MANAGING THE DYNAMICS OF E-COMMERCE

THE IMPORTANCE OF COMPETITIVE INTELLIGENCE

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ABSTRACT

In the form of a multiple case study with one main case study on Volvo CE, this thesis evaluates the importance of using competitive intelligence for the development of an e-strategy. The thesis was written after a benchmark on the e-commerce activities of the competitors within the construction equipment industry had been conducted at Volvo CE. The subject of the thesis and the collected empirical data was thus somewhat separated from this experience. Still, the research is partly built on the experience as participant observer from the conducted benchmark Volvo CE, but also from interviews at other companies.

Today, it is clear that the use of competitive intelligence has grown in importance as corporate activity. Furthermore, companies are increasingly facing an environment characterised by speed of development and uncertainty. Our research confirmed that these two factors are crucial factors to regard in an e-strategy but also that they are even more present in the development of an e-strategy in comparison with other strategy development. Despite that, we can still conclude that the theories for developing strategies are still valid and that an e-strategy hence requires a form of planning based on a vision, mission, crafted strategies, evaluations and improvements.

We have concluded that competitive intelligence has a major importance in bringing the possibility of managing speed of development and uncertainty. If competitive intelligence is continuously gained, within as well as outside the industry it brings security to the e-strategy development through a clearer picture about reality and it may also lead to seeing trends, which increases the possibility of reacting quickly to changes and not being surprised.

Keywords: e-commerce, strategy development, competitive intelligence and benchmarking

ACKNOWLEDGEMENTS

TABLE OF CONTENTS

TABLE OF FIGURES

1. INTRODUCTION

The aim of this chapter is to present the problem statement and the specific research questions. In order to set the problem in a context, the chapter will start with a problem background where we explain why the problem statement was chosen.

1.1 Background

"No business is an island"

Many companies are today starting to define what their vision will be with e-commerce and also companies in the more traditional business areas are seeing the relevance of creating an e-strategy for their business. Many companies have been and are still standing before something new and unknown. It is not only the unknown about the phenomenon e-commerce in itself, but also the unknown of the effects on the business models within different industries.

In the industrial era, "change" has been a usual phenomenon. Alvin Toffler thought of the word "future shock" as a reasonable reaction of people to an era of continuous quicker changes. However, in the network economy of today, we do not speak any longer about just change, but about a "continuous movement/ development". The network economy seems to develop itself to something, which is described by a phenomenon where the development is continuously moving, "together". This movement is pushing "the old" away and creates a platform for more innovation and birth. At the same time, the new era brings turbulence and insecurity. (Kelly K., 1998).

The competitive pressure is today higher and there is also a greater need for fast responses, this has led to many companies focusing more on their competitors than before. Hence, competitive intelligence is today one of the fastest growing areas of corporate activity (Grant R., 1998). Except from increasing opportunities, global competition and

fast changing technology, the growing interest for competitive intelligence is also due to changes in what constitutes a competitor (Dutka A., 1999). Industries are today converging and the Internet crosses the borders of any industry. Hence, being the best in one's own industry may not be enough anymore since companies may have to compete with companies in other industries which traditionally not have been regarded as competitors.

One way of exploring the unknown is to conduct a benchmark. This has been done for the company Volvo Construction Equipment, in order to find out the current situation of where the industry is on the web. E-commerce is a new channel for the Construction Equipment industry. Especially for this type of industry - still depending on personal selling, the emergence of e-commerce is bringing questions on how the future will look and OEM's do not know exactly how to approach this new type of business tool. How companies are organising the development of their e-strategy will have a great impact on the construction equipment OEM's business in future and already today. Therefore, OEM's are looking for a way to create and continuously develop a competitive e-strategy.

In order to keep up with the speed of development, companies will have to update and improve their e-commerce strategies on a continuous basis since the field of e-commerce will move forwards as well. "The development of something new in this economy is compared to surfing, where you stand on top of a falling wave, already looking down, and participating in the turbulence in a movement forwards" (Kelly K., 1998). How companies are participating in and handling new situations for a certain strategy, in this study e-strategy, and what tools are used for a continuous development of the strategy is an interesting area for study, since this era brings again a new type of uncertainty.

1.2 Problem statement

Whether the increased uncertainties and other new external influences companies have to deal with today have any impact on the way strategies are developed will be discussed in this thesis. It is our belief

that these influences will have an impact on the process of improving a strategy. In order to improve or develop a strategy, companies can use competitive intelligence. We will therefore discuss the use of competitive intelligence in the process of an e-strategy development.

Gaining competitive intelligence is for many companies a common activity when developing a strategy. Furthermore, benchmarking is a recognised tool for companies wishing to improve internal processes or for getting new ideas. However, the use of competitive intelligence in the angle of an e-strategy development is a new field of study. Today, e-commerce is increasingly becoming part of business, therefore companies have to learn how to manage the uncertainty of the new and the speed of development that e-commerce brings about. We hence studied e-strategy development in the perspective of the ongoing implementation of an e-strategy, in the stages of improvement and continuous updating, within the perspective of competitive intelligence.

Main problem
What is the importance for companies of using competitive intelligence, for the development of an e-strategy?

Due to our experience from Volvo CE, we had the assumption that there was a relation between the specific character of an e-strategy development, the use and importance of competitive intelligence.

Before knowing how competitive intelligence plays a role in the development of an e-strategy, we firstly have to discuss what it takes today to develop a strategy. We will then look upon the existing factors, which are specific for e-commerce, which impact the development of an e-strategy. This will allow us to find whether there exist any differences in a development of an e-strategy, compared to other strategies companies develop. In order to answer the first research problem, the following areas will be discussed:

- Development process of a strategy and e-strategy
- Factors that impact an e-strategy development more than in other strategy development

Research problem 1
In comparison with other strategy development, what factor(s) separates the development of an e-strategy?

The aim with the second research question is to find out what it exactly is that companies achieve from using competitive intelligence in the development of an e-strategy.

Research problem 2
What can companies achieve by using competitive intelligence for the development of an e-strategy?

Next to the achievements, we also studied the reasons for the extent companies are using competitive intelligence in the development process of an e-strategy. We are classifying these as "restrictions" in the analysis. This allowed us to evaluate the importance of competitive intelligence, from the angle of an e-strategy development process, bringing the achievements, discussed in research question 2 in relation to the reasons for the restrictions discussed in the third research question. This research question will consider the following research area:

- The reasons for a restrictive attitude using competitive intelligence

Research problem 3
What are the reasons for the restrictions companies have for using competitive intelligence when developing an e-strategy?

The two last research questions, providing us with an evaluation of using competitive intelligence as a tool to possibly manage the factors impacting an e-strategy development, which will be discussed in research question 1, will hence enhance the ability of explaining the importance of competitive intelligence for companies that are developing an e-strategy.

1.3 Purpose

The purpose is to evaluate the importance of gaining competitive intelligence for the continuous development of a company's e-strategy. We will do this by looking at the achievements and restrictions of the use of competitive intelligence when developing an e-strategy. We will also identify factors that separate e-strategy development from other types of strategy development. This will give the opportunity to describe external factors that need to be specifically regarded when developing an e-strategy. Next to that, it will allow us to explain how the use of competitive intelligence is related to a development of an e-strategy. Simultaneously, we aim to provide the reader with some interesting insights of certain case studies in the development of an e-strategy.

1.4 Conceptual discussion/ definitions "buzzwords"

Benchmark: "A continuous, systematic process for evaluating the products, services, and work processes of organisations that are recognised as representing best practices for the purpose of organisational improvement" (Spendolini M.,1992).

Brick & Mortar: The traditional companies, having a business infrastructure that is "touchable".

Competitive intelligence: "A systematic collection and analysis of public information about rivals for informing decision making" (Grant, 1998, p. 96).

Development: Continuos actions and decisions for improving present strategy or for moving forwards.

E-business: "Any net-enabled business activity that transforms internal and external relationships to create value and exploit market opportunities driven by the new rules of the "connected economy" (Gartner Group, 1999).

E-commerce: "The use of communication technologies to transmit business information and transact business" (Gartner Group, 1999).

E-strategy: A strategy that aims at implementing or developing e-commerce or e-business within a company.

Functionality: An online service, either of informative, interactive or transactive character.

OEM: Original Equipment Manufacturer

1.5 Delimitations

- An e-strategy can be very broad and incorporate various aspects of a company's business, however, our main focus is on e-commerce strategy development.
- We will only focus on the process of continuously improving the e-strategy. Hence, we will not discuss the first for the creation of an e-strategy.
- The development of an e-strategy is affected by both internal and external influences, however, in this thesis we will only focus on some of the external factors. The e-strategy development will only be looked upon from the angle of competitive intelligence and benchmarking. Within the competitive intelligence we are then also further deliminating our study to focus on the direct and indirect competition.
- The empirical data will only be based on the views and experiences of MNC's and consulting firms such as KPMG and Andersen Consulting and iXL.

1.6 Thesis outline

The starting point and the base for the thesis was the introduction where the background for the specific problem statement and research questions were specified. A statement of the purpose and the deliminations of the thesis then followed. In order for the reader to have a better understanding of the following sections, section two will present the methodology on how the research has been conducted. In section three, we present the theoretical framework, which is divided into five smaller parts. The first part presents a clarification on the different e-activities, secondly we discuss how a strategy is developed, followed with a discussion on what specific factors are impacting the development of an e-strategy. In the fourth and fifth parts, we go into the area of how competitive intelligence and benchmarking fit into the context of e-strategy development by discussing what in general terms can be achieved from using these tools.

The theoretical section is then followed by the fourth section, a presentation of the case studies. First, a presentation of the Volvo CE and their e-strategy development is given, which is followed by how the company used benchmarking as a part of their e-strategy development. Then follows a short description of the other companies' e-commerce activities. In the analysis we then combine the theoretical and case study with some additional empirical data from the interviews. The reason for this approach was that we believed this to be the best way of presenting personal opinions as we were choosing for a multi-case study. Since our approach for analysing and generalising our findings on the problem statement was to extend the case study on Volvo CE with other companies, we combined the empirical findings of both Volvo CE and our respondents in the other companies directly into one analysis. The sixth section will then answer our main problem in the form of a description of our final overall conclusions. Finally, we will give recommendations for future research for Volvo CE and then general implications valid for all companies.
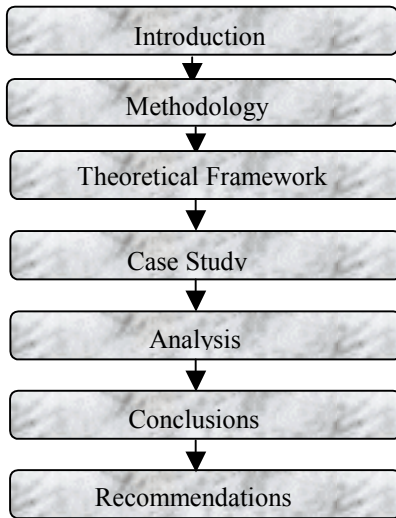
Fig. 1. Thesis outline

2. METHODOLOGY

In this part we will explain the methods we used for conducting the research and by that facilitate an understanding for the reader.

2.1 Research approach

When conducting research, there are five types of strategies: experiment, survey, archival analysis, history and case study. What type is most suitable depends on the purpose of the research, what the researcher wants to investigate (Yin R. K., 1994).

According to Merriam S. (1994), the purpose of a case study is to get a holistic picture of the studied object, a more extensive and deeper research of a specific event. Furthermore, the purpose is also to show how the chosen factors in the research relate to each other. Another character of the case study is that they most often are qualitative rather than quantitative. Qualitative case studies can be defined as a method, which is used to give this holistic picture and analysis of an event.

2.1.1 Case study

According to our introduction, our main approach is to evaluate competitive intelligence, not really in itself but in the broader perspective of its role within the e-strategy development. Furthermore, our aim with is to see how competitive intelligence relates to various factors within the broader perspective of strategy development. In order to answer our main problem it is not possible to study the research questions without having the perspective and relations to each other. The first research question aims at giving a detailed description of the character of an e-strategy in relation to other types of strategies. These specific characteristics are then the base for a better understanding of research questions two and three, which answer the questions of what can be achieved with competitive intelligence in the development of an e-strategy and what the reasons for companies being restricted from using it are. The two last questions are together evaluating the tool and cannot either really be understood if not set in relation to each other.

How many cases are chosen, determine if the study will have a broad or deep focus. If only one case is studied, the research will have the best possibilities for creating a deep study full of different aspects. However, the choice of only studying one case increases the risk of the study being too specific for a certain situation in order to also be relevant for other actors in other situations (Lundahl & Skärvad, 1992). The other possibility is to base the research on a multiple case study. Choosing to study several cases is generally regarded as giving the results of the research more robustness. According to Yin R. K. (1994), it is also possible to use both single- and multiple case studies in the same case study.

The evaluation of the importance of competitive intelligence is based on both what we have observed in the case company Volvo CE, being participant observers in the e-commerce team of Volvo CE, and on other case companies. However, the study within Volvo CE is much deeper and gives a good holistic view of the company in terms of how competitive intelligence has played a role in the e-strategy development. The empirical data, which is gathered from the other companies, function as an input to the findings at Volvo CE, to gain an even broader perspective on the subject. This has been done deliberately in order to be able to make a deeper analysis of the chosen area of study, with different angles and perspectives. According to Yin (1994), the chosen case study design is hence a multiple-case study. However, because of the deeper knowledge we have gained in the case study of Volvo CE, among the other case studies, this is our main case study. Furthermore, we would also like to stress that we put ourselves in the middle of the study, being a participant observer and analyser of our case company.

2.1.2 VOLVO Construction Equipment

Since we were participant observers, allowing us to immediately study the effects of the conducted benchmark on the development of the e-strategy, we used Volvo CE as a special actor in our research. Our experience from being a participant observer furthermore allowed us to observe how an e-strategy is developed, giving us a profound base for analysing our research questions. Since a benchmark of web sites has been conducted at Volvo CE, we wanted to take this company in order

to analyse the role competitive intelligence has in the development of an e-strategy. We moreover wanted to give the reader an insight into an e-strategy development, which was made possible by having Volvo CE as a case company. In order to evaluate the exact results of the benchmark and what role it played for the development of their e-strategy, we conducted several interviews with the people involved in e-commerce. This hence allowed us to get a broader perspective of the importance of the use of competitive intelligence in an e-strategy development.

2.1.3 Other companies and Consultants

To be able to evaluate the importance of competitive intelligence for companies for the development of an e-strategy, we interviewed MNC's that during the last years have started their developments of an e-strategy. In these companies we have talked with the people who are responsible for the e-commerce development of the company. This gave important reflections to broadening the case study. Next to an ability to evaluate the importance of competitive intelligence, it hence provided us with a deeper insight and understanding of the case company's e-strategy development. Furthermore, we chose to interview a small number of consulting firms. Partly because the large companies that we have interviewed have hired consulting firms as a support in their e-strategy development and partly because these consulting firms can provide a more general picture of e-strategy development since they co-operate with so many different clients. The selected companies were; Electrolux, Saab, Volvo Truck, Schenker, John Deere, Mölnlycke Healthcare, iXL KPMG and Andersen Consulting.

2.1.3.1 Sample selection

Since the aim of the research is to be generalisable for companies in general and not specifically for any type of industry, we did not use any strict selection method. We believe that our findings on the topic can suit every company in the development process of an e-strategy.

Still, we tried to get a sample consisting of companies who had already got further in the development of e-commerce, and companies who had just recently started the process. This would allow us to see whether

the use and the role of competitive intelligence varies during the process in which companies move forwards in their development process. Our other requirement was that we only wanted to interview larger companies, since we wanted to compare the aspects of developing a traditional strategy with an e-strategy. We suspected that smaller companies would not be able to give us an opinion on this, since strategy development in small companies is often done in a "learning by doing method". We also suspected that larger companies normally work with more planned strategies. This would allow them to provide us with a more profound opinion, based on their experience, on the possible difference between a strategy and an e-strategy development.

2.2 Strategic Approach

2.2.1 Explorative, Descriptive and Explanatory Studies

According to Patel and Davidsson (1994), every study has a research design. The strategy one uses when conducting a study depends on how much knowledge the researcher has about the problem, what his point of departure is. There are three strategic approaches; Explorative, Descriptive and Explanatory.

Explorative, this approach is used when the purpose is to understand a specific problem area and there exists only little knowledge on the problem area. It often concerns the initial stages of research, leading to following deeper studies on the subject. It is hence mainly to identify a problem, to generate ideas and formulate hypotheses. This type of research will most likely meet unexpected areas the researcher had not taken into consideration from the beginning. This is why a flexible and open-minded approach for this type of research is necessary.

Descriptive, the aim with this approach is to clarify facts and correlations between certain problems. It is used when there already exists knowledge on the field of study. The study gets a descriptive nature while simultaneously investigating the issue in depth.

Explanatory, to clarify the reasons for a certain activity. This approach assumes that the researcher has a wide knowledge of the problem area and that there exists already a certain amount of theories on the subject. This approach has the aim to study a cause-and-effect connection (Patel R. & Davidsson B., 1994).

Yin identifies a "what" question to have either an exploratory or an explanatory goal (Yin, 1981). A "what" question is in many cases a descriptive, exploratory research. However, based on the above shown differences we believe that an explanatory approach best suits our stated problem definition. By describing what the achievements and the restrictions of the use of competitive intelligence are, we could argue for the fact that we basically explain what the importance is, rather then just describing it, since we are then connecting to why competitive intelligence is important. Furthermore, the evaluation gets an explanatory accent by the fact that we explain how competitive intelligence fits into an e-strategy development. Additionally, Yin (1993) writes that case studies have a distinctive place, also in evaluation research.

2.3 Scientific Approach

To choose and describe what method has been used in the study is of vital importance. The choice of method will both impact the result and the problem statement, but also be impacted by the chosen problem statement. (Wiedersheim-Paul F. & Eriksson L. T., 1991)

2.3.1 Inductive, deductive and abductive

A study can either be deductive or inductive, however it is also possible that the scientific approach is a combination of them both, an abductive study. What distinguishes between the three approaches is normally the character of the problem statement itself. The approach of a study is deductive when the problem can be found by exploring existing theories and when the theories also are the base for the empirical study. The inductive approach on the other hand is chosen when the problem statement has no connection to existing theories. The research starts with gathering of empirical data, and from the

empirical regularities that are found, theoretical conclusions are drawn. (Halvorsen K., 1992), (Wiedersheim-Paul F. & Eriksson L. T., 1991).
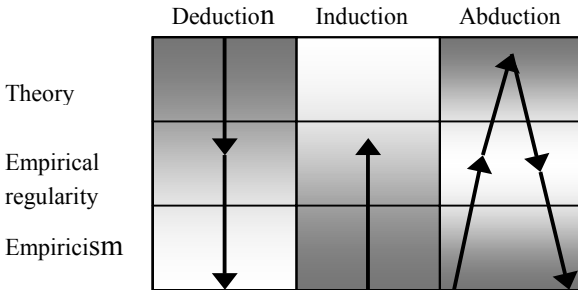
Fig. 2: Scientific approches; Source: Alvesson M. & Skölberg K., 1994

A case study, which is the choice of this thesis, is normally conducted through an abductive approach (Alvesson M. & Sköldberg K., 1994).

The thesis and the chosen problem statement can be derived from the fact that we during three months were participant observers within the e-commerce team in Volvo CE. During this time, a benchmark of the web-sites of Volvo CE's competitors was conducted. The benchmark in itself or the work we as authors did, is not the base of the thesis. Instead, we have used the knowledge about e-strategy development we gained as participant observers as an input for both data and analysis. After providing Volvo CE with the results of the benchmark, we observed what importance and effect the benchmark study had on the strategy and implementation of e-commerce. Due to our empirical observations and the lack of studies on benchmarking as a tool for developing and implementing a company's e-strategy, we found competitive intelligence in the field of e-commerce development an interesting area of study. Our study had therefore an inductive approach in the beginning of the process.

However, in order to formulate a relevant problem statement and find a good base for the forthcoming studies of other companies, we deepened our first theoretical studies about e-commerce into also exploring the theories about competitive intelligence and benchmarking. During and after the theoretical studies we then deepened our qualitative empirical study by interviewing other participants within the e-commerce team of Volvo CE and other companies. As our conclusions then are based on both the empirical study and the theoretical knowledge, the method used is abductive. We did not do an inductive study because, according to our data collection for the theoretical framework, the general relevance of competitive intelligence has been studied earlier. We have used prevalent theories on competitive intelligence and strategy development. However, at some point we were finding ourselves in a new area of study as well, since benchmarking in the context of an e-strategy development is an unexplored field of study. Based on the above, we hence believe that an abductive study suits our research best (Alvesson M. & Skölberg K., 1994).
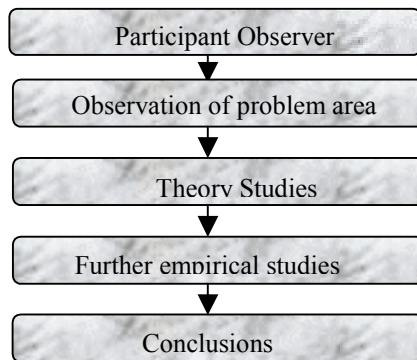
Fig. 3: Research process. Source: own model

2.4 Data Collection

The collected data that is the base for the study can be classified as either primary or secondary (Halvorsen K., 1992). Primary data is collected for fulfilling the needs of specific research. This type of data does not yet exist and has still to be collected. Secondary data includes earlier examination, existing statistics, literature and articles. Our literature research was focused on academic articles and books in the fields of e-commerce, competitive intelligence, benchmarking and strategy development. Also this type of data can be used to analyse a research problem. We therefore base our analysis on the data collected from the empirical research as well as the theoretical framework.

2.4.1 The role as participant observers

Our assignment was to conduct a benchmark for Volvo CE in the field of e-commerce. During the benchmark and mostly after the benchmark, we have had the opportunity to see in what way our benchmark was contributing to the development of Volvo CE's e-strategy. Not only did this provide us with a reason for our research, but it also provides us with the opportunity to see how competitive intelligence was affecting the strategy and hence providing us with evidence on what the importance of competitive intelligence is. Our benchmark was the second done in a half year, which thus provided us with a tool for comparing the benchmark that was done before. This ability allows a company to discover trends and provides possibly a tool to forecast. That is how our benchmark was a source for this thesis, trying to explore from experience what the importance of competitive intelligence is for companies for the development of an e-strategy. It furthermore allowed us to analyse the development of an e-strategy in a company from several angles, and seeing the role of competitive intelligence within this development.

2.4.2 Interviews

The structure of the research we did was in the form of qualitative interviews. This method is characterised by a discussion between the researcher and the respondent, while the researcher controls the topic of the subject. However, the respondent also has the opportunity to

affect the direction of the interview, which results in a "richer" interview (Johansson-Lindfors, 1993).

Interviews with members of the e-commerce team and other involved in e-commerce at Volvo CE and other OEM's and consultants were conducted. The interviews were both conducted over the telephone as well as face to face. The interviews held with people within Volvo CE were mainly personal whereas the interviews with other companies and consultants were conducted over the phone.

In order to make the respondents talk freely about the different subjects we raised, and at the same time keep the respondents within certain areas, we chose to structure all our interviews according to a semi-structured format. During our interviews, we asked supplementary questions in order to clarify or extend the discussion. Two main questionnaires were made; one for the interviewed consulting firms and one for the other companies. However, the questions for the respondents within Volvo CE were not as standardised, instead they were made according to the specific knowledge of the people. The difference between the two standardised types were that the companies were asked a couple of questions that gave us a basic understanding of their e-commerce activities whereas the consultants were asked more general questions, providing us with a more academic view on the subject. In order to enhance the outcome of the interviews, the questions were sent in advance by mail so that the respondents would have some time to reflect over the area of study and to be better prepared for their answers during the interviews. However, according to Johansson-Lindfors (1993), this procedure could result into biasing the respondent. The respondent could prepare himself in the way that he answers in what he/ she thinks you, as a researcher, would like to hear. However, since we complemented our questions with some spontaneous reactions on what the respondent was saying, we believe the risk for biased answers was decreased.

2.5 Data evaluation

In order to reach credibility in a qualitative study, issues concerning validity and reliability should be evaluated. It is difficult in this type of study to reach a commonly agreed "truth", but a main concern is to present the research so that it is perceived as credible by the reader (Norén L., 1990).

2.5.1 Validity

In order to clarify with what validity this research is being characterised by, we base our evaluation on the definition presented by Yin R. K., (1994):

> *"if the research is measuring what it is supposed to measure"* (Yin R. K., 1994).

The validity is thus highly impacted by the way the data is collected.

2.5.1.1 Internal Validity

People who have been critical of case studies often point to the fact that a case study investigator fails to develop a sufficient set of measures and that "subjective" judgements are used when collecting the data.

However, there is one major aspect, which if taken into consideration, will increase the internal validity. Firstly, a high internal validity is present if the research can guarantee that the causal relationships are correct. The risk is that the researcher concludes that there is a correlation between two or more factors, and in reality there is not. Instead there may be a third factor, which was not for some reason taken into consideration that is the "real" reason for a certain event coinciding. Thus the wrong conclusions are being drawn (Yin R. K., 1994).

Because we have had the role of a participant observer, we have had the opportunity to gain the broader picture which is a requirement for a case study. This has brought us details and a broader view about the e-

strategy development and how Volvo CE used competitive intelligence that we could not have gained without being in the team. These details and broad perspective are crucial for lessening the risk of missing some aspects, which are important for drawing the correct causal relationships. However, the role as participant observers could also decrease the internal validity since the time spent in Volvo CE also led to a high involvement in the work with the benchmark and the company. Thus there was a risk of incorporating subjective views in the thesis. In order to decrease this risk, we extended our data collection at Volvo CE by interviewing people with different functions within the company. This means of course that since we do not have as broad knowledge about the other companies, the internal validity is not as strong as it is in the empirical data for Volvo CE. However, we believe that our knowledge gained from our experience at Volvo CE helped us in better seeing those right causal relationships even in the other companies. Thus, considering the above, we believe the research is characterised by a high internal validity.

Yin R. K. (1994) furthermore states that a study is a better case study when explanations of the empirical findings are supported by theory. Since we have connected our empirical findings with the theoretical framework throughout the thesis, we believe that the research on this point as well complies with the internal validity requirements.

2.5.1.2 External validity
The other type of validity, the external, measures if the empirical findings in a case study can be used for generalisations of other "situations" than the case study in itself. The major restraint for being able to generalise on a case study is that one single case is seen as a base not broad enough. However opponents of this argument say that generalisations can be made from a case study since they rely on analytical generalisations which connect the empirical findings to a broader theory (Yin R. K., 1994).

Because we wanted to be able to generalise our empirical findings, we regarded the possibilities of gaining a high external validity in the beginning of the research. Although the case study of Volvo CE in itself would provide us with an extensive amount of internal valid

empirical data, we wanted to enhance the validity even further. We found it viable to have more viewpoints and angles on the problem than only the findings of the case study Volvo CE could provide. Therefore, in order to increase the ability to generalise our findings, we decided to also study other companies than Volvo CE. The choice of also interviewing consulting firms was made since consultants are dealing with a multitude of different companies' e-strategy developments and therefore would even further increase the possibilities of generalising the findings of the research.

2.5.2 Reliability

Again we refer to Yin R.K., (1994), when defining the third aspect of determining the quality of the study. The reliability of research is high if a repetition of the research would lead to the same empirical findings and conclusions. The goal of reliability is therefore to minimise errors and misinterpretations in the research and document how the study has been conducted. However, there are also other opinions of how to determine the reliability of research. According to Merriam (1998), the viewpoint Yin brings up above does not fit qualitative research. It is more important to give the reader a good understanding of how exactly the research has been conducted.

In order to increase the reliability we have throughout the thesis exactly stated the source of the empirical data. Furthermore, the empirical data is frequently presented in the form of statements of the respondents. This leaves the possibility open for the reader to see the "raw data" and thus make an own interpretation without the interpretation of the authors. To give a better picture of how the research has been conducted, we have also included the questions in the appendix, which were the base for the interviews.

Especially in the main case study, Volvo CE, the possible errors of own interpretations are decreased. We have, next to our observations, interviewed different people from whom we have gained a reliable view of the answers, as we were able to place them in a broader perspective. Even though we were in the e-commerce team, we kept our objectivity as researchers by also looking at what happened outside the e-commerce team, interviewing or just "talking" to people from

other departments. This allowed us to put the development of the e-strategy into a broader perspective. The reliability of our conclusions and interpretations of the main case study was then further enhanced since our role as participant observers gave us a good understanding of the broader perspectives. The interviews with the other companies have been held over the telephone, which of course may lead to a larger chance of misunderstandings than when the interview is being held face to face. However, since we were both listening to the telephone conversation, we believe that the risks of misunderstandings have diminished to the extent it is possible with using this method of information gathering.

3. THEORETICAL FRAMEWORK

In this part we will present the theories that will be given as a framework for the discussion in the analysis and the conclusions. First we will take up a theoretical discussion on e-commerce, which need to be seen as basic knowledge for the further understanding of how an e-strategy is developed. A few aspects of this discussion on e-commerce will be based on our experiences at Volvo CE. We want the reader to see how the e-strategy development fits into traditional strategy theories. In order to develop a competitive e-strategy, it is necessary for companies to know if there are any extra influencing factors today, which need to be taken into consideration. We moreover study to what extent competitive intelligence is playing a more important role today, and how it fits into the development of an e-strategy.

3.1 E-commerce

3.1.1 The spectrum of e-activities

Before discussing more in detail how an e-strategy is developed and continuously updated in order to react to the external movements, an explanation of the spectrum of e-activities and what stages a company goes through while developing the e-strategy will firstly be given.

An e-strategy can vary from just having a presence of a web site, to having a strategy, which is more integrated in several or nearly all parts of the value chain and other departments within the organisations. Companies must first find out what goal they want to reach with having e-business solutions. Anything is possible with technology today, however, we still depend on human- and business capabilities that support the technology. Therefore, the development of e-activities is a process companies usually go through. One does not organise state of the art e-business solutions in one day. It can be seen as a process of learning, since companies continuously try to improve their e-strategy and try to find better solutions for the customers to do business with the company. The further companies are experienced with e-activities, and the more they envision reaching with e-activities,

the more companies are integrating e-commerce into their organisation. Figure number 4. below shows different stages through which a company can go (C.C. Pace System, 2000):

| E-commerce | E-operations | E-business |

Time
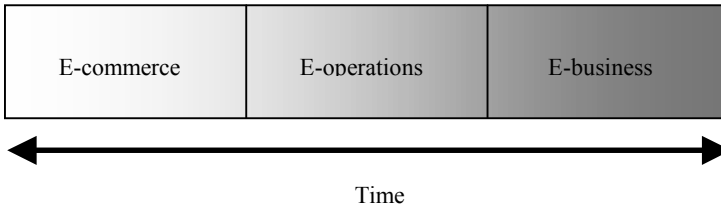
Fig. 4: Spectrum of e-activities in terms of integration, Source: Own model

The first stage of e-activities has been defined as:

> E-commerce: *"The use of communication technologies to transmit business information and transact business"* (Gartner Group, 1999).

However, according to our experiences in Volvo CE, also the stage of e-commerce in itself could be divided up into a spectrum of different stages. An e-commerce strategy/ activity can either be just informative, interactive, transactive or a combination of the three. Companies can have the aim to only distribute various types of information sources by having an informative web-site. An e-commerce strategy that includes interactive or transactive functions on the other hand are involving the customer and thus creating possibilities for a two-way communication. An interactive web-site allows the customer for example to ask questions or "make" own desired products by clicking on certain product features. Transactions can either be done completely online, meaning that the customer also pays online, or half-online. By the last we mean the ability to search, select and order the product on the web, but to pay in the traditional way. This allows the customer to select all features and to make the decision process online, before going to the actual store to pick up the selected products (Experience Volvo CE). Below, in figure number 5, the three different stages of e-commerce are illustrated:

Informative	Interactive	Transactive

Depth of external actor involvement
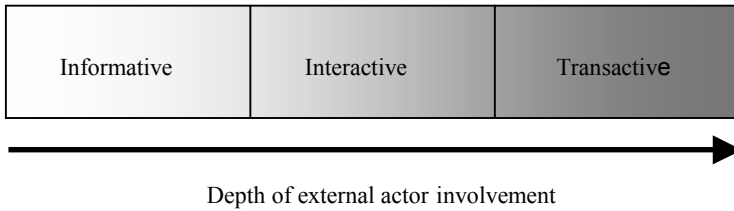
Fig. 5: Spectrum of e-commerce activities, Source: Own model

Arriving at the next stage of e-activities, we talk about e-operations where companies are adjusting the infrastructure to the new channel.

> E-operations *integrate new, web-based applications with your existing infrastructure and legacy applications. If this essential component is overlooked (as frequently is the case), transactions generated by commerce efforts will strain back-office operations* (C.C. Pace Systems, 2000).

E-operations have to do with for example logistics and other back office operations. After having organised all the "practical behind of a web site" e-operations, companies may approach the last stage of e-activities, e-business (C.C. Pace Systems, 2000).

The organisational activities behind a web site can contain activities such as relationships and role description with dealers and suppliers, the internal organisation itself such as customer services, streamlining of other media channels and a solid infrastructure for selling direct. When companies are incorporating this into their e-strategy they are reaching the stage of e-business solutions (Gartner Group, 1999).

> E-business: "*Any net-enabled business activity that transforms internal and external relationships to create value and exploit market opportunities driven by the new rules of the "connected economy" (Gartner Group, 1999).*

E-business hence looks beyond the transactional elements of a web site and includes the implication for the organisation on a broader level, e.g. including dealer infrastructure network and other channel integration such as media channels (Gartner Group, 1999).

According to our delimitation in the introduction, our main focus is on e-commerce when talking about e-strategy development. However, as the e-activities within the spectrum are highly interrelated to each other and sometimes hard to separate, our analysis may also touch upon areas of e-business.

3.1.2 E-commerce as an integrated part of the company

E-commerce is just as other channels, such as distribution and media channels, just an integrated part of the overall strategy and the whole company. According to John Chambers, e-business is not about changing the way to do things, nor simply adding a new channel to existing channels, it is about changing everything. A thorough commitment to e-commerce will have a profound effect upon all existing business practices within a company (Chambers J., Cisco, 2000). E-commerce has over the years become more an every day activity, which has to be managed as being one of the integrated other activities. This mean that e-commerce is not something which has to be organised as being a separate activity, since as said above, it will affect all existing business practices. Many e-business efforts have failed because of the ad hoc nature of their strategy and management. One of the main key success factors of e-commerce is the commitment of top management (Chambers J., Cisco, 2000). The buzzword hence is "dare to change". A successful e-strategy will have to dare to challenge changes, instead of keeping e-commerce as a separate activity. The challenge is then to also adapt other strategies according to what the goals are of the e-strategy.

In following chapters we will discuss the role of competitive intelligence when companies develop their e-strategies, so that they move forwards in the spectrum of e-commerce. In order to know what role competitive intelligence plays or can play for the development of an e-strategy, we will firstly discuss strategy development in itself and what elements characterise the development of an e-strategy.

3.2 Strategy development

> *"Strategy development is about directed change in strategy"* (Ford D., 1998).

Since the 1960s, companies have frequently used strategic planning as a tool for successful business development. However, lately the viability of strategic planning has been questioned. According to Hamel and Prahalad, regarding today's speedy development, planning cannot be incremental. Since the rules of the game today drastically and quickly may change, what to do tomorrow cannot be planned according to the present competitive situation. According to Fitz-enz J. (1997), strategic implies a sustained commitment to a core focus rather than a plan. Today theorists and consultants cannot even agree on what a corporate strategy really is. Many businessmen have therefore raised the question whether thinking consciously about an overall strategy is of any benefit at all to large companies. Regarding the fast changing environment, more important than a strategic plan is for companies to be flexible. It has today become increasingly important to have the ability to capture opportunities as they arise (Boxwell R., 1994).

3.2.1 Strategy development process

There are two ways of how the strategy development process may work in companies. One is called the rationalistic view, and the other the organic view.
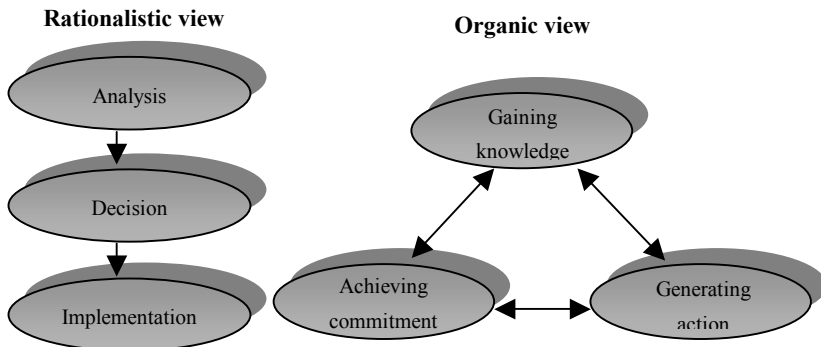
Fig. 6: Alternative views of the strategy development process, Source: Ford D., 1998

The rationalistic view sees strategy as a three-step process of analysis, followed by decisions, and then implementation. This approach assumes that strategic choices are being based on a thorough analysis of the initial conditions facing the company, both externally of its market and competition and internally of its resources and capabilities. This analysis leads then to the identification of opportunities and possible goals and alternative courses of action (Ford D., 1998). The second step regarding decisions involves then a selection of the possible courses of action, followed by the last step, the implementation of what previously has been decided upon.

Empirical data has shown that strategies are actually developed more according to the organic view. It regards strategy development more as a circular process of trial and error (Mintzberg H., 1989). This is because of the fact that companies will never be able to create an analysis that results in a secure and complete picture of the available alternatives, or the consequences of it. It can be said that this is due to the rapid changes that appear in the economy today. As a result of that, the analysis done by a company will be out of date relatively rapidly as well. That is why the organic view shows a more realistic view of the development of a strategy process. There however never exists a case that a strategy development is either wholly thought through or entirely rational. Nevertheless, the three processes in the organic view are independent, which points to ways of improving strategic thinking. This means that when a company faces a complex situation, with which it is unfamiliar, then action may be the best approach to gain knowledge, through "learning by doing". By gaining knowledge, the company may uncover possible choices as a basis for future action (Ford D., 1998).

This approach fits businesses of today better than the rationalistic view. The organic approach takes into consideration the fact that companies are often dealing with the unknowable, rather than the unknown. This feature has changed therefore the strategy development process of traditional strategies. This change is therefore not new with the arrival of e-commerce; it already existed (Ford D., 1998).

3.2.1.1 Design versus process

According to Grant R., (1998), strategies can be divided up into three levels; corporate, business, and functional. When talking about e-strategy development, we are mainly talking about a business strategy, since it is concerned with how a company competes within a particular industry or market. The fact that these levels exist has an impact on the process of strategy development, where a strategy goes first through the formulation phase and then into the implementation phase. It might well separate the formulation and implementation of a strategy, where the corporate level design formulates and the lower levels manage the implementation of the strategy. Mintzberg calls this one of the fallacies of conventional strategic management (Grant R., 1998). Mintzberg argues that a clear separation precludes learning. In practice, the two must go hand in hand, with the strategy constantly being adjusted and revised in light of experience. Formulation and implementation thus merge into a fluid process of learning through which creative strategies emerge.

According to above discussion of how a strategy is being developed, there are different views of whether a strategy can be planned or is "growing" during time. From the work of Mintzberg, two ways can be distinguished of how a strategy is developed; the emergent and the deliberate. The strategy can be seen as deliberate when it leads to a realisation of the specific intentions of the top management. For a strategy to be classified as emergent, it is formed during time as different people within the organisation take actions. The strategy can thus be recognised after some time, when a convergent pattern has evolved as a result from the actions taken. This means that a strategy can develop without the conscious intention of top management (Mintzberg H., 1994).

However, important to note is that the two types of strategy development are very much extreme cases, in reality, companies are therefore not using the one type in favour of the other's total unexistence (Mintzberg H. & Quinn, 1991). As Mintzberg argues, "deliberate strategies are not necessarily good, nor are emergent strategies bad". As a result of this, companies are usually simultaneously dealing with both deliberate as well as emergent strategies. One part of the strategy

thinking has always been to be deliberate in order to follow some direction and clear path. The other part has to be emergent in order to leave some room for the process of learning, which is crucial for the development of novel strategies (Mintzberg H., 1994).

As argued, the emergent and deliberate strategies cannot easily be separated from each other. Therefore, when e-strategy and other types of strategy development in the thesis are discussed, we do not either classify them under one of them. Instead, e-strategy development is seen as being influenced by both the emergent and deliberate approach. This is, in case neither of the two approaches are specifically specified in the discussion.

Whether the mix of emergent and deliberate influences on the strategy development will move even more towards the emergent strategies today in e-strategy development will be discussed in the chapter e-strategy development. The relation is of importance in the sense that it affects the way companies are developing strategies.

3.3 E-strategy development

The first generation of e-commerce has now past, a period when strategy ranked right below tactics and tactics below experimentation. However, this first phase is now ending in favour of the second generation of e-commerce where focusing on a strategy is crucial for achieving competitive advantage (Evans P. & Wurster T., nov-dec 1999). According to Cohan P., (2000), this e-commerce strategy development could be created in the way below:

A Methodology for using e-Commerce to create Competitive Advantage

1. Form an e-commerce strategy team
2. Study customer needs
3. Analyse e-commerce strategies of current and potential competitors
4. Identify capabilities needed to provide superior customer value

5. Perform a strategic audit of capabilities needed to prove superior customer value
6. Envision e-commerce strategic options
7. Evaluate strategic options
8. Select optimal strategy
9. Implement it

These steps above are necessary when creating an e-strategy. However, authors do not take up the issue of how to continuously develop the created e-strategy. It is today more and more the issue to know how to handle all new ideas that comes from within the organisation instead of the issue of starting up an e-commerce strategy, as many organisations have passed this first stage. Companies need to find a way of quickly scanning, evaluating and prioritising new ideas about the e-commerce development, a process of "e-triage". If not, there is a risk that companies lose their focus on how to stay competitive and instead rolling out an e-commerce project that is there because the competition is moving in a certain direction (Gunby S., 2000).

3.3.1 Factors influencing the e-strategy development

3.3.1.1 *Speed of development*

An important dimension of the e-triage process is the speed of development. Because of the rapid pace of competition in e-commerce, companies need a fast process of collecting and implementing new ideas, which cannot take half a year like other strategy reviews might (Gunby S., 4 Feb 2000). The speed of development is affecting the way companies think strategically about positioning themselves since value propositions change all the time. Bets and options may be more important than positioning choices (Mckinsey Quarterly 2000, Coyne K.).

Speed of development of an e-strategy is important when having the ambition to be a successful e-business. Companies are forced to keep up the cruel pace by the market's abilities to absorb new products. Customers are looking for more and faster services, which is forcing companies to have a more customer-centric view of future product development. Only e-business solutions themselves are not enough to

enable companies to keep this pace. The speed with which the e-business solutions are launched are as explained above as important.

Time to market, even with less than perfect implementation of a plan, is far better than perfection banging at a closed window of opportunity. By being first with innovations in a company's market, creating new categories on the web and adding value to products and services, a company gains the benefits of a higher investors stature, and possible alliances with partners of higher stature (Chambers J., Cisco, 2000).

3.3.1.2 Uncertainty

A general correlation exists between uncertainty and the need for gaining knowledge in order to create a solid strategy. Strategic thinking seeks hard, fact based, logical information (McKinsey Quarterly 2000, Gluck F., Kaufman S., & Walleck S.). Underesti-mating the uncertainty can lead to strategies that neither defend a company against threats nor take advantage of the opportunities that higher levels of uncertainty provide (McKinsey quarterly 2000, Hugh G. Courtney, Jane K. Viguerie P.). Traditional strategy could rely more easily on predicting techniques. However, in a rapidly changing environment and a complex business one cannot rely on the ability to find patterns and make predictions. A better way of managing uncertainty is needed (Mckinsey quarterly 2000, Coyne K.). This is because strategic thinking is usually indirect and unexpected rather than head-on and predictable. Basil Henry Liddell Hart, probably the foremost thinker on military strategy in the 20th century, has written, " To move along the line of natural expectation consolidates the opponent's balance and thus his resisting power. In strategy, the longest way around is often the shortest way home" (McKinsey Quarterly 2000, Gluck F., Kaufman S. & Walleck S.).

What should strategists do when the result of their situation analysis is "I do not know" and "no amount of good analysis will tell me"? These questions and conclusions will most likely happen for industries in which the development and forces of the new economy are creating an uncertainty on the future business models. The secret of developing and planning successful strategies lies in determining just how uncertain the environment is (Mckinsey Quarterly 2000, Coyne K.).

In the increasingly complex and uncertain business environment that the e-commerce development brings forward, the external or environmental factors become of greater importance in effecting organisational change (Malhotra Y, 1996). However, after analysing industry trends and competitors' plans, an emerging and still developing project will still have a certain amount of residual uncertainty left ("dealing with the unknowable, rather then the unknown"; Ford. D., 1998). *Residual uncertainties* are those uncertainties, which nobody can really predict (Mckinsey quarterly, 20000, Coyne K.).

The speed of development combined with the uncertainty that surrounds the e-commerce development results in a confusion and unclarity about the reality (Steven H. Gunby, 4 Feb 2000). This could well be an impulse of searching for clarity. If companies are in an environment which they do not know, containing lots of uncertainties, you are always on the look for something better. The expedition should therefore always be to be on the move to find new directions upwards. A continuous look, observation of what is happening around you is therefore important (Mckinsey Quarterly 2000, Beinhocker E.). Given the highly uncertain and fast-changing nature of the e-commerce marketplace, it is likely that companies will have to continually revisit their strategic bets and make adjustments on a continuous basis, sometimes, quite radical ones – as the competitive environment changes (Gunby S., 4 Feb 2000).

When developing a strategy under high uncertainties, the strategy development must be created with extremely short communication lines between the workers in the market place and the top management. Furthermore, real-time rather than periodic adjustment of the strategy is required, due to the high uncertainty, in which you are continuously looking for something else (Mckinsey Quarterly 2000, Beinhocker E.).

3.4 Competitive Intelligence as a pillar of the e-strategy creation

No business, no matter how large or powerful, properly understands the nature of its own business, or its customers' base (Combs R., 1992).

Independently of whether the strategy development is emergent or deliberate, still certain factors need to be taken into consideration when creating and developing a strategy. According to Grant R. (1998), a company's strategy is a link between the internal and external environment. In other words, in order to develop a strategy, the opportunities within the external environment have to fit a company's internal strengths. Although the external environment consists of economic, social, political and technological factors which all influence a company's decisions, it is the industry environment that constitutes the core of the external environment that is most important for strategy decisions. The industry environment is defined as the company's relationships with customers, competitors and suppliers (Grant R., 1998). Additionally, there are other authors that strongly emphasise the importance of gaining knowledge about the industry. They believe that knowledge about the competitors not only provides companies with an understanding about the competitors but also about their own company:

"Competitive advantage is a relative concept, a company that has a poor understanding of its competitors can have no real understanding of itself" (Hooley G., Saunders J., & Piercy N., 1998).

Even though customers or suppliers may have the same or larger importance in the e-strategy development, according to our problem statement and delimations, we will only regard the competitor aspect in our forthcoming discussions (Grant R., 1998).

The Firm		The Industry Environment
Goals & Values		Competitors
Resources & Capabilities	Strategy	Customers
Structure & Systems		Suppliers
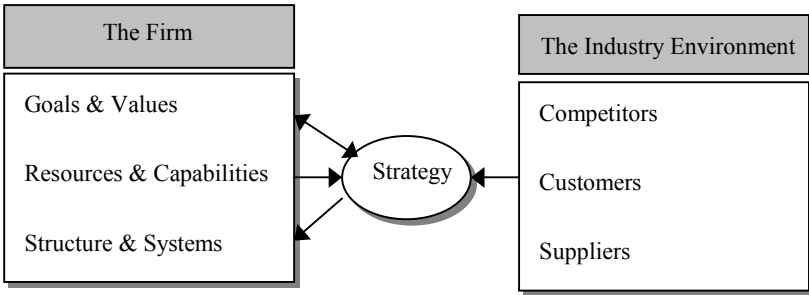
Fig.8: Strategy as a link between the firm and its environment,
Source: Grant R.,1998

The fact that e-commerce development requires a fast generation of
information and a fast implementation, making the right decisions is no
less imperative. Therefore, internal initiatives need to be combined
with extensive external scanning (The BCG, Gunby S., 2000). The
external intelligence incorporates several kinds of intelligence, which
are important to a company, and which impact upon its strategies and
which determine the extent to which it is able to achieve its objectives
(Pollard A., 1999):

Fig. 9: A company's total intelligence requirement, Source: Pollard A., 1999

According to above model, competitive intelligence is an important part of a company's external intelligence need:

> *"A systematic collection and analysis of public information about rivals for informing decision making"* (Grant R., 1998).

However, as in most fields there are different views or definitions of one and the same phenomenon. According to Pollard A., (1999), competitive intelligence can be looked upon as incorporating information about competitors, markets, customers and suppliers. Competitor intelligence is thus one part of the broader competitive intelligence and as the other types of intelligence, competitor intelligence is used for supporting the business decision-making.

Focus	Competitor intelligence	Competitive intelligence	Business intelligence
Competitors	✕	✕	✕
Markets		✕	✕
Customers		✕	✕
Suppliers		✕	✕
STEPP factors			✕

Fig. 10: Different forms of intelligence, Source: Pollard A., 1999

Throughout the thesis we will refer to competitive intelligence, when discussing the use of external information in the e-strategy development. However, the focus is on competitors, non-competitors and the general trends in the market of e-commerce development.

Today, many top managers are not enlightened enough about the competitive movements. Companies therefore need some kind of current and future "corporate radar", which can facilitate a stronger awareness of significant changes in the competitive environment. Competitor intelligence will facilitate answering the questions about what significant activities are *currently occurring* and *what is going to happen* (Pollard A 1999).
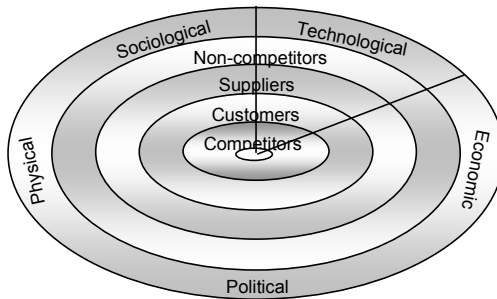
*Fig. 11: "Corporate radar sweeps the business environment,
Source: Pollard A, 1999*

New ideas and opportunities have to be evaluated continuously, dismissed or incorporated into the current e-commerce activities, a process of e-triage. This process can then be an effective way for companies to establish a strategic base line for its current e-commerce activities and maintain a strategic focus on its most promising opportunities. Hence, a continuous process of e-triage is one way of securing a good management of e-commerce activities over time (The BCG Gunby S., 2000).

The goals of the use of competitive intelligence may vary from company to company but a common goal is to find new opportunities and detecting competitive threats and also, to anticipate what is going to happen in the future (Combs R., 1992). However, what is even more crucial for the strategy development than identifying external or competitive opportunities is to straighten out possible confusion and hype about the e-commerce development within the industry. Using the above described e-triage process companies could hence lead to a clearer picture about the reality of the opportunities found (The BCG, Gunby S., 2000). A more clear view about what is going on and the anticipation of future events may then eliminate or at least lessen surprises and reaction time, thus enhancing a company's competitive advantage (Dutka. A, 1999).

However, the on-going process of gathering and analysing information about competitors and the competitive environment has to be extended by actions. (Dutka. A., 1999) The last step of the use of competitive intelligence is to integrate the information into companies' internal planning and operations for developing alternative competitive scenarios, structuring attack plans and evaluating potential competitive moves (Malhotra Y., 1996).

3.5 How benchmarking fits into the e-strategy development

> *"Strategy is easy. Tactics are hard."* (Rock A., 1987).

Strategic planning requires a thorough knowledge about the marketplace and the competitive situation, therefore benchmarking is a useful tool for gathering information in the process of strategic planning. The information can shape a business strategy in a more realistic direction, or at least identify the risks of doing business in a certain area (Spendolini M.,1992. Benchmarking moreover fits into the strategy development as a support for execution and tactics, it brings details into the decision process since it may answer the question of how to do something (Boxwell R.,1994).

Although benchmarking may help create a competitive advantage, there is also a risk of actually destroying value by clustering around the strategy of the most successful companies. The reason is that best-practice techniques are not the same as a good strategy. Executives sometimes have trouble separating the operational and strategic uses of best-practice benchmarking. Instead of just looking at best practices, companies should look for "white spots" or unexplored areas on the strategic landscape (Mckinsey quarterly 2000, Nattermann.P.). The bottom line is that benchmarking is a tool that can help companies improve their business processes, but it is not a tool for gaining leadership (Söderman S, 2000).

An important aspect for benchmarking e-commerce activities is once again the time aspect. In order to reflect the dynamic nature of business

strategies or outcomes, benchmarking needs to be conducted over time and not only as a one-time measure (Spendolini M.,1992). However, according to (Boxwell R., 1994) the benchmark methodology can be more than just an analysing process, that other companies use to execute their strategies. Benchmarking can also be applied at a higher level, determining which strategies are the most successful ones.

3.6 Benchmarking as a tool for gaining competitive intelligence

Benchmarking is all about learning, learning from others who are facing the same challenges, and from organisations who may seem different but may have processes from which you can learn (Combs R., 1992). Benchmarking is a tool that is often surrounded by a confusion about what it really is, however benchmarking has been defined as:

> *"A continuous, systematic process for evaluating the products, services, and work processes of organisations that are recognised as representing best practices for the purpose of organisational improvement"* (Spendolini M.,1992).

> *"A process of measurement, a business process that can contribute to achieving competitive advantage"* (American Productivity & Quality Center, 1993).

Important to note in the definition of benchmarking is that it is not only about comparing performance ratios. These measurements are only a first step in the benchmarking process and have to be extended by an understanding about the processes behind the figures (Hussey D. & Jenster P., 1999).

The first thing to consider when conducting a benchmark is to take into consideration the company's strategic and long-term plans and directions. According to the strategic direction, if the company believes it can be more efficient by looking at how other companies perform similar activities, then an *external benchmarking* could be considered. External benchmarking can be classified as a comparison

to others, competitors, the industry, the best in class by a certain function or a combination of the three.

Competitive benchmarking focuses on the direct competitor's key systems and procedures, which affect competitive advantage. Because of the similarities of the businesses direct competitors have, the information that is gained is very much relevant and also quite easy to implement without major adjustments (Carlsson & Sandberg, 2000). Benchmarking within the industry can achieve a measurement that shows if a company is in line, better or worse than industry average. Very important, it may also lead to the emergence of breakthrough ideas and learning. However, these ideas are seldom the ideas that let a company surpass the best in the industry. "There is an interference that you obtain inferior information when you benchmark with companies that are less than the best. Its just that companies that qualify as the leaders, have applied their practices over longer periods and with more consistency" (Feltus A., 1994). Competitive benchmarking is the best choice when a company wishes to meet and beat the competition. *Industry benchmarking* on the other hand identifies industry performance and trends and should be used when a company desires to be the best in the industry. The third approach, *best in class benchmarking*, identifies best practices across various different industries and should be chosen when a company wants to excel in all of its processes and activities. However, when using the best in-class-benchmarking the company must get rid of mental models that say they know their own business best. (Reider R, 2000). Most likely, a company will find those breakthrough ideas that may help becoming an industry leader, outside the own industry comparing with companies in other industries that are doing things, similar to own processes, but have developed their approach in a completely different way (www.patech.com). Another achievement of benchmarking is its trend-forecast capability. It will also increase managerial confidence in the chosen strategy" (The Boston Consulting Group, 2000). This may be due to the fact-based decision-making the benchmarking may bring since it creates better knowledge about the environment (Boxwell R., 1994).

The goal is to implement the best of what is out there, which at the same time works most efficiently for the specific company rather than just implementing better practices. Benchmarking is not about scoring a company against others, instead, it is about using the findings as an organisational learning tool (Reider R., 2000). This can be seen as the ultimate learning stage in the use of competitive intelligence and is by (Karlöf, B., 1997) expressed as "Benchlearning", where the search for new knowledge is continuous tool for becoming more competitive within an organisation.

4. CASE STUDY

This section will give a presentation of the case study Volvo CE and the process of their e-commerce pilot project in Nafta. We will furthermore describe the methodology that has been used for benchmarking the competitors' web site (see appendix). The presentation of this case study has been based partly on company material, consisting of e.g. annual reports, market research and company presentations, and partly based on interviews with e-commerce team members of Volvo CE.

4.1 Presentation of Volvo CE

Volvo CE, is a business area within the Volvo Group, in which it plays a key role. The company is one of the world's leading manufacturers of construction equipment and manufacturers around 130 models heavy and compact construction equipment. Volvo CE is a global company and present in more than 100 countries, but the most important markets are North America and Western Europe.

The corporate mission statement of Volvo CE is that the company wants to create value by providing transportation-related products and services with superior quality, safety and environmental care to demanding customers in selected segments. Volvo CE wants to sell to customers who are willing to pay a premium price and are searching for a solution rather than a cheap machine.

Volvo CE is trying to incorporate these values into the e-strategy. E-commerce makes it possible to show these values via a well-developed web-site, where the core values are messaged. This can be explained by the fact that only customers who are willing to pay for quality will find the certain information such as parts and certain other services. These services can be found behind a private customer login account on the web-site, which makes the customer feel a little bit "premium".

4.2 Volvo CE's e-strategy creation

Two important reasons have played a major role for the Volvo Group investing in e-commerce. First of all, the group felt pressure from virtual companies selling their products or soft products directly to the end customer. Especially, pressure came from parts companies who started to sell over the web and threatened the profitable parts business for all divisions within the Volvo Group. Furthermore, as a request from stakeholders, Volvo Group realised the increasing importance of e-commerce as a tool for reaching customers, being more cost efficient and easing the way of doing business with partners.

There is only one e-strategy or one core strategy that was developed to fit all the business areas within the Volvo Group, (Volvo Trucks, Volvo Buses, Volvo CE, Volvo Penta, and Volvo Aero). Later on, the business areas were more deeply included into the strategy process in order for this core e-strategy to fit the different business areas. As a result of the Volvo Group's e-strategy, in December 1999, a new homepage for the Volvo Group was launched. As a next step, in conformity to the Volvo Group's e-strategy, this homepage had then to be redesigned for all the business areas' homepages in order to better reflect the different business areas.

The e-strategy of Volvo CE NAFTA was further developed in the beginning of 2000, initiated from the marketing department at Volvo CE HQ. The Volvo Group had already developed the main strategy, and it only needed to be modified according to the Nafta construction equipment industry opportunities. The group developed a "wheel" which defined the basic concepts of the strategy for all divisions. The specific contents of the wheel could then be more specified to the needs of the separate divisions' market requests by customers and dealers in e-commerce.
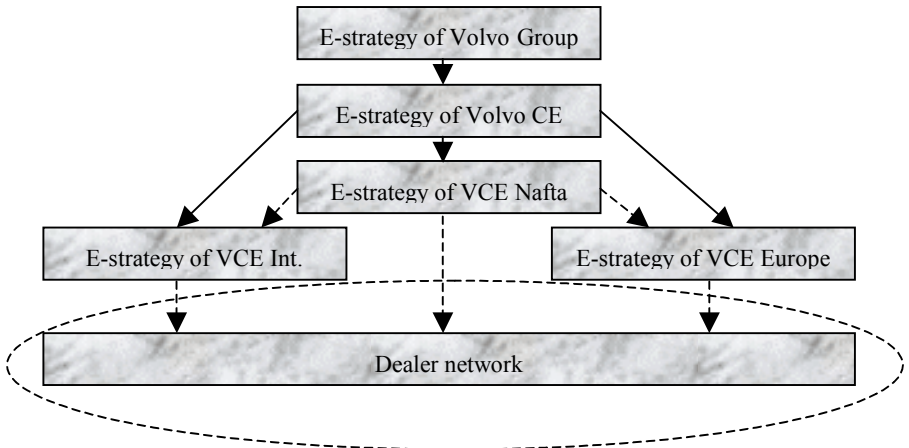
Fig. 12: E-strategy development process of Volvo CE, Source: own model

The implementation of the e-strategy would be divided into three phases, implemented during three different time laps. The strategy describes the different functionalities to be developed on the web. The first time lap would only contain several informative basic functionalities, whereas later time laps would also contain interactive and transactive functionalities. Throughout all the time laps the selling will continue in co-operation with the existing dealer network.

4.2.1 Steering factors for the content and direction of the strategy

- The Mackay research of the industry and Internet activity of contractors was providing an insight of what the contractors are looking for at an OEMs web site within this industry. EMI research also showed that 70 % of the customers in this industry uses Internet. Volvo CE wants to provide a new channel to make it easy for the customer to do business with Volvo CE. This has been regarded as one of the main driving factors for e-commerce.

- A former competitive benchmarking has been a driving factor of what today is their e-strategy. It provided them with knowledge of

what already existed and where competitors were. This steered their direction of the e-strategy.

- The possibilities of the industry on Internet. The knowledge of the industry is giving a profound base for what can be envisioned on the field of e-commerce in this industry. Additionally, often third parties in an industry are driving an industry towards something new.

- The capabilities of Volvo CE to manage a web site are considered before envisioning the possibilities of e-commerce and making an e-strategy.

Customer wants

Competitive benchmarking

Industry possibilities

E-strategy

Company vision

Capabilities
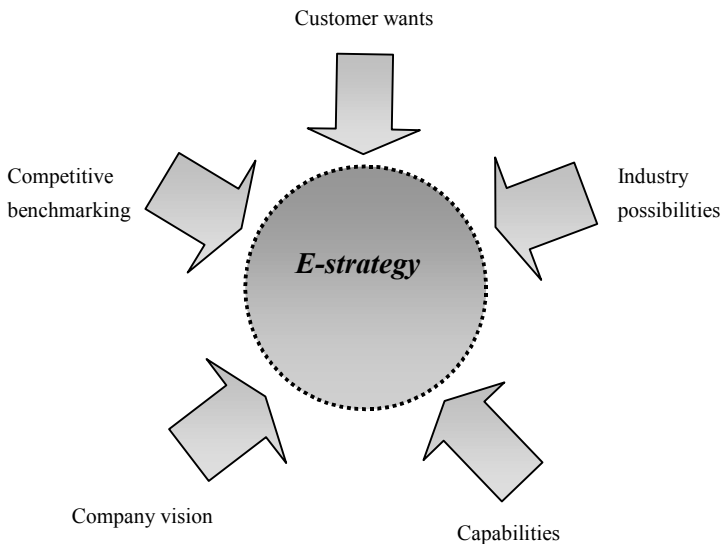
Fig. 13: Steering forces for Volvo CE e-strategy, Source: own model

4.2.2 E-strategy Volvo CE as a business strategy

Volvo CE stands for a number of changes in the industry. The change drivers are the customers, dealers, competitors, society, the consolidating industry and technology. In order to manage the several changes and other influencing factors, Volvo CE has developed a growth strategy consisting of several business strategies (2001-2003). One of their aims with the business strategies is to become a total solutions provider.

Georgraphic expansion:

* Nafta

* Emerging markets

* Korea / Asian markets

Customer segment expansion:

* Develop current customer holds

* Expand in construction

Total Solutions Provider

Product expansion:

* Expand current product line

* Add CSI

Channels to market:

* Dealers

* Rental
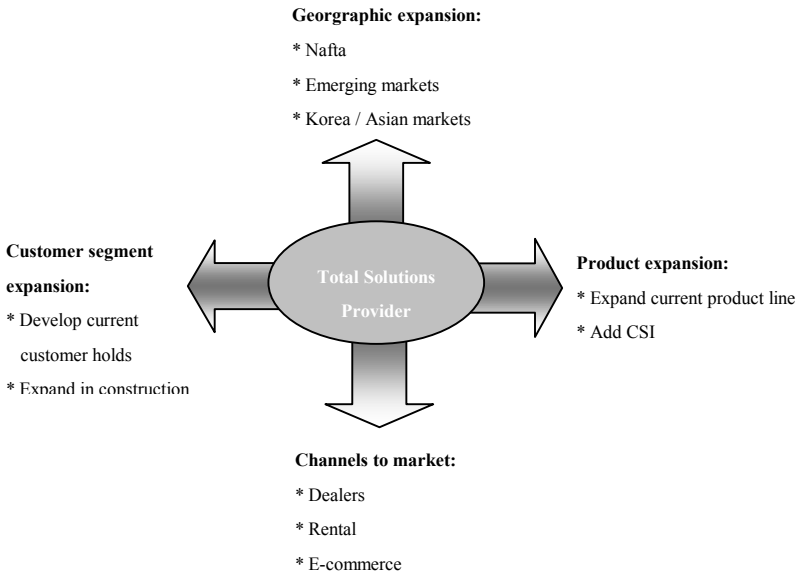
* E-commerce

Fig 14: Corporate Strategy Volvo CE, Source: Rune Lundberg

As we can see from the above figure, e-commerce is an important business strategy for Volvo CE, helping the development forwards towards the goal of growth, stronger dealers, and reaching a global brand strategy. E-commerce fits in their objective of becoming number one in image and customer satisfaction, since e-commerce aims at doing business with the customer and vice versa more easily.

4.2.2.1 Goals of e-strategy Volvo CE NAFTA

The vision and goal Volvo CE had with the e-strategy was to create a new connection between the dealers and the customers based on technology, with more efficiency. They also wanted themselves to have more direct contact with the end customer, which they had never had to a large extent, since they work with a dealer network. This would provide Volvo CE with more and better information on the customer, and a chance to have certain moments of interaction. Bringing customers closer had already been a vision of Volvo CE headquarters earlier, who had decided to put more sales persons in the field. Today, the new president of Volvo CE Nafta has indeed sent more sales people into the field, to get closer to the end customer. Furthermore, Volvo CE regards the direct contact, which the web site provides, as very important since it allows them to decrease investments and shorten the time of orders over time. The strategy is to be able to do business which is based on carrying less inventory, which in turn will decrease costs and is hence a way for Volvo to gain a competitive advantage. Another reason why direct contact with the end customers is of importance today is because Internet enables customers to investigate early in their buying process what the company offers and what features go with the product. This often leads to such an increase in knowledge of products that the customers now know more about the products than the dealers since not all dealers carry all products of Volvo CE. Volvo CE therefore wants to provide the customer directly with the right information that some dealers can not always provide them with. The e-strategy has been developed in a way that Volvo CE remains selling through the dealers.

4.2.2.2 Volvo NAFTA e-commerce compact pilot

Volvo CE has just recently started to develop and launch this line of products. The core markets for the compact equipment line are West Europe and Korea. Still, the e-commerce strategy started in NAFTA as a pilot project for the rest of the world in April 2000. This market was chosen as start market since the market for the mini equipment is increasing at a fast pace. It is a 4 billion business, growing at ten percent a year, and has continued to grow even though the rest of the US market has slowed down (Financial Times, 8 November 2000). The sales of the compact excavator have increased by around 36 % and

by 9% for the compact wheel loader since beginning 1999. In total, around six thousand machines have been sold in 1999. Although during the year 2000 sales has decreased, the share of market for both the two products in the compact line (wheel loader and excavator) have increased for Volvo. Main competitors in this line are Bobcat, Takeuchi, Kubota and Komatsu. Another reason for Volvo CE starting the pilot project in Nafta has to do with the share of mind of dealers. In Europe, the share of mind is higher than in Nafta, which makes it easier to prepare them and integrate them into their e-strategy. The pilot functions hence as a good learning process not only for other products but also for other markets.

4.3 The use of competitive intelligence

One aspect of the e-strategy development and implementation was to gain more external knowledge. One way of achieving this was to conduct a benchmark of the main competitors' web-sites within the construction equipment industry.

4.3.1 Methodology for benchmarking web sites

In order to make the benchmark of competitors' web-sites as measurable and objective as possible, a structured methodology had to be followed. Since there did not exist any methodology for benchmarking web-sites within the company, nor any that could be used from external sources, a new methodology had to be created.

The benchmark conducted at Volvo CE was based on the pilot e-commerce strategy, and thus on a vision for the future of how the web site should look. This was defined in the perspective of what would be realisable in the industry and also what Volvo CE envisioned for future customer interactions on the web. Every feature on the web had thus already been decided in the e-strategy and that was benchmarked. We call this the "Vision approach" of benchmarking.

The basic framework:

Web sites can have three different functions, as explained in the theoretical framework. According to these functions, the purpose with a web site can be to provide information, to provide interactive services, and to provide the opportunity of online transactions. The three functions were all included in the e-commerce strategy, and hence included in the benchmark. However, because of the importance of how the customer experiences the web-site, except from what information is given and what the customer can do on the web-site, a fourth aspect was taken into consideration. This aspect was called "ease of use" and reflected if the three first factors were presented in a way that made it easy for the customer to "navigate" on the web-site.

Thus the four groups for the methodology and the benchmark were:
- Information
- Customer Interaction/ services
- Transaction
- Ease of Use

Selected Functionalities:

However, in order to get a more precise measurement of each group, they were built up by certain functionalitites. These functionalities were selected based on what Volvo CE had planned to launch on their web site. During the process of benchmarking, also some new functionalities were included.

Measurement – Rating & Weighing:

According to below model, each functionality was described in detail and followed a rating scale from score 1 to 0. The division by the five alternatives provided the possibility to benchmark the web-sites in detail. The rating of the competitors' functionalities on the web-sites thus allows, more in detail, finding out what the competitors exactly offer on the web.

Buy Parts	Buy parts	under JDPARTS.deere.com login	
1.0	Full Transaction via internet		
.75	Transaction via RFQ supported by locator		
.5	Transaction via RFQ	*advanced parts site, incl	
.25	Contact Information	competitors' parts, availability,	
0	No ability to buy parts	price, specs, line art pirctures	

Fig.15: Rating scale for benchmarking web-sites,
Source: Benchmark 2000 at Volvo CE

In order to position the competitors' situation on the web, the functionalities were weighed and given credit points in terms of importance. Weighing and positioning web-sites gives an overview of where the competitors are in terms of their e-strategy development. In total 100 points were given, divided over the four groups. Since the different groups did not have an equal amount of functionalities, or an equal customer perception of importance, the groups were given different weights. The below figures show how much weight each group were given:

Group	Weight
Information	20p
Interaction	48p
Transaction	20p
Ease of Use	12p

Fig.16: Weighing scale for benchmarking web-sites,
Source: Benchmark 2000 at Volvo CE

4.3.2 Who

Except for benchmarking the direct competitors, the competitive intelligence gathering was extended with an analysis of indirect competitors within the industry, and remote competitors outside the industry. Indirect competitors such as rental companies and virtual companies selling equipment or parts online were part of the competitive intelligence gathering for Volvo CE, but were not benchmarked according to any methodology. Instead, they were bench-marked more in a sporadic way. The remote competitors from the automotive industry were also scanned. The reason for including the automotive industry was that it is seen as being two to three years

ahead of the construction equipment industry in e-commerce development, and having a comparable industry structure as the construction equipment industry, also depending on a dealer network. All this competitive intelligence together provided Volvo CE hence with an indication of the trend of e-commerce development in the direct, indirect and remote competitive environment.
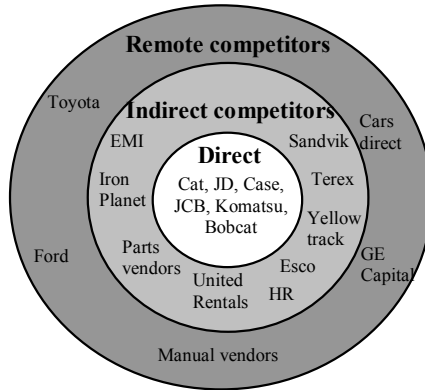
Fig. 17: Radar screen for the construction equipment industry on the web, Source: own model

4.4 Presentation of the other companies' e-activities

In order to enhance the value in regard to the understanding of the relation between the use of competitive intelligence and e-commerce, we will first of all give a short briefing of the other companies' e-commerce activities.

In order to understand the comments and views of the car manufacturer *Saab*, it has to be regarded that the company is presently implementing their second step of their e-strategy. This means that they are adding more features and interactive functionalities, but also that the back end system is being integrated into the e-commerce solutions. Important to note is also that sales in the car industry are highly dependent on the existence of a competitive web-site.

John Deere, is also present in the construction equipment industry and is one of the major competitors in e-commerce capabilities of Volvo CE. According to the conducted benchmark within Volvo CE and to the company itself, John Deere is the leader in regard to e-commerce development within the industry and works to retain that position. The lead can partly be explained by the fact that John Deere has been developing and implementing their e-strategy during for four years, and by the fact that their e-commerce activities are highly integrated into the business strategy thus into the whole organisation. The company defines its e-strategy as being built up of different business frameworks, which in themselves represent four important corner-stones for a company's long term success. The company has chosen to specifically focus on customers, suppliers, dealers and also employees. Because of the importance of each aspect, the company has developed separate strategies that best will leverage on its specific capabilities of supporting the development of the e-strategy.

Compared to Volvo CE, *Volvo Truck* is further into their implementation of e-commerce. Although the company started only one year ago and really hit off as late as half a year ago, Volvo Truck is still further ahead in their e-commerce development than most of their competitors.

Mölnlycke Healthcare (Mölnlycke), a manufacturer of healthcare products has a long history of e-business. Their development of a web-site design and implementation started only one year ago. Their point of departure was that they were behind competition. Today their company is in the phase of implementation and further development. Mölnlycke is still behind the leading competitors, however the difference is not so great. Furthermore, the industry in which Mölnlycke is in still has only a fraction of transactions done through the Internet.

Electrolux, a large manufacturer of home appliances is in the phase of e-commerce implementation in the back, as well as front end of the company. However, part of the work is still in the development or experimentation phase. Electrolux is not very far into their e-commerce development compared to their largest competitors,

however their vision is to become the leader in the industry. Furthermore, so far, the e-commerce development has no immediate effect on the buying process.

Also *Schenker,* the largest transport and logistic company in Europe has been involved in e-commerce activities for a long time. However they have launched a new e-commerce concept, but not very different from the previous in which they hence can benefit from old ideas in e-commerce from within the company. Schenker do not have the ambition to be first. Instead the company wants to be in the front of being known for its good and stable solutions in all services.

The consulting firms that we have interviewed are all globally represented, and are often consulted to help their clients develop e-strategies. *Andersen Consulting* and *KPMG* both have a broad knowledge regarding various types of strategy developments whereas *iXL* is a consulting firm specialised in consulting the emerging technologies and strategic e-business development.

5. ANALYSIS

This part will present the analysis of the importance competitive intelligence plays for the development of an e-strategy. This will be done through setting the case study, personal statements from the interviews that are not presented before (in italic) and also our knowledge and experience gained as participant observers at Volvo CE, in relation to the previously presented theoretical framework. This section is built up of two parts, in which we analyse the three research questions stated in the problem statement. The first part is an analysis of the first research question and thus focuses on the characteristics of an e-strategy development in relation to other types of strategy development. The analysis of the first part will then be important for the second part, which is an analysis of both research question numbers two and three. Knowing what characterises an e-strategy development, will facilitate the understanding of what can be achieved with using competitive intelligence and the related importance in an e-strategy development, but also of what the reasons are for a possible restricted use of competitive intelligence.

5.1 Comparison of an e-strategy development to other strategy development

In order to be able to understand the importance of using competitive intelligence, we will first give an evaluation of what organisations experience to be the special factors that need to be considered when developing an e-strategy. This will be done by comparing the process of development of an e-strategy and other strategies according to both empirical findings and theoretical statements. Before going into this discussion, we will however start by explaining what we exactly mean when talking about the "development of e-strategies".

5.1.1 Continuously moving

Referring to the introduction, Kevin Kelly describes the network economy as a phenomenon where the development is continuously moving.

The respondents also see it is of huge importance to continuously reinvent themselves. They believe that companies who do not take the position of looking to re-invent themselves will be left in a hurry (KPMG). The theory confirms this with saying that the expedition should be to always be on the move to find new directions upwards (Mckinsey quarterly 2000, Eric Beinhocker). This is however not a new phenomenon with the arrival of e-commerce. The presence of emergent strategies has already caused companies to update strategies in an automatic flow, rather than planned at a certain time. However, despite the importance of re-invention, according to one respondent, companies are generally not prepared for how to tackle the process of continuous updating or development of the e-strategy; it is just done:

> *"Most companies do not have a structured plan for updating their e-strategies"* (iXL).

This may however be the next or future step companies need to take. E-commerce strategies are not present yet for a very long time in many companies, and this is hence a relatively new phenomenon (iXL). In general, noticed of all the publicity e-commerce got during last years, most companies have just recently started implementing their e-strategies. This might also be a reason for not having yet to come to the point of starting to develop a plan that considers a continuous updating of the already implemented e-strategy. However, not having a specific plan very well conforms to the theory of emergent and deliberate strategies as we have classified an e-commerce strategy as a mix of both. The development of the strategy is then planned and structured, but with the flexibility and space for emerging ideas. Organisations are dealing with the unknowable, resulting in a "new day" every day. We have also seen this in Volvo CE, where the e-commerce team dealt with many new issues everyday, often unexpected.

We are therefore analysing the e-strategy in the perspective of a continuous movement. We have seen the importance above and in combination with our beliefs that e-commerce will lose its newness in future, we hence do not discuss the creation process of an e-strategy but rather the updating process.

5.1.2 Organic view & Emergent strategy

In general terms we have neither according to theory nor according to our respondents been able to distinguish a major difference between the development of an e-strategy from other types of strategy development. We have seen that the basics of the strategy development and of an e-strategy remain the same as one of our respondents indicated below:

> *"When developing e-strategies for our clients, we are using the same structure of strategy development as we do in other strategy developments"* (Andersen Consulting).

> *"With e-business, companies still need to develop a vision, mission, set objectives, craft a strategy, implement the strategy, evaluate the performances and initiate adjustment according to changes on the market place"* (Andersen Consulting).

According to the above, the basics of developing an e-strategy still exist. Our research pointed to the type of strategy development classified by Mintzberg and the argument for the growing number of emergent strategies, which we could connect to e-strategy development.

In conformity to Mintzberg's theory of strategy development, empirical data showed that companies use the organic view more. We also believe, seen from our observations in the e-commerce team of Volvo CE, that formulation and implementation overlap each other when we talk about the development of an e-strategy and that we can classify the e-strategy under the organic view of strategy development.

The rationalistic view divides the process of analysis, decision, and implementation. This process would take too long when companies are developing an e-strategy, going through all the stages being treated so separately. Instead, the organic view is an ongoing process of gaining knowledge, analysing (hence achieving commitment) and generating action in the form of new decisions and strategic directions. As a result

of this ongoing process, companies are able to react quicker to what happens in its environment. This organic view is connected to the fallacies of strategic planning discussed by Mintzberg, where the separation would take companies too long and be a disadvantage in the market.

According to our respondents, there is a need for a speedier way of developing strategies, especially for e-strategies. In order to stay ahead of competitors, this type of strategy should therefore not pass through every stage of strategy development as in the rationalistic view. The strategy development hence is a process where we can see a circle of - update, evaluate and update again etc. One respondent phrased this in the following way:

> *"Instead of ready, aim, fire…or as is often the case with organisations, ready, ready, ready, aim, aim, aim, fire….you need to approach e-business much more aggressively, quickly going through ready, aim, fire, and then rapidly going through stages of aim, fire, aim, fire, etc"* (KPMG).

This respondent hence implies that an e-strategy is developed in a way that it is a process of continuous updating, in a speedier way. According to theory, the organic view makes this hence realised.

Also in our case company Volvo CE, we saw that speed was an important aspect when developing the e-strategy. We noticed this on the deadlines with which the team was working in order to process with speed. This pressure was mostly felt because they were so behind compared with their competitors on the web. Therefore, precisely following the rationalistic way of developing and implementing a strategy was not possible. The reality in e-strategy development is instead that the strategy development steps are overlapping or integrated into each other and hence result in a more organic way of developing a strategy. This "overlapping process" of strategy development was in our observations due to the fact that much was done through "learning by doing", despite the partly planned strategy our case company, Volvo CE, was following. This was also since their

e-commerce implementation functioned as a pilot project, hence learning experience for other markets later on. This means that a strategy cannot function in a too tied planned way. The e-strategy needed to have the opportunity of being able to be modified by the e-commerce team at the pilot location, as possible in the organic view of strategy development. Even though the main strategy was formulated at headquarters of Volvo CE, the strategy was functioning as a draft where there was room for updating and improvements during the implementation, without long discussions with headquarters. There is usually no strict distinction between the tactical and strategic level when developing emergent strategies. Even though Volvo CE developed a strategy which was partly deliberate, we could notice that, the tactical level, the e-commerce team in Asheville was often shortly discussing, and simultaneously already preparing themselves for a solution of a new upcoming issue. Hence, these can be seen as indications of an e-strategy being partly developed in an emergent way and classified as organic strategy. Evaluation was done in an ongoing way, while the e-commerce team was continuing the process forward. A separation process of formulation and implementation would hence take too long, which is why we see the strategy development process for e-strategies as shown below. Formulation and implementation are merged into a fluid process of learning through which creative strategies emerge.
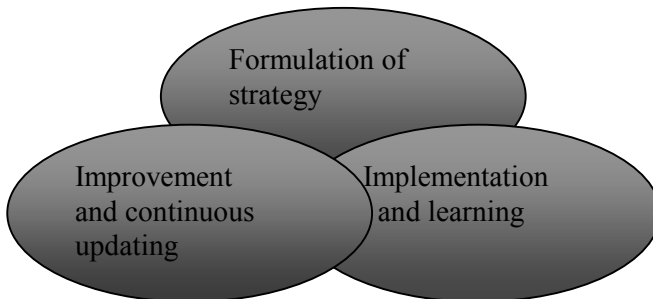
Fig 18: The strategy & E-strategy development process, Source: Own model

As mentioned in the theoretical framework, deliberate and emergent influences are usually present in one and the same strategy. It is hard to put your finger on the exact border where a deliberate strategy becomes and emergent one or vice versa. This is according to above very much valid in the e-strategy development of Volvo CE.

5.1.3 Observed differences

However, from our experience observing the development of an e-strategy from the start, and based on our interviews, we have also discovered some differences, which we would like to take up in a discussion. However, at the same time we would already like to argue for the fact that some of the below discussed differences may disappear in future, as e-commerce will lose its newness and companies know how to handle an e-strategy development, including its forthcoming external impacts. As we believe that they are valid for today, we hence take up the differences in the following discussion.

5.1.3.1 Influence on the whole organisation

A difference compared with other strategies is that e-commerce to a larger extent directly affects other parts within a company. Other strategies might impact other strategies as well, but not as directly as an e-strategy does. We conclude this from our observations in Volvo CE, where we saw how the development of the web-site was involving more than only the e-commerce team itself. When discussing the look and feel of the upcoming web site, the discussion included questions touching upon marketing and communication. The discussions included for example what exactly would be the image of Volvo CE, and how they wanted to be perceived by their customers. Not only is it relevant to receive perspectives on e-commerce from other departments within an organisation, but also from externals such as the customers and intermediaries. Volvo CE had, together with other OEM's in the industry, outsourced marketing research on what the customers wished for on an OEM's web site (Mackay Research).

Another discussion within the e-commerce team at Volvo CE also indicated the need for a commitment and involvement of other departments, and hence another indication that e-commerce influences the whole organisation. This discussion concerned the functionality

"special offers", where the discussion was about whom, Volvo CE or its dealers would take care of this functionality. Should the dealers alone be responsible for special offers, or should Volvo CE be involved in this now as well, who usually had never been involved in customer relations before? These types of discussions are in our belief touching upon marketing issues, and hence affecting the marketing strategy.

Next to other departments, e-commerce also directly affects the role of intermediaries, which is not always the case with other strategies. Looking at Volvo CE, we have seen that e-commerce will affect the tasks of the dealer, who is going to interact more with the customers on the net. The end customers are going to be channelled through Volvo's web site to the dealers, who need to provide the service, promised on Volvo CE's web-site. Hence, what Volvo CE's activities are on the web will influence other actors involved in the business model of the company.

The fact that these extra issues emerge when dealing with an e-commerce strategy is in our opinion not emerging to the same extent as other strategies. We base this belief on John Chambers, a writer in the field of e-business and president of Cisco (John Chambers, 2000). He discusses that e-commerce strategy functions not only as an extra channel but also as a tool to support other strategies for example sales & marketing, hence impacting other strategies. We have not seen in other strategy development processes that they have the role of supporting the success of another strategy to the same extent, neither have we seen any author taking this issue up and arguing for this impact in traditional theories on strategy development. We therefore conclude that e-strategy indeed impacts other strategies to a larger extent than other types of strategies may.

Volvo CE has plans to develop the organisation that is " behind" the web-site in later phases of their e-strategy development. The fact that Volvo CE planned these activities for later stages can be argued for in the sense that they wanted to catch up with competitors. According to their perception, they will have time in later phases and prioritise the launch of the web site firstly. So far, just a minor amount of attention

has been paid to informing dealers of the possibilities with their e-commerce web site, and what extra or other tasks they will have as a result. Also the employees will become a more important part of the strategy in future stages. Preparing them for becoming more e-business-oriented employees is relevant as they are interacting with the customers as well.

In order to reflect once more on the dispersed effect an e-strategy may have on the whole organisation, we refer to the case study of John Deere. According to the company, these separate strategies have been developed because of the complexity an e-strategy brings to a company that successfully wants to implement its e-strategy. The broad range of aspects, which needed to be taken into consideration, was expressed accordingly:

> *"The division into different "business frameworks" has been made in order to get arms around the strategy and be able to manage it"* (John Deere).

According to above, it is obvious that the e-strategy not only affects other strategies within the organisation, but also that the success of the e-strategy requires that other strategies are changed in that way that they will support the development and the implementation according to the visions of an e-strategy.

Hence, again we can see the fact that e-commerce cannot be put into a box. It affects other actors in the industry, and it touches upon other peripheries in the company. That is what we have seen as being the major difference with another strategy development process. Therefore, an e-commerce strategy does not only require commitment from an e-commerce team, but also from other departments in the company. It should involve to some extent also the commitment of marketing, communication managers and in case of Volvo CE, depending on a dealer network, also the dealer contact responsible manager.

5.2 Factors that specifically impact the e-strategy development

Despite this general conformity e-strategy development has with the other strategies, we have seen as well that there exist some aspects that distinguish the e-strategy. We furthermore have seen some aspects in e-commerce, which need to be taken into consideration more than in other strategy development. This does not mean that we consider these as being a difference, but as external factors having more impact on an e-strategy development than another type of strategy. The two factors that we have recognised are speed of development and uncertainty. The specific impact and importance of considering these two factors have been confirmed by the interviewed companies as they experienced speed and uncertainty as not being as present in other strategy development processes. In order to understand how the two factors impact the e-strategy development, a more detailed picture of what companies experienced when developing their e-strategy needs to be taken. This will provide a further picture and insight for comparing e-strategy with strategy development.

5.2.1 Speed as an influencing factor

Companies are not only experiencing that the speed of development within e-commerce is influencing the e-strategy development, it also makes the e-strategy development different from other types of strategy development. This was expressed by one of the respondents accordingly:

> *"E-strategy is different because it is moving fast"*
> (Electrolux).

5.2.1.1 *Fast competitive moves*
The general pace at which e-commerce is developing may then further be increased by the transparency of information on the web. Companies can more easily get an indication of what competitors' and other companies' strategies are because of the fact that an e-commerce implementation on the web directly will be seen.

> *"In e-commerce everything is rapid, when a site is released, everyone else sees it. Any change on the web will be seen directly, which makes an alert reaction possible"* (Andersen Consulting).

This is causing fierce competition, resulting in that companies must take the timeframe into more consideration in the development process.

5.2.1.2 Implementation

In order for companies to successfully act upon this increased speed of development is then to increase the speed at which the e-strategy development process is being conducted within the company. One way companies may achieve this is to both collect and implement information at a rapid pace, faster than required in other strategy development processes. This we base on the theory that states that a speedy information gathering is a success factor of using competitive intelligence in e-commerce development (The Boston Consulting Group, Gunby S., 2000).

According to above, the speed of development in the new economy impacts the pace with which companies are implementing their e-strategies. According to one respondent, quick decisions are going to be inevitable in the e-commerce world, in order not to start too late with something. Since strategy development normally takes quite some time to decide upon, the company cannot wait to act upon changes in the environment until a defined e-strategy has been decided upon:

> *"The rush about e-commerce is disruptive but it is inevitable, the environment is changing, it is impossible having a strategy as in the old days. Today the strategy needs to be more broad"* (Electrolux).

As explained, Mintzzberg recognised that companies are working more with the organic view of developing strategies, which already increased the speed of development. However, companies recognised a clear distinction in pace when talking about an e-strategy development. Still, even though speed of implementation is one factor that is more

noticed when developing an e-strategy than other strategies, it is not the only or most important factor which needs to be regarded. How fast a company implements their e-strategy must be weighed against how attractive the web-site is for the visiting customers. If a quick launch of a special functionality or the total web offering is not strong enough, there is no use in being first. The following statement expresses this:

> *"In Internet sense, it has to be remembered that competition is just "one click away" (KPMG).*

5.2.1.3 Managing instead of being influenced

The same respondent as well regards speed of development in another way. He believes that next to act at a rapid pace, it is also important to know how to handle the preciseness of actions, the preparations, decisions, reactions to competitors and response to customers which makes it so that a company can save time, and thus be speedy (KPMG). It is hence complementary to being speedy if companies are also precise in their actions, which can be reached by possesing the right flow of information.

We can therefore compare the above found results with the following perspective, which explains once more what role speed has or should have in the development of an e-strategy:

> *"We can compare an e-strategy development with a cart racer, where the racer takes its curves very precisely in order to be speedy and win the curve. The racer is scanning and preparing the curve shortly and precisely before it reaches the point of action. Every move is being considered as being strategically important. He wants to exceed his speed in the latest curve, every time he reaches the next curve again. The driver has not only to deal with the curve itself, but also with other speedy racers, ready to approach the curve. That is why his every move and the environment, the road and the course are being scanned very quickly but exactly. That is what makes the driver react on time, and take the curve in the most efficient way"(own metaphor).*

Theory says that bets and options may be more important than positioning choices when developing strategies today (Mckinsey Quarterly 2000, Coyne K.). However, based on the empirical data, and shown in the above metaphor, we do not agree completely with the above theoretical statement.

The above metaphor reflects on the result of our empirical data in regard to speed. Some respondents believe that it is not enough with being speedy, but also to be be precise, resulting in being speedy as well. It is furthermore referring to the importance of knowing as exactly as possible the timing of an implementation of a plan. Respondents have said that quick decisions are going to be inevitable, in order not to start too late with something. This also reflects the fact that preparation by developing several scenarios is going to play an important role. We believe that developing scenarios is a way of facilitating future positioning choices. The word scenario however reflects flexibility when designing these position choices. Scanning the environment provides companies with the ability to capture opportunities as they arise (Boxwell R., 1994).

We can confirm the above with our experiences at the case company Volvo CE. They have been closely scanning their environment while they were in the "race" of catching up with their competitors in e-commerce. This was done in order to know exactly what was going on and what is going to happen in the construction equipment industry and to some extent also in other industries, such as the automobile. This allowed them to be more precise in their plans; "they found their lane in the race", preferably the inside lane. It also allowed Volvo CE to prioritise certain half-decided plans made over others, in order to become quicker with what they wanted to implement. However, they were not trying to do things with nonchalance, but wanted to implement a well thought out web site, in conformity with the Volvo CE values and norms. The team worked precisely with what should be developed on the web site, and asked the opinions of customers on the look and the feel. This might provide them with gaining time at a later stage. As before mentioned, next to speed of implementation, preciseness complements being speedy. We noticed that many other competitors who had started earlier with the development of an e-

strategy were now revising their web site offerings, because they also saw that the environment was changing on the web and they had not been so precise from the start. Volvo could hence possibly make a large jump from being behind in web image to being at the forefront.

Since scanning the environment and by that developing scenarios is a way companies may use to shorten reaction time and to be better prepared for what happens, once it happens, we believe this is one way of managing the speedy development. Hence the influencing factor of "speed" can be turned into an advantage in the e-strategy development process.

5.2.2 Uncertainty as an influencing factor

Today, we believe that for many companies, e-strategies is something scary rather than just unknown. Not because companies are dealing with something new, but more because they are dealing with something that is in the field of the "unknowable". "Even customers do not know", as indicated by one of our respondents within Volvo CE.

5.2.2.1 Uncertainty impacting common view competitors and strategy
What effect the speedy e-commerce development will have on companies' business is often unknown, which thus creates uncertainties on what direction the e-strategy development should have. One of our respondents expressed the uncertainty that the e-commerce development brings forward in terms of sudden changes in the competitive environment:

> *"You will not know who will own the customer relations tomorrow, you have to be careful. You cannot think that we are the biggest and best, maybe someone suddenly does something different and takes over the business you have"* (Schenker).

The point with this statement is that a company can no longer be secure of "where" and with whom it competes. In the new economy, companies that today operate in a certain industry may suddenly threaten a totally different industry. This is experienced in Volvo CE, where we did not only benchmark direct, but also indirect competitors

who are starting to play a more influential role as being a competitor. In order for Volvo CE to know whether manuals have to be sold online or not, we benchmarked competitors, which traditionally would not been considered as interesting from a competitive view. Next to that, Volvo CE felt the pressure from parts businesses that started selling online. They had not really been a competitor before, since many were OEM's suppliers before. Customers are searching for the convenience to buy parts directly over the web, for which they no longer need an intermediary. Hence, the indirect competitors are becoming more influential competitors.

Regarding the existence of uncertainties like these, it is not hard to understand why competitive intelligence, according to (Grant, R., 1998) is one of the fastest growing areas of corporate activity.

Another implication of the prevailing uncertainty about the e-commerce development, which one of the respondents experienced, was the different and conflicting views that may exist within an organisation. Although people always have different views, he experienced this difficulty even greater when developing an e-strategy compared to other types of strategy development:

> *"There is a big difference between e-strategy and other strategy development. People always have such different views abut what is going to happen, and also conflicts about what is going to be big". "For normal strategies people have more common views"* (Electrolux).

It can therefore be hard to create an e-strategy which has a high approval of everyone, as it according to earlier discussions, impacts the whole organisation and thus makes an e-strategy development a bit more complex. As described above, e-commerce strategies impact other strategies as well. Thus it also brings uncertainty for other strategies or units in the company.

On the other hand, there are respondents who think that e-commerce now has existed long enough in order for companies to have more common views on it and see e-commerce not so much as a threat or an

uncertainty. They say that even though Internet is still relatively new, it is already a part of business (Volvo Truck).

5.2.2.2 Managing uncertainty

Since theory says that there exists a general correlation between uncertainty and the need for gaining knowledge in order to create a solid strategy, the tool can be used for updating a strategy. Creating a solid strategy is a process of continuous evaluation, resulting in a company going back and forwards, as a reaction to changes in the environment. In the increasingly complex and uncertain business environment that the e-commerce development brings forward, the external or environmental factors become of greater importance in effecting organisational change (Malhotra Y., 1996). However, after analysing industry trends and competitors' plans, an emerging and still developing project will still have a certain amount of residual uncertainty left - "dealing with the unknowable, rather then the unknown", (Ford D., 1998). Getting information that helps establish the relative probabilities of the alternative outcomes is therefore a high priority according to Ford (1998).

In Volvo CE, we have seen that the e-commerce development may contain many residual uncertainties, which can be seen as the unknowable for companies. At Volvo CE, its dealers and the customers, nobody really knows what is going to happen in five years from now in regard to the existing business model. Volvo CE's strategy is not to be the first with opting strategies that might impact the business model of the industry. It is to wait until one of the direct competitors makes a first move, hence clearing the risks. Volvo CE believes that they are not the largest and most influential player in the industry, and hence believe it is smarter to wait and see. In this context the competitive intelligence plays an important role, because it helps companies decide in what direction to go.

The theory above says that this type of uncertainty cannot be taken away completely by the use of competitive intelligence. However, since it is in our human genes to want to be certain, dealing with the unknowable is hence an incentive for continuous learning and therefore search for more competitive intelligence, since "you never

know for sure if you know". It might diminish the uncertainty aspect surrounding the e-strategy development of companies.

This brings us to the next part in our analysis, where we discuss the importance of competitive intelligence as a tool for developing an e-strategy. As discussed in the first part, there are some factors that impact an e-strategy development more than with other strategies, which could possibly be managed better with the use of competitive intelligence.

5.3 Evaluation of competitive intelligence as a tool for developing an e-strategy

According to our introduction, our second research problem aimed at evaluating what can be achieved by the use of competitive intelligence in an e-strategy development. The third research problem on the other hand aimed at finding the reasons for what may restrict the use of competitive intelligence. Although they are separate questions, they are both in a way evaluating the competitive intelligence as a tool for developing an e-strategy.

Even though we are evaluating what the importance of competitive intelligence specifically for the development of an e-strategy is, we would again like to emphasise that it is just one of the ways of developing an e-strategy. Companies that are developing their e-strategy should specifically consider the needs of the customers, and try to step into their shoes in order to find out how business can be done more easily with them and for them.

5.3.1 Achievements

As quite clear, competitive intelligence and the use of benchmarking is a way of gaining more knowledge and more knowledge is usually a positive asset if used right. This view of wanting to gain more and more competitive information would have an unlimited importance as expressed by one of our respondents:

> *"Competitive intelligence can positively impact the efforts of creating a web site, simple or complex, as well*

> *as an e-strategy. The more I know about my competitor, my clients' competitor, and my client's customers competitors, the better off I'd be"* (iXL).

However, it is not enough to know that the use of competitive intelligence is beneficial. Below we present the exact reasons for why companies believe competitive intelligence positively can impact the e-strategy development.

5.3.1.1 A platform

Benchmarking provides a company not only with a measurement of where the competitors are, but most importantly, it creates a platform on which companies are helped to build their e-strategies:

> *"Without competitive intelligence, you would not have a platform to begin with"* (Andersen consulting).

> *"Benchmarking can greatly assist in providing an objective means from which to develop a company's e-strategy and set goals and metrics"* (KPMG).

With the above statements we would like to add that benchmarking hence provides companies not only with a tool to clear biases and insecurities regarding competitors' positions, but it also allows companies to position themselves in an objective way. This is due to the fact-based decision making better knowledge about the environment that the benchmarking may bring (Boxwell R., 1994). Realising and clarifying exactly one's own position in relation to others could affect the direction of the strategy as exemplified in the statement below. Clarification of competitors' positions and web presence was felt as being of importance for Volvo CE, who very much valued looking at what competitors were doing.

> *"The benchmark now plays a role when deciding on the future strategy. There is always a rumour about who is good and who is not. However, there is a need for a clear picture of the reality"* (Volvo CE, Mats Bredborg).

5.3.1.2 Confirmation of own strategy

Theories say that the use of competitive intelligence will increase managerial confidence in the chosen strategy (The Boston Consulting Group, 2000).

In our case company Volvo CE, we have observed that competitive intelligence has played a confirmatory role. Within the company there existed for example an insecurity about implementing everything that had been decided upon in the e-strategy. The decision to sell manuals for the construction equipment online was questioned. This insecurity could be traced to whether direct and indirect competitors were providing manuals and in what form (print out/ selling). Therefore, a study of the competitive activities was conducted. The implication was that it diminished the insecurity and provided a confirmation of rolling out what was already incorporated and decided upon in the e-strategy. This we also connect to the previous discussion about planned and deliberate strategy development and the existence of residual uncertainties. Although an e-strategy and implementation already has been planned and decided upon, there is still room for residual uncertainties, which require a continuous confirmation. One way of confirming the e-strategy is then as we have seen in Volvo CE to once again observe what competitors and non-competitors are doing. The confirmation of the strategy was mainly reached by gaining knowledge about the direct and indirect competitors. However, also looking at the car industry was a means to be reassured of the strategy to some extent. The car industry does not compete with the selling of construction equipment, but is seen as being an indication of future developments within the construction equipment industry. Therefore, if drastic changes in regard to e-commerce development were detected within the car industry, it could be a possible indication of changes in the construction equipment industry as well. This is as a result of the fact that the car industry is considered two to three years ahead in the e-commerce development. Knowing what happens in the car industry may thus reassure e-strategy activities within the construction equipment industry.

> *"The benchmark gave a better sense of prioritisation, we could see how competitors were prioritising"* (Volvo CE, George Lilly).

The upper statement is in conformity with the theory, stating that companies need to find a way of quickly scanning, evaluating and prioritising new ideas about the e-commerce development. If not, there is a risk that companies lose their focus on how to stay competitive and instead rolling out an e-commerce project that is there because competition is moving in a certain direction (The Boston Consulting Group, Gunby S, 2000)

Based on the empirical findings and with support of the theory, we can hence say that competitive intelligence can lead to a confirmation of the strategy, focusing on what the company already had planned to implement. However, the order of implementation of different functionalities, could have changed based on having a better sense of prioritisation.

Competitive intelligence provided companies with evidence that enhances the possibilities of being secure about one's own strategy, as stated below.

> *"It only confirms the strategy, not more since we are more or less confident about what we do ourselves"* (Mölnlycke).

> *"Even though this brings security, of course only new things will inspire a company"* (Saab).

This will not only lead to a confirmation of their own strategy, but also to fewer surprises as a consequence of fast observations of new aspects in the competitive environment as formalised below:

> *"We use benchmarking only as a way to not be surprised by our competitors"* (John Deere).

Although an industry leader in e-commerce like John Deere does not use competitive intelligence to a high extent, but instead focuses most on the customer needs as input in their development of the e-strategy, we do not believe not being surprised by the competitors is of little importance. In an era of speedy development, and the increasing comparability of different competitors the web provides for customers, it is not so "only" not being surprised by the competitors. Companies would not want to be surprised, because the speedy e-commerce development could quickly result in a discrepancy between a company and its competitors.

> *"Because information and development of new things is so fast moving, Volvo CE regarded competitive intelligence as needed in order to reassure the competitiveness of the company when the site came up"* (George Lilly, Volvo CE).

5.3.1.3 A stimulation for moving forwards

According to above, it is discussed how competitive intelligence can have a positive impact in regard to creating a "platform" for building strategies on. Furthermore, it could also confirm the strategy once being decided upon or implemented. Except for these benefits, we have also observed what role competitive intelligence may play in the process of development or continuous updating as a step for moving forwards. According to one of our respondents, competitive intelligence does not lose its importance once an e-strategy has been decided upon or already been implemented:

> *"The process of re-inventing oneself also brings with it the same importance of competitive intelligence regardless of what stage you might be in"* (KPMG).

The discussed theory incorporates the fact that the use of competitive intelligence can be seen as a form of benchlearning, where the search for new knowledge is a continuous tool for becoming more competitive within an organisation (Karlöf, B., 1997). Strategy development should always be characterised by being on the move to find new paths forwards. Therefore, a continuous watch, observation

of what is happening in companies' environment is an important activity for further development of e-strategies as well as all other types of strategies (McKinsey Quarterly 2000, Beinhocker E.). This will thus also help companies that desire moving "forwards" in the spectrum of e-activities discussed in the theoretical framework.

Regarding the built in dynamics of business and its environment, today's reality will quickly transform into history. Therefore, although a company has conducted benchmark or competitive intelligence studies before, there is a continuous reason for doing it again. According to one of our respondents, working in a company that is the leader in its industry in e-commerce development and strongly works to retain that position, competitive intelligence can provide companies with the best of what is out there and with opportunities for a continuous development:

> *"On the competitors' web-sites we find what we previously were not aware of". An important aspect is to attract what is available at the competitors' web-sites and what they can figure out"* (John Deere).

In Volvo CE we have noticed another aspect of how competitive intelligence can extra stimulate companies to move forwards, an organisational benefit. By seeing where the competitors within the industry were positioned in regard to e-commerce development was affecting the e-commerce team in the sense of being given a further reason for a fast and continuous development and implementation of the e-strategy. They already had a picture of the fact that they were behind in their e-strategy development compared to competitors, but an exact measurement usually shocks people all the more, since the biases are now written on paper.

5.3.1.4 Seeing trends

E-commerce is one factor that influences the trend of the fading or blurring of industry borders. Therefore, developing a good e-strategy requires looking outside industry borders in order to see trends in e-commerce.

Based on our experience in the case company Volvo CE, we have seen that a continuous updating of competitive intelligence allows companies to see trends. Even though one cannot rely on the ability to find patterns and make sure predictions in a rapidly changing environment according to theory (McKinsey Quarterly 2000, Beinhocker E.), trends are an indicator which create the ability to build scenarios on. This is confirmed by another author, where benchmarking is said to possibly achieve a trend-forecast capability (The Boston Consulting Group, 2000). Companies can achieve an insight into the industry's future by trying to predict based on several benchmarking studies. As said by McKinsey above, it is of course not possible make secure predictions, especially not in this era , or to rely on information which is found in the past and present, but what other choices do companies have? The benchmarks may therefore provide a better "guessing platform" as base for prediction. There will surely remain a risk in predicting wrongly or not seeing coming trends as a result of evaluating several benchmarks, but it at least gives more than nothing to base decisions for the future on. The following statement of John Chambers of Cisco exemplifies this:

> *"Even with some knowledge about the near-term future, there is no Guarantee of smooth sailing. But it may help you avoid being blindsided, and it may ignite some vision about new value creation, improved efficiencies and enhanced customer interaction."* (KPMG article)

Some more knowledge on trends in near future may provide companies with a feeling for the speed of development, the pace at which e-commerce is developing within the industry. This is seen as important for thinking of future visions and hence knowing the direction of a company's strategy, over a certain period.

Furthermore, by studying the e-commerce development within Volvo CE, we have observed an additional aspect of the benefits companies can gain in the field of seeing trends. Within Volvo CE, two benchmarks have been conducted in the field of competitive positions on the web. By comparing these results and in the future continuing with this information gathering, it will provide Volvo CE with a tool

with which they more precisely can capture the pace of development regarding e-commerce in the industry. This allowed Volvo CE to see how fast e-commerce was developing in the industry. Comparing the two benchmarks provided an insight that within half a year, the actors within the construction equipment industry had moved forward from having just informative web-sites, to having at least some form of transactions online. This will again allow them to know if and when they need to prepare themselves for implementation for expected coming trends.

Another respondent also saw the benefits of seeing trends. However, not only did he think it was important, but instead a necessity for staying competitive. This respondent felt it was necessary to be consistent when developing a strategy and important to forecast industry trends, that will allow them to decide on the direction of a strategy. This respondent believes that it is necessary to think long term, despite the "difficulty factor speed", which acts as a barrier within the forecasting process (Volvo CE, Jay Roszell). This can however be dealt with, with the use of competitive intelligence.

According to theory, the last step of the use of competitive intelligence is to integrate the information into companies' internal planning and operations for developing alternative competitive scenarios, structuring attack plans and evaluating potential competitive moves (Malhotra Y., 1996). In order to diminish the risk of guessing or seeing the wrong trend, managers could develop a set of scenarios based on their understanding of how the key residual uncertainties might play out.

Strategic thinking is usually indirect and unexpected rather than head-on and predictable. Relating this to making strategic military decisions to developing scenarios in order to be better prepared for what shows up is exemplified in the following way:

Basil Henry Liddell Hart, probably the foremost thinker on military strategy in the 20th century, has written; "To move along the line of natural expectation consolidates the opponent's balance and thus his resisting power. In strategy, the longest way around is often the

shortest way home" (McKinsey Quarterly 2000, Gluck F., Kaufman S., Walleck S.).

Connecting this to our evaluation of competitive intelligence as helping companies see trends and based on that developing more probable if-scenarios will eventually lead to certain benefits when companies are developing their e-strategy. Even though it takes more effort and time from a company to prepare themselves seriously for the several scenarios, it might lead to a shorter reaction time in the end, since the speed of development can cause a company to all of a sudden change direction. Being prepared with some developed scenarios is then allowing companies to directly change and react to the environment. This complies with the above example of Basil Henry Liddel Hart, where he states that the shortest is not always the most strategic way to go, even when it is important to arrive quickly at the enemy's territory.

Getting information that helps establish the relative probabilities of the alternative outcomes is therefore a high priority (McKinsey Quarterly 2000, Coyne K.). Benchmarking and the use of other types of competitive intelligence provides companies with a possible reliable forecasting tool of what evolves in future, improving the platform for making strategic decisions.

5.3.1.5 Timing
Furthermore, according to theories, benchmarking may provide a clearer view on what is going on, which could lead to a capability of lessening surprises and reaction time, thus enhancing a company's competitive advantage (Combs R., 1992). As said before, it is not only important to be speedy, but also to react to changes in the environment with preciseness. Also according to John Chambers of Cisco, time to market is, even with less than perfect implementation of a plan, far better than perfection banging at a closed window of opportunity (Chambers2000).

As we have experienced in our case company, we see that the most effect the benchmark probably has, is on the timing of the development and hence implementation of the e-strategy.

The statement of following respondent once more confirmed this:

> *"Competitors' actions can have impact on timing, when to implement certain things. It can mean that we release something on the web earlier than planned, because competitors are doing something"* (John Deere).

As we have observed as a result of our participation in the e-commerce team of Volvo CE, an e-strategy development is very much a learning process, that is divided into several phases of implementation. Regarding the first launching of an informative, interactive and transactive web-site, the pace of implementation was very much affected by the competitive environment. A major reason for trying to implement the e-strategy and thus launch the web-site as quickly as possible, was the pressure from competitors who had already launched an informative and interactive and in some cases also a transactive web-site. This is also seen in Volvo CE as already described in the section, as "a stimulation for moving forwards".

In order to clarify all these benefits, we have developed a model that visualises all above; what can be achieved with the use of competitive intelligence, by benchmarking:
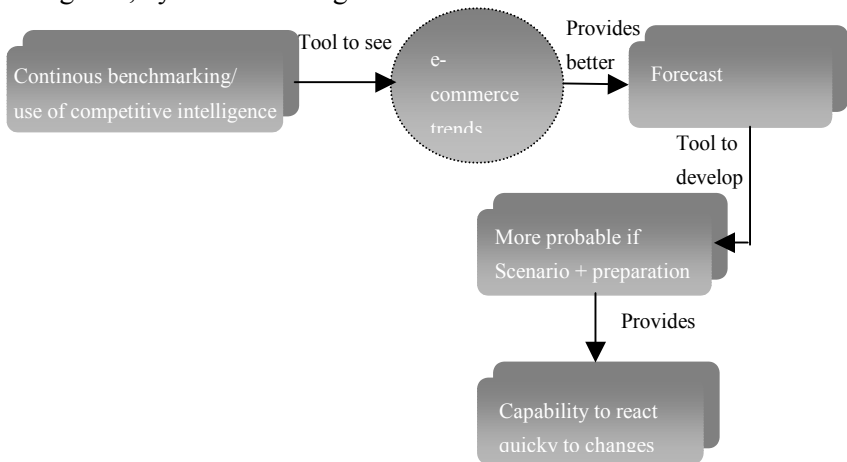
Fig. 19: Achievements of competitive intelligence, source;

5.3.2 Restrictions

None of our respondents have experienced any drawbacks from using competitive intelligence or conducting benchmarks as input in their e-strategy development. However to what extent competitive intelligence is used and how relevant companies think it is for the development of their e-strategy varies. Therefore, the above possibilities for an e-strategy development to benefit from the use of competitive intelligence needs to be set in relation to the more sceptical views of some respondents. The empirical study showed that some respondents did not use competitive intelligence so much, or did not see a great value in the information. This shows that there are more aspects to regard when evaluating the importance competitive intelligence plays in the development of an e-strategy. Below we are therefore evaluating the reasons for the "disinterest" in competitive intelligence.

5.3.2.1 *The possibilities of following the pace of development*

One aspect that restricts the use or the importance of competitive intelligence is the speed with what companies can keep up with the pace of the e-commerce development. Since e-commerce and the implementation of it, is something that requires a high integration into the existing organisation, it takes time to implement a new e-commerce solution. This may therefore restrict the use or the perceived value of using competitive intelligence. The reason is that it may not be possible to implement what a company would like in terms of new solutions that are observed in the environment.

> *"Even though we would look a lot to our competitors and pay much attention to them, we feel we could not move any faster than we can anyway"* (Electrolux).

As exemplified in the above statement, an explanation for a restrictive attitude is that companies rely on their own capabilities in regard to how much and how fast it is possible to implement new and valuable aspects of the e-commerce development.

We have observed that the development of an e-strategy is usually moving forwards through a "learning by doing" approach. Companies may not have time to analyse the environment since at the moment

"people are just doing". It would result in a situation where the company runs into issues, which they had not thought of before. These unexpected factors will already take a lot of time, which is a reason why companies may not have time to prioritise a thorough study of the competitors' e-commerce activities.

5.3.2.2 Distrust of information

According to the theory that is not specific for e-commerce development, benchmarking the direct competition gives relevant information that at the same time is easy to implement. However, according to our empirical findings, looking at the direct competition has its drawbacks when developing an e-strategy. If a company does not know where the industry or the general trend in e-commerce is heading, why should the competitors be more secure? The discussion in this thesis has to take consideration to that e-commerce is something new for everyone. Therefore companies may not trust to act or rely on what the competitors are doing. One respondent emphasised the fact that not all companies are far ahead in regard to e-strategy development, hence it was not so important to look at the competitors (Mölnlycke). This is why the motivation for benchmarking competitors was low. Another respondent thought the reliability, and with that the importance, of competitive intelligence may increase later on when e-commerce is no longer such hype and when people understand how e-commerce works (Electrolux). Hence, it could be too early to trust findings of benchmarking, as e-commerce is still in the beginning phase where nobody really knows what exactly to do when dealing with the "unknowable". This is exemplified by one of our respondents below:

> *"Regarding e-strategy no one really knows what they are doing, you can get ideas but you will probably be more reluctant to act on it than on a normal strategy, you question that they know what they are doing"* (Electrolux).

> *"You should not look too much at competitors, it is not sure that competitors are doing the right thing"* (Saab).

The uncertainty about e-commerce brings in a factor of distrust when using competitive intelligence, even though sources of information are much easier to gain and open for everybody. However, this approach of "learning by doing", caused by insecurities about e-commerce development is very much in accordance with the emergent type of strategy development, which we believe best characterises e-strategy development, because of the emergence of unexpected situations. Since we observed that companies in many ways are "just doing" in favour of the traditional or rationalistic thought through way of developing a strategy, where the phases of analysis, decision and implementation were more divided and where companies spent more time on each of these – why should competitors "trust" the e-strategy of one another?

On the other hand however, we can argue for the question of whether companies have a choice to trust or distrust information. In an era full of the unknowable and much insecurity it is probably already a positive asset if companies can put their fingers onto something more than suspicions and guesses. We once more refer to the statement of John Chambers of Cisco, where he implies that knowing even a bit more, trusworhty or not, already may help companies avoid being blindsided.

We can furthermore add that, although there may be a continuous fast development within the field of e-commerce, we do believe that to some extent this distrust of competitive information will lessen, when e-commerce has become a more integrated part of companies' businesses.

5.3.2.3 Changes of competitive scope

According to our opinion, what can be achieved by the use of competitive intelligence and benchmarking for the e-strategy development relies on the different scopes of that intelligence. In our analysis, we distinguish between competitor intelligence and the broader competitive intelligence. A reason for the distinction between the different types of competitive intelligence is that in the new economy, there are major changes in the competitive environment compared to the traditional or "old" business environment. New or

indirect competitors start to affect the business and the general or breakthrough e-commerce development will eventually impact even "brick and mortars" because - "no business is an island". Because of these competitive changes, a certain respondent thought looking at the direct competitors would not provide the company with so much value because of the following statement:

> *"Competitors in a traditional sense may not be the competitors in an Internet sense"* (Volvo Truck).

In case of the construction equipment industry, we have seen that some changes have occurred changing the competitive scope for Volvo CE. The rental business has increased its importance on the market (Financial Times, 2000). Many OEM's are increasingly focusing on this business. Next to that, there is a general trend that customers want to make it easier for themselves to use and order products. As rental equipment is a service, which is relatively easy to "sell" online, it may reflect in the appearance of growing virtual rental companies, or growing brick & mortar rental companies, also starting to compete online. As Volvo CE is also incorporating rental as a functionality within their e-strategy, these virtual companies may now be seen as increased level of indirect competition for of Volvo CE. Hence, the scope of competition that OEMs have to deal with in future have changed, which is partly due to the opportunities e-commerce brings for many companies they have not been in before. We refer hence to virtual rental companies but also to virtual companies selling parts online. It of course also encounters parts businesses, for whom lies an opportunity for selling online, as customers see the ease of ordering online rather than going to their dealers. Also this type of indirect competition did not exist to the same extent before e-commerce brought these opportunities.

Hence, the conducted benchmark at Volvo CE required looking at indirect and remote competitors, since they could feel pressure from other virtual companies. It was mainly the benchmark of the direct competitors, which led to a confirmation of the chosen e-strategy. The indirect and remote scanning of competitors led to trends where the construction equipment industry was heading and to new ideas for the

development of specific functionalities already included in the e-strategy.

The above analysis connects to and confirms the discussed traditional benchmarking theories. As benchmarking theory in the form of best-practice benchmarking states, best practices that may help companies improve their own processes may often be found outside one's own industry. Our study of the e-strategy development thus confirms or even emphasises the importance of looking outside the industry.

5.3.2.4 Different phases of the e-strategy development

Even though we believe that the use of competitive intelligence is relevant in all different stages of e-activities the role of competitive intelligence may vary. According to one of our respondents, when companies are more in the beginning of their e-strategy development, companies will specifically search for new information about the competitors. As the company later on has come further in the e-strategy development, the need will diminish:

> *"Competitive intelligence is most important in the idea stadium, when to find new solutions and ways to do it, then it is important to benchmark. When you have decided what to do, then you do not look at competitors anymore"* (Schenker).

However, in regard to the e-strategy development and competitive intelligence's importance over time, there are different views. Referring to the discussion in the benefit part regarding competitive intelligence as a stimulation of moving forwards, it is obvious that not all companies agree on above statement:

> *"The process of re-inventing oneself also brings with it the same importance of competitive intelligence regardless of what stage you might be in" (KPMG).*

This last statement is more in line with how we look upon the importance of competitive intelligence during the e-strategy development and possible moves forward in the spectrum of e-

activities. Although we believe companies will learn how to manage e-commerce over time, causing some of the newness and insecurity to disappear, also in the last stage of development in the spectrum of e-activities, e-business, the strategy can still continuously be updated, which is why there is no end to learning. Partly this is caused by the speed of development that is specific for an e-strategy development at the moment but also because all types of strategies may benefit by continuous updating according to changes in the environment. This will again result in a reason to search for learning methods, in order to continue moving forwards. The process can hence be seen as a spiral, where e-commerce will bring forward something new, companies learn, update and learn again from the, "in the mean time" changing and developing field of e-commerce and technology. The use of competitive intelligence is a tool to learn, also for companies who have reached a further stage of development in e-activities, and hence a way to continuously update the strategy.

In the discussion about possible differences in the importance of using competitive intelligence depending on what stage of its e-commerce development a company is presently at, we would also like to add the dimension of e-commerce development relative to competitors. According to (Söderman S., 2000) among others, it is not possible to use benchmarking as a tool for becoming number one. However, competitive intelligence in the sense of gaining more knowledge, about *what* competitors are doing, as an input for an e-strategy development, can be seen as having a twofold explanation. One of the interviewed companies (John Deere), who is a leader in e-commerce development, expressed both that they would not benefit so much by looking at the competitors but that on the other hand competitive intelligence had its importance. This can partly be explained by the discussion in changes of competitive scope, which pointed out the importance of looking further than to what the direct competitors are doing. Another reason for the twofold explanation was the importance of focusing on the own strategy and internal solutions for creating a high customer value exemplified in the statement below. According to the respondent, it does not mean that competitor intelligence is not of value for retaining a leading position:

> *"An important aspect is to attract what is available at the competitors web-sites and what they can figure out. We want to stay ahead of them"* (John Deere).

Updated knowledge about the competitors will diminish the risk of drastic surprises and bring important new ideas, even for an industry leader.

5.3.2.5 A customer focus is first priority

As we have stated before, using competitive intelligence is one of the ways in which companies can develop their e-strategies. However, focusing on one,s own customers and how e-commerce can be developed in order to increase the customer value should be the main focus in an e-commerce project. According to one of our respondents (KPMG), in order to build a *successful e-strategy*, companies must consider at least the five following steps:

1. *Make it easy for customers to do business with you.*
2. *Focus on the end customer of your product/ services.*
3. *Redesign your customer-facing business processes from the end customer's point of view.*
4. *Design a comprehensive evolving electronic business architecture (infrastructure).*
5. *Foster customer loyalty.*

Companies are trying to gain knowledge and foster customer loyalty at the same time, by linking customer registrations on their web sites to a database. However, customer loyalty has diminished compared with the traditional times (KPMG). One of the reasons for this phenomenon is that it has become easier for customers to compare on the web and to "walk over". Even though companies still wish for a good customer relationship, the aspect of personal selling and hence personal contact has in many cases disappeared or diminished because of e-commerce. Competitors are just one "click" away, it only takes a couple of seconds to move to a competitor, clicking to his web site and making use of his offerings on the web. More companies are therefore trying to capture some knowledge of the customers and foster some customer loyalty by providing customer accounts on the web site. Also Volvo

CE had a long discussion on the importance and the goal of the customer registration functionality. By providing their customers with their own login, Volvo CE tries to give the customers a premium feeling, which is in line with the overall strategy of providing premium products. Customers buy the Volvo CE products for their safety, design and environmental care. Behind the login, customers can find more information on products or an ability to order products (Parts, manuals e.g.). Customers should hence do something (fill in registration form) to earn this premium feeling. Based on the knowledge Volvo CE collects in a database and hence gains from this registration form and customer interactions on the web, they are able to customise on customer needs based on historic transactions on the web. This might be a tool to get the customers to come back to the web site, even though it is hard to gain customer loyalty on the web.

The importance of focusing on customer intelligence can thus be reflected in how important companies think it is to use competitor intelligence as a way of developing the e-strategy:

> *"We conduct a lot of research on customer needs and we do not believe we will yield so much by focusing on others"* (John Deere).

However, the same respondent who stressed the importance of focusing on the customer value as the most successful way of developing and e-strategy also believed that competitive intelligence, in this context competitor intelligence together with customer intelligence, is critical for the development of a successful e-strategy.

> *"It is impossible to provide a differentiated, value-added customer solution without knowing what competitors currently are offering and how they are providing these products and services"* (KPMG).

In both statements there exists a base of truth. However, we believe that looking at what competitors offer might also reflect customer needs, since companies usually do not just act without knowing just a little bit at least that customers will react positively. Since customer

studies require a lot of energy and capital, important customer knowledge may be tracked just by studying competitors.

This could specifically be valid for companies such as Volvo CE where many customers are very traditional, and do not know exactly what they want in terms of e-commerce development.

As a final discussion of this part, we take both the importance of focusing on customer value and the need for competitive intelligence into account. From our experience from benchmarking web sites at Volvo CE, we have observed the importance of not only focusing the competitive intelligence and own e-commerce activities on what functionalities are being offered to the customers on the web, but also on how they are presented. According to Evans P. & Wurster T., (1999), the most important thing for a company offering its services on the web is to take into consideration how the customers are searching:

> *"The battlefield where competitive advantage will be won or lost is navigation" (The Boston Consulting Group, Evans P. & Wurster T., 1999).*

The conducted benchmark in Volvo CE was mainly focused on what functionalities were present on the competing web-sites, but also the ease of use with which customers are navigating through the web-site. From our experience we can conclude that even though a competitor may be regarded as being far ahead in their e-commerce development, it is not certain that the customers find it easy to navigate and quickly reach the information or function of interest. In our benchmark, as mentioned, the ease of use was taken into consideration but the restraint is that it is hard to find a way of knowing how different customers are experiencing the aspect of navigation. According to above reasoning, we can conclude that the customer perception when gaining competitive intelligence is of vital importance but at the same time hard to gain.

5.3.2.6 The importance of structure
Even though many respondents do see the value of what can be achieved and what they would like to achieve with competitive

intelligence, they do not always perceive a high value of using competitive intelligence. In this discussion it is important to note that companies in general did not use competitive intelligence in a very structured way. Structured competitive intelligence as other types of information, will have importance since the chance of reaching the management level is higher. Companies may have a lot of competitive information gathered by different divisions within the company, which together would have been very important for the e-strategy development. As one respondent highlighted, if the information does not get structured, it does not reach the strategic level and the top management that also are involved in the e-strategy development and usually affects the direction of the strategy most (Electrolux). Hence, if information is not that structured and hence does not measure the pace of development and the position of other competitors, it would be hard to see trends and hence be able to develop scenarios.

6. CONCLUSIONS

In this part we will answer our three research problems, one by one, thus leading to a final answer to the main problem: What is the importance for companies of using competitive intelligence as a tool to develop an e-strategy?

We wanted to highlight what exactly competitive intelligence can provide and what the importance related to that is for the development of an e-strategy. Based on our study, we can see that the importance of competitive intelligence is related to both the achievements and the restrictions. From this evaluation, combined with what specific factors characterise the development of an e-strategy, we have seen that competitive intelligence becomes an important tool for e-strategy development, especially since companies in general are all dealing with a more uncertain and speedier environment.

According to most of our respondents competitive intelligence was perceived as being important. Below we will explain why it is perceived as an important tool to use for the development of an e-strategy. The research problems are structured in a way that they provide the answer to the main problem: "What is the importance for companies of using competitive intelligence for the development of an e-strategy".

6.1 Research problem 1

> *In comparison with other strategy development, what factor(s) separates the development of an e-strategy?*

Based on our observations at Volvo CE, our interviews at other large companies and consulting firms and the theoretical framework, we can conclude that the traditional cornerstones for developing strategies are

still very much valid for companies when developing an e-strategy; vision, mission, goal, and customer value proposition. Our empirical as well as theoretical study are hence both indicating that e-strategy development does not have to take into consideration a totally new set of factors.

However, from the empirical data we have distinguished two aspects in particular, which the respondents stated are specific for e-commerce and also impact the e-strategy development within companies. The first factor is speed of development, which impacts the pace at which an e-strategy needs to be updated in order for a company to stay competitive. We can conclude that next to speed of development in itself, it is of even greater importance to pay attention to timing of implementation and preciseness of actions when developing an e-strategy.

The second factor, uncertainty, impacts the e-strategy in a way that it makes the e-strategy development more difficult and complicated, because of the different views of people about what will happen and how companies should counter the development. As e-commerce has an impact on all departments within an organisation, an e-strategy brings change throughout the organisation or even industry, which brings a higher level of uncertainty than with other strategies.

6.2 Research problem 2

What can companies achieve by using competitive intelligence for the development of an e-strategy?

Theories concerning competitive intelligence and benchmarking on what can be achieved are not broader than what we discovered in our empirical data. Our respondents did not point at any new achievements. However, the findings of what companies imply that they achieve from competitive intelligence gave us an insight of why it fits in the development of an e-strategy.

Companies say that the use of competitive intelligence provided them with a crucial starting off place. On the competitors' web-sites they can find what is best in the industry, and it simultaneously brings new ideas. At the same time, competitive intelligence provides companies with a certainty of what competitors are doing, hence clearing biased guesses and surprises. This in turn may allow companies to focus more on their own strategy instead of constantly wondering where the competitors are and what they are doing on the web.

Furthermore, it provides an ability to make fact based decisions, because competitive intelligence measures the exact position of a company in relation to its competitors. Seeing where competitors exactly are positioned influences the timing of an implementation process. Competitive intelligence is hence important as a way of helping companies determine whether "if-plans" should be rolled out, as a reaction to drastic changes. Another achievement indicated by our respondents is the realisation of seeing trends by conducting competitive intelligence that has been gained at different points in time. Keeping up to date with what is going on hence also provides companies with an insight into what is going to happen, allowing companies to develop more probable if-scenarios. Therefore, a better forecasting platform in combination with preparation allows companies to shorten their reaction time to changes in the industry.

From the above observed conclusions, we can now conclude that the use of competitive intelligence deals most of all with the, in research question 1, experienced factors of influence, that characterise an e-strategy development.

6.3 Research problem 3

What are the reasons for the restrictions companies have for using competitive intelligence when developing an e-strategy?

As stated in previous parts of the thesis, competitive intelligence, focused on what competitors and non-competitors are doing in the field of e-commerce is just one of the tools for developing an e-strategy, focusing on creating customer value is still the most important part. Therefore, this type of intelligence cannot claim a too large role in the e-strategy development. According to our respondents, there exist certain factors that are restricting the use of competitive intelligence. One restriction was that companies who believed they were further developed in their e-strategy and no longer in the beginning stage, claimed they would not yield so much from gaining competitive intelligence. However, since the field of e-commerce continues to develop with speed, we believe that companies continuously need to update their strategy. As the use of competitive intelligence is a tool to learn, we can conclude that using competitive intelligence keeps its importance.

Additionally, empirical data also implied that using competitive intelligence may not be so valuable for companies since the implementation of what already has been planned takes so much time and requires so many capabilities that more activities could not be regarded. Another reason for companies not to look at the competitors when developing an e-strategy is the changing scope of competition, competition in traditional sense may not be the same as in Internet sense. However, this just shifted the focus, competitive intelligence that is important for an e-strategy development needs to regard what happens outside one's own industry and scan indirect competitors. Competitive intelligence was mainly not used in a structured way, which resulted in the fact that the value was not seen. We can conclude that most value added will be created from the use of competitive intelligence, when it is gathered and analysed in a structured way.

Another reason for companies not doing a thorough analysis of competitors and using this information for the development of the e-strategy, is the issue of trust. Our respondents implied that since everybody is dealing with a new area of development and hence the unknowable for the time being, they could not rely on the competitor doing the "right thing". However, as we argued in the analysis, we believe there is no other choice. We can conclude it better to know just

a bit from what is really the truth, than being blindsided as we deal with the "unknowable".

6.4 Main Problem

> *What is the importance for companies of using competitive intelligence, for the development of an e-strategy?*

As a result of the above answers to the research questions, we have also answered the main problem. Based on these conclusions, we can hence conclude that competitive intelligence can be used as a tool for managing the present speed of development and uncertainty that surrounds strategy development, specifically an e-strategy development.

7. RECOMMENDATIONS FOR FURTHER RESEARCH AT VOLVO CE

During the thesis writing and especially our participation within the e-commerce team, we have encountered a few aspects, which we believe will be important for gaining a competitive advantage within the field of e-commerce for Volvo CE. However, since Volvo CE is still in the beginning of developing and implementing the e-strategy, the aspects below will more extensively be taken into consideration in later stages of implementation. Despite this, we believe that these aspects are of great importance and that their future development would benefit from an early and deep evaluation and thus preparation.

7.1 The future dealer relationship

According to our case study, despite the insecurities about how the future business model will evolve, Volvo CE will continue selling through its dealer network. Today, also the other competitors within the construction equipment industry seem to choose the same line. Within the e-commerce pilot for Nafta, training of the dealers is included. However, in order to maximise the value perceived by the customers, we believe these future actions could benefit from looking more exactly into the future dealer relationships.

Two things are clear, the role or relationship between the dealers and Volvo CE will change in some aspects and co-operation will continue to be a necessity. The question is then, - how to best manage the changing relationships?

More specifically, questions that may prove interesting are; Are there any processes that one actor would handle better in terms of creating customer value? Are there any processes that will require more co-operation between Volvo CE and the dealer? Can new types of knowledge and information be shared and should they?

Another aspect to consider is the dealers' motivation for changing behaviour. Are the dealers comfortable with the change, if not how to

deal with it. Although a majority of the dealers see the necessity of changing traditional ways of working, what would make the more reluctant dealers become more motivated in e-commerce and hence quickly integrated into the e-commerce implementation? A first step would thus be to understand the reasons for a possible resistance.

Additionally, are there any differences in terms of the dealer structure and relationships between the Nafta market and other Volvo CE markets? These differences might mean a different level of effort and approach to enhancing the relationships in other markets. Knowing this could then make the international implementation of the e-commerce strategy go quicker, already being prepared for how to handle the dealer integration.

Furthermore, in order to further speed up the process of integrating the dealers into the e-strategy implementation, could important lessons be learned by understanding how other companies are handling the transition? For example, how are the direct competitors managing the change? This requires however a type of spying in which Volvo CE would not want to be involved.

7.2 Direct communication with the customers

Although Volvo CE continues to focus on selling through the dealers after the e-commerce implementation, there are some aspects in the customer relationships that will change anyhow. One of them stems from the fact that Volvo CE inevitably will come closer to its customers. Only the informative part of the web-site means a direct communication channel to customers all around the world. This additional possibility of communicating with the customers may provide Volvo CE with more power to influence how the customers perceive Volvo CE. The two-way communication that the interactive and transactive functionalities mean will additionally bring Volvo CE closer to its end-customers. The reason for the crucial importance this aspect may have for Volvo is that, according to today's reality, the power lies with the one who owns the customer relations, and knows what the customer exactly wishes for.

According to above reasoning, an important question thus emerges – how to manage this new direct communication with the customers, in which Volvo CE has so far just merely been involved?

The new possibility of communicating directly with the customers is very much related to above aspect, the future dealer relationship. Since the dealers will sell the products that are marketed on the web, they will still have the major role in communicating with the customers. But in what aspect is then Volvo CE communicating with the customers without the influence of the dealers and in what aspects do they both affect the communication? Also important to know is that, in what aspects would Volvo CE play a more influential role than the dealers would in communicating with the customers? In other words, in what way can Volvo CE use the web in order to best leverage on its strong brand? Since Volvo CE wants to position itself as a premium brand within the construction equipment industry, we believe the direct communication through the web can be an excellent tool.

We could also ask the question the other way around. Is Volvo CE aware what their goal is with communicating more on the web with the customers? They are trying to get closer to the customer, not only with their e-commerce web site, but also with their strategy of putting more sales people into the field, as support for the customers. What can Volvo then exactly gain from getting closer to their customers?

7.3 Streamlining of other media channels

The last aspect recommended for further research is very much connected to the above discussions. The web is providing Volvo CE with a powerful communication tool, but as the dealers still have the major role in communicating with the customers and "following up" what is promised or implied on the web-site, it is important that Volvo CE and its dealers are communicating the same message. However not all parts of the selling process would have to be affected. It would though be important to know; what parts of the selling process require a co-operation of marketing activities and how should that be done? How to deal with co-branding? This is an important aspect since the dealers are directly linked to the corporate web-site. Hence, how can

Volvo CE and all its dealers communicate to create a message that will be experienced as uniform by the customers?

The answer on the above questions might help with the preparation and implementation of e-commerce in other Volvo CE markets.

8. GENERAL IMPLICATIONS

According to our purpose, we did not aim to give general implications for an e-strategy development. However, during our research studies and analysis of competitive intelligence, we have although encountered some aspects which we think are valuable when developing an e-strategy.

The implications given are based on our observations from being in an e-commerce team and several interviews with e-commerce managers from different MNC's. These views were also extended by our knowledge gained from books and articles. The below implications are therefore a result of the above mix of sources. The implications are furthermore not specifically made for a certain industry or company, but may be valid for all companies including Volvo CE, who are developing an e-strategy.

8.1 Integrate the e-strategy

Companies are recommended not to put the development of an e-strategy in a box. In other words, an e-strategy should be integrated within the departments of a company, as it affects the whole organisation. This is also strongly recommended by John Chambers of Cisco in his book Digital transformation. Cisco is publicly known for its successful e-business concept, which has been integrated throughout the whole organisation. It is furthermore our feeling that this is indeed what it takes to launch a successful e-strategy, as we have experienced from being in an e-commerce team where we saw the impact e-commerce has on other strategies and departments.

In order for companies to reach the required level of integration, hence preparing for becoming e-business oriented, it is in our opinion advisable to divide the e-strategy into several parts, incorporating customers, employees, suppliers and intermediaries. Out of these four, companies should however still put the customer in the centre of the strategy development. In order to manage all four parts of the e-strategy successfully, a good communication is required throughout the

organisation on the goals with e-commerce and the expectations from the above actors.

- Customer strategy: When organisations are starting an e-strategy they should use as much input from their customers as possible. It is furthermore advisable to update the knowledge about the customers' views. This is because of the speedy development of e-commerce, and as a result of that, changes within an industry may go fast.

- Employee strategy: Train employees on the benefits of e-commerce. They need for example to be able to advise customers that call for customer service to the web site, where they can find the service themselves. It is furthermore an idea to launch a mentor program ("Employee E-commerce Development Program"), where the e-commerce experts teach others about how e-commerce works, including technical details, in order to get the commitment and an increasing level of involvement of employees and top management. As e-commerce impacts other strategies, it is furthermore important that each department has a representative involved in the development of the e-strategy

- Intermediary strategy: For companies using intermediaries, and tending to continue using the same structure, they must spend time on the changes in the relationship it may bring. The intermediary has to know what extra or different roles and tasks it will get when the e-strategy rolls out. In many cases the organisation channels the customers to the intermediaries through the web, thus the success of the e-strategy relies on how the intermediary handle the customers' needs. Hence, this requires good communication and understanding between the company and its intermediary network.

8.2 Make efforts to foster customer retention

Fostering customer retention may be hard when doing business on the web, because of the transparency of information. Customers can easily

compare with competitors' web site offerings. It is therefore of importance to try to retain customers, once attracted to the companies' web site. In order to get a continuous update on customer needs, companies use databases, linked to a customer account. We believe a customer registration enhances customer loyalty, as the customer can get customised services as a result of database gathered knowledge. The customer registration questions can be renewed over a certain time, so new information on the customer can be collected and used for customisation. It furthermore gives the customer a "premium treatment" feeling, since some information can only be reached behind a login, non-accessible for customers, that did not register themselves.

8.3 Focus on customer navigation

According to the latest studies, navigation is where the battlefield will take place. It is not enough with having customer-valued functionalities alone, it is also a necessity to bring these services to the customers in an easy accessible way. This is important for retaining the customer loyalty. When a customer cannot find the promised information, it is most likely that he/she will surf to the competitor's web site. Companies may believe it is the content, which is most important, but forget to realise that a good customer navigation system on the web site might even be a relatively simple way of gaining a competitive advantage.

8.4 Develop scenarios

In order for companies to deal with the speed of development and uncertainty of e-commerce developments in the industry, it is advisable to focus extra attention on developing scenarios. Developing scenarios can prepare a company better for what is *going to happen*. Being prepared for what will happen, even though one can never know for sure, might bring a company an advantage over others who are not. Good preparation might lead to quick reactions to changes, which is, as said by John Chamber of Cisco, a requirement for becoming a successful e-commerce or e-business oriented organisation.

8.5 Look further than one's own industry

Companies should consider the broader scope of competitors when developing an e-strategy and trying to create a competitive strategy. Hence, it is crucial that companies realise that many more companies, even virtual, are trying to capture their customers. Scanning the required broad scope of competitive intelligence will provide companies with knowledge on how to deal and compete with the direct and indirect competitors. Scanning the remote competitors, usually ahead in development, will allow one to develop more probable scenarios.

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APPENDIX

Interview questions for Volvo CE

E-Strategy
- Could you describe how the e-strategy was developed from idea to implementation?
- What is the corporate strategy of Volvo CE Nafta, and how does e-strategy fit or affect the corporate straegy?
- What is the plan after the Nafta e-commerce pilot?
- In what way will the e-commerce strategy in Europe and Internationally be influenced by the e-commerce pilot in Nafta?
- What is the vision, goals with the e-strategy?
- What exactly are the corporate strategy and the corporate vision? How does the e-strategy relate to the corporate strategy?
- What were the main driving forces behind the e-strategy?
- What are the main components of the communication/marketing strategy?
- In what way are these incorporated in the e-strategy?
- What affect will the e-strategy have on the communication with the customer?
- Is this new direct communication affecting the role of Volvo CE in the business game/ model?
- Since the e-strategy first was set, have you made any major changes and if so, what were the reasons/impulses?
- What do you think will be the value of the e-strategy for Volvo CE?
- Do you think speed of development of e-commerce development impacts the e-strategy development, and in that case how?
- How do you continously update the e-strategy?
- Do you think e-commerce is a requirement within this industry?
- Do you foresee any changes in the business model in the industry due to the e-commerce development?

Strategy
- Do you think there exists a difference between the development of an e-strategy and another business strategy?

Competitive intelligence
- Is benchmarking a standard tool for Volvo CE in strategy development? How often do you use it?
- Do you think e-commerce affects the competitiveness/ complexity of the business game in this industry?
- What are your main sources for keeping the e-strategy updated and what is their relative importance?
- What has been the importance of competitive intelligence in the development of Volvo CE's e-strategy?
- What were the goals of conducting a benchmark?
- What do you think are the pros and cons of using a benchmark?
- What role did the former benchmark play in the development of the e-strategy?
- In what way has the benchmark been used?
- In what way were the e-strategy and implementation of it affected or changed (if at all) by the two benchmarks?
- Do you see a better way of gaining competitive intelligence than benchmarking that would have helped you develop that e-strategy better?

Interview questions for the companies

E-strategy
- What are the general components of your e-strategy?
- How far are you in your e-commerce development / implementation process, and how is the development relative to competition?
- Why did you start an e-strategy, what are the main driving forces behind the e-strategy?

Strategy
- Do you see any difference between e-strategy development and other types of strategy developments?

Competitive intelligence

- What role and importance did competitive knowledge have in the development of your e-strategy?
- Do you see any difference in role and importance of competitive intelligence between e-strategy development and other strategy development?
- Was the role and importance of competitive intelligence different in different stages in your e-commerce development?
- What approaches have you used in order to gain that competitive knowledge?
- Have you gone into the question of how the competitors are organising the e-strategy behind the web site? E.g. the processes.
- Did the competitive knowledge diminish the insecurity about the e-strategy development?
- Do you think the e-strategy is surrounded by more insecurity than other strategies, in that case, how does that affect the e-strategy and the implementation of it?
- Does your e-strategy incorporate scenarios about the future?
- What do you regard to be the main advantages of using competitive intelligence in the creation and implementation of an e-strategy?
- What do you regard to be the importance of competitive intelligence on direct, indirect competitors and companies in other fields in the development of your e-strategy?
- What effects did the competitive knowledge have on the direction of the strategy and the implementation of it.
- Besides having a tactical value, do you think benchmarking or competitive intelligence may provide you with a strategic value?

Interview questions for the consulting firms

- Do you see any differences between e-strategy development and other types of strategy development?
- How important is competitive intelligence when you help develop e-strategies for your clients?
- What sources or tools for gaining that competitive intelligence are frequently used?
- What is the main source for a continuous updating of companies' e-strategies?
- Are customers requesting "e-strategy benchmarks" and if so - how is that conducted?
- What do you regard to be the pros of cons of benchmarking as a tool for developing a company's e-strategy?
- Do you see any correlation between speed of development or uncertainty and the importance / use of competitive intelligence?
- Does the importance / use of competitive intelligence differ in different stages of e-strategy development?

Benchmark method of web sites

Functionalities		
GROUP 1: INFORMATION		
Total offer presentation		
Full Line Up	Listing of complete product range	
1.0	Complete product line up	
.5	No complete line up	
0	NA	
Basic Specs	Basic description divided into categories for each product	
1.0	3> main categories for each product	
0	0 Main categories for each product	
Full Specs	20 Main Specs for each product	
1.0	20 Main Specs for each product	
0,75	10> Main Specs for each product	
0,5	20 Main Specs, not for all products	
0,25	10> Main Specs, not for all products	
0	No Main Specs	
Pictures	Pictures of products	
1.0	Application Picture & Downloadable application picture	
.75	Application Picture	
.5	Product picture cut out	
.25	Only line art	
0	No Pictures	
Video	Downloadable Video of products	
1.0	Machine/Application Specific video	
.75	Machine Specific video	
.5	General Video	
.25	NA	
0	No Video	
Attachments	Listing of attachments	
1.0	50% of models have attachements linked to Model with Specs and pictures	
.75	50 % of models have attachments linked to model	
.5	Attachment listing per product line	
.25	Mentioning that attachments are available	
0	No mentioning of attachments	
Special Offers	Special Offers/ Marketing initiatives	
1.0	Targeted Banner	
.75	NA	
.5	Non-targeted General Banner	
.25	NA	
0	NA	

2. CUSTOMER INTERACTION/ SERVICES		
Dealer Locator	Ability to locate dealers	* describe what they have
1.0	Multiple way of finding dealers	with search engine
.75	Single way of finding dealers	
.5	Dealers listed regional area	
.25	Simple listing of dealers	
0	no specific dealers listed	
Dealer Contacts	Ability to contact Dealer	Describe/ outlook e.g.
1,0	50% of dealers have a downloadable website and email	
0,75	Connection to dealer email adress	
0,5	Notion of email adress	
0,25	Notion of just Tel. + Fax	
0	NA	
Rental Locator	Ability to locate dealers with rental equipment	
1.0	Full search for specific equipment with locational filter	
.75	Full search for specific equipment	
.5	Listing of dealers with rental facilities	
.25	Mention of seeing a dealer to rent equipment	
0	No specific rental info	
Vehicle Configurator	Ability to configure equipment	
1.0	Suggested Configuration with price	
.75	Suggested Configuration	
.5	Graphic Configurator	
.25	Non-graphic Configurator	
0	No configuration	
Finance/ Calculator	Ability to calculate the financing	
1.0	Suggested financing programs linked to configurator	
	and ability to calculate with the proposed interest rates	
.75	Suggested financing programs linked to configurator plus calculator	
.5	Financial Calculator	
.25	Description of financial offerings	
0	No mention of financial offerings	
Parts Locator	Ability to locate parts	
1.0	Ability to search on part / dealer / availibilty with order capability	
.75	Ability to search on part / dealer / availibilty and submit RFQ to dealer	
.5	Ability to search on part and submit RFQ	
.25	Ability to search on part and receive list of dealers	
0	No parts search	* inc. new parts

Used Vehicles Locator	Ability to locate Used Vehicles	
1.0	Ability to search on unit / dealer / availibilty with pictures & certification/rating	
.75	Ability to search on unit/ dealer / availibilty and photos	
.5	Ability to search on unit/ dealer/availability	
.25	Ability to search on unit/ dealerlist	
0	No used vehicle search	* inc. parts
Competitive Comparison	Ability to compare models	
1	Ability to select models and OEM's, and comparison on full specs	
0,75	Ability to select models and OEM's, comparison on basic specs	
0,5	Listing of certain models and OEM's, comparison on full specs	
0,25	Listing of certain models and OEM's, comparison on basic specs	
0	No comparison	
Service Bulletins	Ability to see techincal information on products	
1.0	Ability to search for technical information by VIN inc advanced search	
.75	Ability to search for technical information by VIN	
.5	Ability to search for technical information on units	
.25	Listing of Technical Information	
0	No technical information available	
Customer Data Handling	Capture of vistor information and the level of customization	
1.0	Complete user ID and return visit recognition with customization	
.75	Complete user ID and return visit recognition	
.5	Complete user ID and return visit login	
.25	Registration but no visit login or recognition	
0	No registration required anywhere	
FAQ	Frequently Asked Questions	
1.0	Advanced Search	
.75	Ability to search on product line	
.5	Simple listing	
.25	NA	
0	No FAQ's	

3: TRANSACTION		
Buy Equipment	Buy equipment	
1.0	Full Transaction via internet	
.75	Transaction via RFQ supported by configrator or locator	
.5	Transaction via RFQ	
.25	Contact Information	
0	No ability to buy equipment	
Buy Used Equipment	Buy equipment	
1.0	Full Transaction via internet	
.75	Transaction supported by locator	
.5	Transaction via RFQ	
.25	Contact Information	
0	No ability to buy equipment	
Buy Parts	Buy parts	
1.0	Full Transaction via internet	
.75	Transaction via RFQ supported by locator	
.5	Transaction via RFQ	
.25	Contact Information	
0	No ability to buy parts	
Buy Manuals	Ability to purchase manuals online	
1	Full transaction via internet	
0,75	NA	
0,5	Transaction via RFQ	
0,25	Contact information	
0	No online purchase of manuals	
Buy logo goods	Ability to purchase logo goods online	
1	Full transaction via internet	
0,75	NA	
0,5	Transaction via RFQ	
0,25	Contact information	
0	No online purchase of logo goods	
Offer to Sell Used Equip.	Ability to sell used equipment	
1.0	Ability to self - list used equipment	
.5	Ability to list via offer to sell to dealer	
0	No ability to sell	

112

4: EASE OF USE		
Structure of site	Ability to navigate with presence of navigation bars	
1.0	Ability to constantly link to first level categories, level below and to line side	
.75	Ability to link to first level categories and to line side	
0,5	Ability to link to first level categories	
.25	Ability to link forwards and backwards	
0	NA	
Architecture of site	Are "wanted" (*) services offered standard as a frame?	
1	Customer "desired" services are offered as a first level category	
0,75	Some "desired" services are found in the second level category	
0,5	NA	
0,25	Important "desired" services are found below first and second category level	
0	NA	
Depth of site	Number of clicks to reach "wanted" information	
1	You will reach the information after 2 clicks form frame	
0,75	You will reach the information after 3 to 4 clicks form frame	
0,5	You will reach the information after 5 to 6 clicks from frame	
0,25	You will reach the information after more than 6 clicks from frame	
0	NA	
* Definition "wanted":	Customers are mainly looking for new equipment info,	
	used equipment inventory/ ordering, parts inventory/ordering,	
	rental and the dealer locator.	

Presentation benchmark of a web site

——— *JOHN DEERE* ———
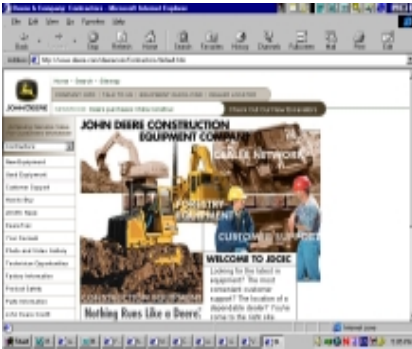
CHARACTERISTICS / OPINION

• Very well structured site, easy to find "right" information

• Contains high level of customer interaction and responses via email are quick. Only site where interaction with the dealer has occurred.

• JDEERE.parts.com advanced search engine behind firewall. Ordering request will be sent to closest dealer. Also search for other OEM's parts (e.g. Volvo). Site recognizes customer at second visit.

• Only Deere offers a Quick Machine Search engine

• Relatively advanced (best of 6 competitors) competitive comparison, however hidden.

• Despite all good, still a lack of certain services such as rental locator and attachments.

Functionalities	0.25	0.5	0.75	1	62%
Group 1: Information					60%
Full Line Up					
Basic Specs					
Full Specs					
Pictures					
Video					
Attachements					
Special Offers					
2. Customer Interaction / Services					64%
Dealer Locator					
Dealer Contacts					
Rental Locator					
Vehicle configurator					
Finance/ calculator					
Parts Locator					
Used Vehicle Locator					
Competitive Comparison					
Service Bulletins					
Customer Data Handling					
FAQ					
3: Transaction					47%
Buy Equipment					
Buy Used Equipment					
Buy Parts					
Buy Manuals					
Buy Logo goods					
Offer to Sell Used Equipment					
4: Ease of Use					95%
Structure					
Architecture					
Depth of site					

info behind firewall