no obligation to make a monthly issue, one every six or twelve months is enough. This could also affect other important revenue drivers for the foundation, as the customers feel evaluated by the foundation Grez-sur-Loing it would also likely create a stronger relation of loyalty, something that could be very useful when the funders are changing their own Board of Directors.

Furthermore, the possibilities to make Grez more known and famous are many. As the foundation and the people surrounding it have numerous contacts with people in world of writing, it could be considered interesting to write an informative book about Grez and talking about the work that is being done at Hôtel

Chevillon today. This would likely attract both more funders sending scholars to Grez and those who are already doing it today would be recognized.

It would be a possibility to let a sponsor to take care of all of the costs concerning a renovation and decoration of an apartment. In reward, the apartment could be named after the sponsors and to ensure a long-lasting good quality of the apartment, there should be a contract that states how much the sponsor must pay per year to have their name as the name of the apartment, much like the sports stadiums are named today. This would give an active involvement from a funder to see that everything works well in Grez.

5.4.4 POSSIBLE CONSUMER VALUE

The scholars that have been to Grez up until now have found many valuable things about the Hotel, but still there can always be improvements in order to satisfy them beyond their expectations. One of the most basic complaints that have been raised several times which should be a natural thing for the foundation Grez-sur-Loing to take care of is the facilities that the scholars dispose. This includes bicycles, a boat by the river and the standard of the apartments. The first two mentioned are two tasks easily taken care of which would give a lot of consumer value to the consumer, because during our interviews this was one of the most unsatisfying aspects for the scholars. It causes complaints and a level of annoyance which is not in proportion to how much effort it would take to take care of the problem. The reasons for a missing boat and non-functioning bicycles exist, but none of them are hard to take care of by depositions from the scholars or stronger regulations regarding the facilities.

Another frequent complaint has concerned the information from the foundation Grez-sur-Loing. They have been promised equipment such as a computer to share with the other scholars and the directions to get to Grez have not been updated. Incorrect information has led to annoyance among the consumers, a problem which should be easy to solve.

The standard of the house would give much more consumer value, and even spread to customer value and likely ending for a higher rent. The scholars feel that the apartments are spacious, but they miss the feeling that someone is taking care of them. A simple touch of decorations would not cost much but the feeling the scholar would get upon arrival and during the stay would bring a lot.

The majority of the scholars have expressed a positive attitude towards opening up the Hotel a bit. They feel that it would bring a positive aspect to their stay if the Hotel would “come alive” on a regular basis. It cannot, and the scholars believe that it would not, disturb the general tranquil atmosphere in the Hotel. If information is passed out about the events well before they begin, every scholar can choose to participate or not. Some artist would even want to have a type of a café open about once a week in the Hotel, just to get the “old lively atmosphere” that existed when Carl Larsson and August Strindberg stayed at Hôtel Chevillon.

Other extra services which could lift the consumer value to a higher level are connected with the localization. As Grez-sur-Loing does not hold a real supermarket, and absolutely not a store for painting material, it could be offered as service that a nearby dealer delivers these kinds of items and whatever the scholars wish to have to the Hotel. There would be a small commission on the original price which would make it more expensive than buying it yourself, but the luxury of having it delivered to the door would most likely make it into an overall positive experience. Besides, it is voluntary to buy.

5.5 RELATIONS WITH REVENUE DRIVERS

This part will describe the relation between customer and consumer values and revenue drivers.

5.5.1 THE RELATION BETWEEN CUSTOMER VALUE AND REVENUE DRIVERS

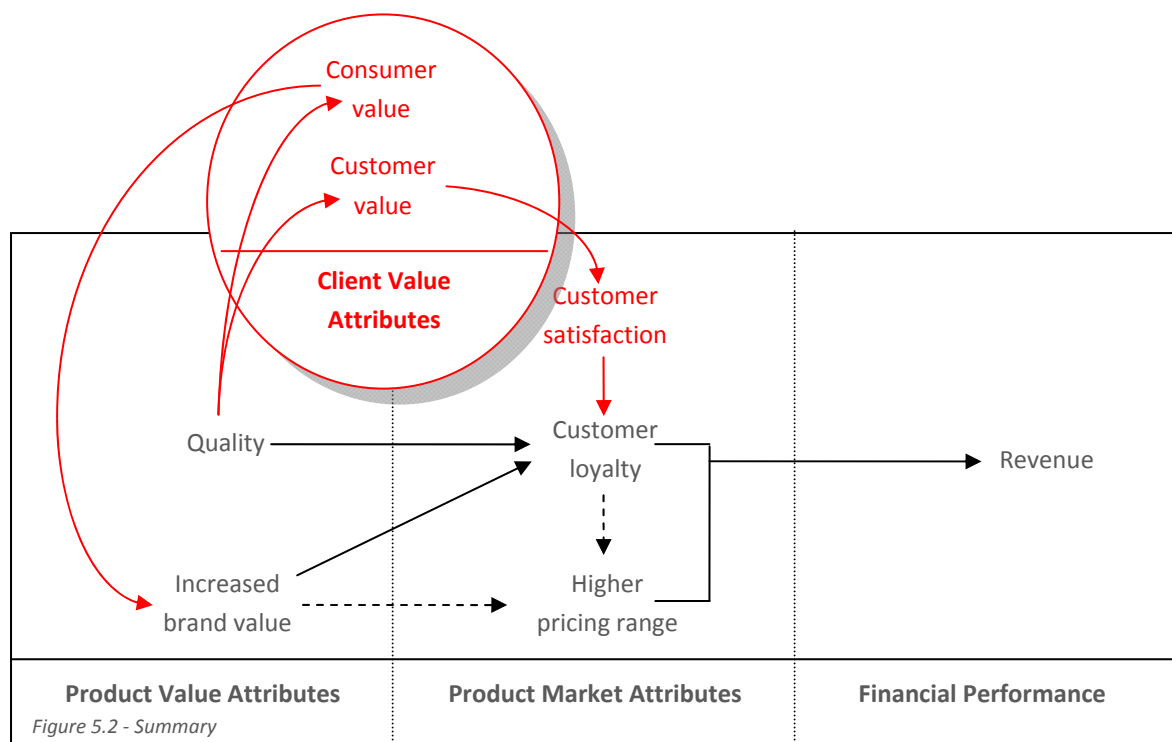
Customer satisfaction is created by the different aspects that the customer evaluates, in other words the customer value. As customer satisfaction is a revenue driver indirectly affecting revenues, customer value can be seen as an underlying factor for revenue drivers of the foundation Grez-sur-Loing. If the consumer value would rise, that would lead to a higher degree of customer satisfaction and therefore also revenues. Naturally, the opposite effect would occur if consumer value would get lower. Concluding, the relation between customer value and the revenue driver customer satisfaction is direct.

5.5.2 THE RELATION BETWEEN CONSUMER VALUE AND REVENUE DRIVERS

The consumer value affects the consumer satisfaction in the same way customer value affects customer satisfaction, mentioned in 5.5.1. The outcome and effects on revenue drivers are however different; consumer satisfaction affects the brand value and the general reputation of the Hotel. An increased brand value can both lead to stronger customer loyalty, as well as allowing a higher pricing range. So, the consumer value has an indirect relation to the revenue driver brand through consumer value.

5.5.3 GRAPHICAL ILLUSTRATION OF THE RELATION BETWEEN CUSTOMER VALUE AND REVENUE DRIVERS

To illustrate the relations discussed above in 5.5.1 and 5.5.2, figure 5.2 illustrates the relation.



5.6 LAST OPTION

If there are no improvements which could help Hôtel Chevillon the foundation is ready to sell the Hotel if there is an interested buyer with the right motives and aim. The Hotel shall in the future have the same objective to maintain a beautiful Swedish art history, no matter who the owner is.

5.7 DIFFERENCES FROM EARLIER STUDIES

To show how this study distinguishes from others we end this chapter with a comparison between the results from this study and results from earlier studies. The revenue drivers; history and the international mixture have not been identified in another study, which makes it impossible to compare these in relation to earlier studies.

5.7.1 SELECTED REVENUE DRIVERS

The brand: Earlier studies show an indirect relation between brand and revenues through price⁷³ and also that the brand is very important as it guarantees a certain quality to the customer. If the brand is strong the enterprise can settle for a higher price and by that the revenues are affected. The result of this study however shows that the brand is important but it varies over time. As foundations existence depends on loyal customers, a negative or positive change in the brand value would leave them unaffected.

Earlier studies also show an indirect relation between the brand and the revenues through customer loyalty⁷⁴. This study shows no such relation, but on the other hand an indirect relation through the history and the quality can be proved which has not been done before.

Customer loyalty: All of the respondents see loyal customers as essential for the revenues as they see that loyal customers are more profitable than customers that not are loyal. This conclusion has also been made by Holmberg⁷⁵ as well by Kaplan & Norton⁷⁶. The result of this study shows that if loyalty was higher the Hotel would be fully covered every month of the year which shows us that loyalty has a linear direct effect on revenues. However, there is a physical limit to how much the revenues can be raised by customer loyalty. There is a certain amount of apartments and a certain amount of customers. When the Hotel has full coverage customer loyalty does not affect the revenues anymore.

Earlier studies, for example Smith & Wright, show an indirect relation between customer loyalty and revenues through price. But according to our study there is not such a relation as the price limit already has been reached for the loyal customers, as funders of art do not often have very much capital, in other words the price sensitivity is high among the costumers in this area.

Customer satisfaction: According to both earlier studies and the result of this study, customer satisfaction is extremely important since unsatisfied consumers and customers would affect revenues due to a lower brand value and loyalty, meaning that the revenue driver is indirect. The results from both this study as well as the results from earlier studies show a curvilinear effect on the revenues. This means that when customer satisfaction has reached a certain level it has not the same type influence on revenues.

What distinguishes this study from earlier is that the consumers' satisfaction not has the same level of importance as the funders' level of satisfaction. It is the funders that pay for the services and by that determines the customer loyalty which renders revenues. Another difference from earlier studies is that the customer satisfaction does not have a direct effect on revenues which has been discussed by Banker et al⁷⁷, Behn & Rihley⁷⁸ and Ittner & Larcker⁷⁹. The result shows that customer satisfaction affects the customer loyalty which in the end affects the revenues.

⁷³ Smith & Wright (2004)

⁷⁴ Ibid.

⁷⁵ Holmberg (2004)

⁷⁶ Kaplan & Norton (2004)

⁷⁷ Banker et al (2000)

⁷⁸ Ben & Riley (1999)

⁷⁹ Ittner & Larcker (1998)

Price: Regarding the relation between price and revenues we can conclude that the result of this study agrees with earlier studies, for example Smith & Wright, as the price has a direct relation to the revenues. The results also show that price affects the revenues through the quality. If the quality would be higher the customers would be more satisfied and the price could be higher and by that affect the revenues. This result has not been shown until the study about retail clothing was done in 2007⁸⁰.

Product quality: As the quality of the building is rather low today, an improvement of the quality would definitely affect the revenues indirectly through the price. Our results show a linear affect while studies like Nissen et al show a curvilinear effect. The reason for this is probably depending on the differences in retail and foundations. In retail the maximal product quality has already been reached while the lack of quality in foundation depends on the lack of capital.

Earlier studies also show a direct relation between quality and revenues⁸¹, something that our study does not. The result of this study shows that the product quality has a direct effect on customer satisfaction and an indirect effect on the loyalty. If the product quality is bad, the consumers will be unsatisfied which will create bad publicity. So the product quality has an effect on the revenues and vice versa as the standard could be higher if the revenues were higher.

5.7.2 IDENTIFIED REVENUE DRIVERS

Service quality: The results of this study show that the quality of the service is important as it creates customer satisfaction. Without a good service quality, the foundation could be seen as a snotty, unfriendly Hotel which would not be attractive to customers, something that would weaken the brand. This conclusion is affirmed by Nissen et al⁸² as they also mean that the relation is indirect through customer satisfaction.

Localization: All of the respondents together with the study by Nissen et al⁸³ show that the localization is extremely important. What distinguishes this study from Nissen et al is that it is not sure that the revenues would have been affected if the village would have been more isolated as most of the scholars go to Grez for the tranquility and the history, not to visit Paris.

Furthermore, the result from this study shows that the localization affects the brand. Therefore localization has an indirect effect on revenues as it is linked together with the customer satisfaction. This conclusion has also been made by Nissen et al⁸⁴.

⁸⁰ Nissen et al (2007)

⁸¹ Sällström (1997), Nagar & Rajan (2001)

⁸² Nissen et al (2007)

⁸³ Ibid.

⁸⁴ Ibid.

CHAPTER 6: CONCLUSION AND RECOMMENDATIONS

The aim of this thesis has been to find and evaluate revenue drivers for foundations, in our case the foundation Grez-sur-Loing. In this final chapter we will give the reader the conclusion together with recommendations to the foundation Grez-sur-Loing.

6.1 CONCLUSION

When summarizing the study we can conclude that there are several important revenue drivers which have a great impact on the revenues of the foundation. We have outside the selected revenue drivers identified new and possible revenue drivers, which all have and could have an important role for the foundation.

The five selected revenue drivers concluded:

The brand cooperates with the history and united they create a strong incitement for going to Grez. A strong brand can increase the interest from donators and applicants and it can give the Hotel full coverage each month of the year.

The customer loyalty is extremely important for the foundation Grez-sur-Loing. Without the loyalty from the funders the foundation would not survive.

The customer satisfaction is important, but it is not crucial for the level of the revenues. The customer satisfaction is affected by several factors such as the standard, the service quality and the activities.

The price is directly connected to the revenues, but the foundation Grez-sur-Loing cannot change the price as they need to cover the costs and keep the customers. If the foundation could offer a higher standard and more activities together with openness to the village, the price could be increased.

The product quality is directly connected to the consumer satisfaction, but even if the consumers are unsatisfied with the quality the customers are still loyal. The quality of the building cannot be too bad as there is a limit for the loyalty and if the quality of the building gets too bad that will have a negative impact on the product quality in general.

Beyond these revenue drivers we have identified four other revenue drivers that have not been treated in precedent research, these are summarized below.

The service quality, Bernadette is a loved profile at Hôtel Chevillon and the study shows that the service quality has a great impact on the consumer satisfaction, in other words an indirect affect on the revenues.

The history is the reason to why the foundation Grez-sur-Loing exists today. The history is building the brand and it is also the reason to why many of the institutions are sending scholars to Hôtel Chevillon.

International touch, the mixture of nationalities among scholars living at the Hotel attracts both consumers and customers, and it makes the brand interesting as it is a great opportunity to be able to exchange opinions with artists from different countries.

The localization is important but it is difficult to say in how much it affects the revenues, what is sure is that it is positive for the customer satisfaction.

Client value

As the foundation Grez-sur-Loing has a quite unique situation where the customer is not the same person as the consumer we have labeled the customer value client value, this we divided into customer and consumer value to separate the two aspects of it. After we distinguished the clients we found these results:

Customer value

Customer values are the values appreciated by the customer, in this case the funders who send scholars to Grez and pay for the apartments.

All the funders we have met have been to Grez-sur-Loing and their own good experience of the Hotel is the reason for why they are sending scholars there. The funders are sending scholars to Grez-sur-Loing instead to another tranquil village in Sweden because there is no relevant and similar service offered in the north of Sweden. Another unique aspect of Grez-sur-Loing which cannot be duplicated in any other place in the world is its history. The fact that several important historic figures spent a lot of time in Hôtel Cheillon cannot be recreated anywhere else. The closeness to one of the centers of art, Paris, is an important factor too, as the possibility to visit thousands of museums and just to breathe art is an inspirational factor.

The meeting with Grez is a huge contrast from Paris, which can transform all of your impression to inspiration. When you are strolling in Grez you can understand that a lot of famous works have been done there. It is a special atmosphere in Grez where you feel like you have travelled hundred years back in time. The bridge, the river, the picturesque streets and alleys enables you to feel like you are in one of the old colonies of art. This is something that truly matters to the foundations granting scholarships.

Consumer value

Consumer values are the values appreciated by the consumers, in this case the artists and writers who are staying at the Hotel. Their experienced consumer value has to be put in comparison to their expectations before arriving to the Grez-sur-Loing.

In our interviews we have found that a great part of the consumer value lies in the tranquility you can get from staying at the Hotel, which also enables you to work peacefully and focus without the interruptions of the daily life. Another important consumer value is the surroundings which includes the nature, the buildings and the bridge and the surrounding villages. This adds to the inspiration especially for the artists when they want to create.

Other consumer values can arise, depending on the situation, from the community that you can create when staying at the Hotel. Meeting other artists and writers from other parts of the world and exchanging ideas brings extra value.

All of the consumer values put together will render in a feeling of satisfaction for the consumer which it can spread upon arriving to its home city. This will give the Hotel a better reputation, and as artists are often friends with other artists, it is more likely that they will have more applications per scholarship.

6.2 RECOMMENDATIONS

Grez-sur-Loing has a mysterious charm which is appealing to most of the people who visit the village, but without an improvement in the standard, this enthusiasm and also the loyalty from the funders will be lost. The foundation must act if they want to keep carrying on the heritage of Swedish art. We want to give the foundation some recommendations regarding activities that can bring revenues in the future.

Right communication

As the Board of Directors has a responsibility to communicate with the future donators, existing and new funders of scholars, it is crucial that they communicate what is essential for the funders. The funders need to feel that they get value for their money, this out of two perspectives. First of all, the funders need to feel that the foundation Grez-sur-Loing offers them a product which is in line for what they are supporting and doing. Secondly, the scholars need to feel that it is meaningful to stay in Hôtel Cheillon to work. They need to get

their expectations fulfilled, and the Board of Directors can ensure that this happens by instructing their personnel in Hôtel Cheillon how to run the facility. It seems as the aspect of tranquility has been taken too seriously, and because of that other important aspects have suffered. Originally Hôtel Cheillon was alive, it was a place where artist came together and enjoyed themselves while creating their masterpieces.

Openness and activities

The tranquility aspect has been communicated too heavily within the foundation so that nearly everything else has been forgotten. As a result, any kind of events arranged at the Hotel has led to a lot of tension and anxiety among the scholars as they feel that something special is going on. Naturally some artists would like to step away from these kinds of activities since they feel that it is uncomfortable and that it is disturbing their main purpose for being there, their work, and they should be allowed to do so. If it would be possible to make activities involving the artists staying in the Hôtel more common it would also take it down a level in terms of tension, and those who want to participate could do so whenever they feel that they have the time to do it. If it was a natural part of the life at the Hotel, it would most likely not be seen as very a disturbing element, those who want to continue with their work could do so. Until now it has been mentioned that Hôtel Cheillon is a good place to meet other people who have the same interests, this has been true, but only to a certain extent.

By loosening up the regulations of public entry, adding more common activities, it could become a very strong revenue driver for Hôtel Cheillon. Naturally, it should not be run as a daycare center where there is one person in charge of creating all of events all the time. The person responsible for the arrangements could be found from outside of the Hotel and the scholars could be inspired to create events for themselves. Artists would return home with memories and connections for life and they would more likely communicate their positive thoughts of the stay to other colleagues. Not only that they stayed in an amazing historical environment with the perfect tranquility for work, but also that they met lots of interesting people there. It could even be so that the standard of the rooms would become of minor importance since most of the work is done in the ateliers, and the rest of the time is spent in the common rooms. The apartments would only be a place where you sleep.

So, by clear communication from the Board of Directors to the Hôtel, they would easily increase the customer value for the artists, and that in long run would open up an opportunity for raising the price.

The capacity

If the Board of Directors would feel that opening up and using the common rooms for events and seminars is not suitable, they must still use the rooms in a better way than they are being used today. One or two of the common rooms could be made into apartments to be able to accept more scholars to the Hotel. The building itself is very big, but a fact is that only about half of the space is being used for generating revenues and that is in the long run an unsustainable situation for any type of business.

Deposition

What is obvious is that the price cannot augment without an improvement of the standard. But the standard cannot change without capital. Evidently, there is a need for a great sum of money to make all the renovations but smaller profit can come from other things than rent. A deposition would be a cost saving arrangement which could create a surplus enabling investments rendering revenues. It would most likely also be a time saving action as scholars more likely would take better care of the Hotel and its facilities. The director of the Hotel could then focus more on the important tasks for the foundation, instead of spending time on repairing and cleaning. It is much harder to send an invoice after the scholar has left, so the deposition would ensure

that no money would be spent on repairs which the scholars should pay, In order to make this possible the apartments need to be checked before and after the artists stay at the Hotel. That would naturally generate more work for the hostess, but we believe it is less than the time it takes to clean and repair.

Donators

We want to motivate the foundation Grez-sur-Loing to widen their search for donators to the foundation, the donators could sometimes be found in the most unexpected environments. There should also be a solid business plan for sponsorship of the apartments or other parts of the Hotel, something that could attract more companies to become a part of Hôtel Chevillon. We are sure that this could be in a discrete way without rendering a feeling that the Hotel has become commercialized.

Mail

As there have been many people involved with Hôtel Chevillon during the past 15 years including scholars, funders and donators and the fact that a lot people have genuine interest in the Hotel, there should be some sort of mailing list for “the friends of Grez”. The mail could be sent through e-mail a couple of times per year with the most recent news of the Hotel, perhaps some pictures and general information about the current situation. If the foundation would find itself in a financially difficult situation in the future, they could easily reach out to the people who care for Hôtel Chevillon and perhaps they could receive some donations through the mailing list.

Mix the new with the old

As many of the books are writing about Hôtel Chevillon; “the Hotel shall be a sanctuary for work and international meetings. A mixture of idyll, joy, friendships, and collegial exchanges between strong personalities shall to be met”⁸⁵. To recreate the old feeling the foundation Grez-sur-Loing must dare to mix the new with the old to once again be able to look upon the future with certainty of prosperity.

6.3 LIMITATIONS IN THE STUDY

Since we received the assignment from the foundation Grez-sur-Loing it has been hard to apply our results on foundations in general. It has been difficult to distinguish what a revenue driver actually is, as everything is connected and closely linked together. We have only done interviews so there are neither statistics nor previous studies that can strengthen our results. Therefore it is difficult to guarantee relations between revenue drivers based on interviews.

6.4 SUGGESTION FOR FURTHER RESEARCH

During the process of writing of the thesis some areas have been identified which could be interesting to further investigate. The aim of this thesis has been to explore revenue drivers in a non-profit, non-public foundation, where several revenue drivers have emerged which have not been addressed in previous research. We believe it would be interesting to study the revenue drivers more deeply, to statistically establish their relation to an enterprise/foundation’s revenues. We also believe it would be interesting to investigate if our recommendations have been able to realize and what kind of effects the actually led to.

⁸⁵ Lindwall, *Konstnärskolonin i Grez* (1993)

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APPENDIX 1: INTERVIEW QUESTIONS

Definition

Depending on the respondent we had a different set of interview questions. Our primary assumption conducting the interviews was that we did not know anything, this in order to get the most objective view of the Hôtel and the foundation. However, we were aware of the fact that every respondent answers were mixed with a certain amount of subjectivity and some of them had incentives to protect their own interest and positions. Furthermore, we have divided all the questions into different categories in order for the respondent to be able to answer the question in a structured manner.

General questions

- How are You connected to the foundation today?
- How do You perceive the foundation today?

Questions about Hôtel Chevillon

- Have You already visited the Hôtel?
- Why do You think that the Hôtel can attract Nordic and international artists?
- Which are the primary reasons for an artist to come to Hôtel Chevillon?
- Which do You think are the primary reasons for the artists to come to Hôtel Chevillon?
- What renders customer value for the artists in the Hôtel?
- What customer values should be communicated more?

Questions about the future

- What could create a greater customer value?

Questions about revenue drivers (to the Board of directors

- Is this a revenue driver according to you? (Yes/No), (brand, customer loyalty, customer value, price, product quality)
- (brand, customer loyalty, customer value, price, product quality)
- What do you think will happen if this revenue driver increases or decreases? (sign)
- Which impact has the revenue driver on the revenues?
- Is there an underlying factor that affects the individual revenue driver? (Directness)
- Does this revenue driver affect another revenue driver? (directness)
- Do you think the revenues affect the revenue driver? (direction)
- When there is a change in the revenue drivers, when do you think the change will appear on the revenues? (timing)
- Can the revenue drive's impact on revenues be strengthened by the interaction with another revenue driver? (additivity)

Questions to the customers and the consumers

- Do you think there may be further revenue drivers? Which?
- Why has your foundation chosen to send scholars to Hôtel Chevillon?
- What are you paying for?
- What is the customer value for you?
- What are you satisfied with?
- Have you any complaints on? Why are you chosen Hôtel Chevillon instead of a village in north of Sweden?