

CHALMERS



Product Launch Marketing Strategy

Introducing a cash flow software

Bachelor of Science Thesis in Industrial Engineering and Management

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Bachelor Thesis TEKX04-13-05

Acknowledgements

This bachelor's thesis was made by five students from the Department of Technology Management and Economics at Chalmers University of Technology, Gothenburg. The project was made to support Trimbia in their market entry.

Thanks to:

Erik Bohlin, Supervisor, Professor and Head of the Division of Technology and Society, Department of Technology Management and Economics at Chalmers University of Technology, Gothenburg, Sweden.

Tomas Karlsson, Associate Professor, Technology Management and Economics at Chalmers University of Technology, Gothenburg, Sweden.

Keith Comer, Department of Language and Communication at Chalmers University of Technology, Gothenburg, Sweden.

Daniel Olsson, Trimbia, Encubator, Gothenburg, Sweden

Carolin Moberg, Trimbia, Encubator, Gothenburg, Sweden

John Wade, Trimbia, Encubator, Gothenburg, Sweden

Jens Björk, Trimbia, Encubator, Gothenburg, Sweden

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Gothenburg, Sweden
May 2013

Sammanfattning

Trimbia är ett företagsprojekt som har utvecklat en molntjänst som levererar kassaflödesanalyser till små och medelstora företag. Detta är en mjukvaruprodukt som inte finns på den svenska marknaden sedan tidigare. Eftersom nya mjukvaror är svåra att skydda, samt att den finansiella situation i början av sommaren kommer att avgöra om företag ska fortsätta drivas har det uttryckts att det är viktigt med en snabb diffusion av produkten och att Trimbia har uppnått en tillräckligt hög omsättning vid denna tidpunkt. De primära målen har därför fastslagits till snabb diffusion av produkten och höga intäkter. Ledningen har efterfrågat konsultation med att marknadsföra sin produkt med de knappa resurser och finanser som finns att tillgå.

Syftet med rapporten är därmed att utforma en marknadsföringsstrategi åt Trimbia och bidra med en rekommendation om hur de bör agera vid lanseringen av sin produkt. Detta genomförs genom att utreda termen kassaflöde och dess värden för kunder och övriga intressenter, samt att finna en bra metod för att marknadsföra företaget och dess produkt. Den metod som har valts är marknadsföringsmix bestående av 4P, vilka är produkt, pris, promotion och plats, kombinerat med marknad och positionering. Detta tillämpas på Trimbia och fem företag som ansetts erbjuda liknande eller substitutionella produkter.

Kunskap om dessa områden har först inhämtats teoretiskt, för att utgöra ett ramverk till datainsamlingen i den empiriska delen av arbetet. Teoretisk information kommer från litteraturstudier av lanseringsstrategier med fokus på marknadsföringsmix och kassaflöde. Empiriskt material har samlats genom intervjuer och datainsamling från Trimbia och de fem konkurrenterna. Empiri och teori har senare analyserats och sammanställts till en rekommendation.

I analysen har all samlad fakta analyserats till olika möjliga förbättringsförslag där för- och nackdelar utvärderas. Slutligen kommer en rekommendationsdel. Här finns endast de förslag med som anses ge tydliga förbättringar för Trimbia. Även en diskussionsdel och en del för fortsatta studier tas upp här.

Abstract

Trimbia is a startup that has developed a cloud service delivering cash flow analysis for small and medium sized companies. This is a software product that does not yet exist on the Swedish market. Because new software are hard to protect and the financial situation in the beginning of the summer will determine if the business will continue it has been expressed that it is important with a fast diffusion of the product and that Trimbia has reached high enough revenues at this time. Thus, the primary goals has been identified as fast diffusion and high income. The top management has demanded consultation to market their product with scarce resources and finances.

The purpose of the report is to form a marketing strategy for Trimbia and help them with a recommendation how to act by a product launch. This is made by investigating the cash flow statement and its values for customers and other stakeholders, but also to find a good method to market the company and their product. The method that has been used is Marketing Mix consisting of the 4P:s which are product, price, promotion and place, combined with market and positioning. These are applied on Trimbia and five companies that are considered offering similar products or substitutes.

Knowledge about these areas has first of all been collected theoretically to build a framework for the gathering of data in the empirical part of the project. Theoretical information comes from studies of literature from launching strategies with focus on Marketing Mix and cash flow. Empirical material has been collected through interviews and data collection from Trimbia and the five competitors. Empirical and theoretical information has later been analyzed and summarized to a recommendation.

In the end there is a recommendation part. Here are the suggestions that will give Trimbia clear improvements. In the end part there are also a discussion part and a part for further studies.

Glossary

Accountant: A person whose job is to keep or inspect financial accounts (Oxford)

Accounting consultant: Person who assists clients with accounting services and consulting in accounting, taxation and entrepreneurship.

Break-even: Reaching a point in a business venture when the profits are equal to the costs (Oxford)

Fund flow statement: The flows of funds in the company summarized

Funds: All financial resources in the company

Income statement: American name for profit and loss account

Incubation: The process of thinking about a problem subconsciously while being involved in other activities

Long-term: Lasting over a long time

Non-cash transaction: A non-cash transaction is a contract, business affair or economic event in which a company does not dole out any sum of money

PR (public relations) The professional maintenance of a favourable public image by a company or other organization or a famous person (Oxford)

Profit and loss account: Displays the net profit

R&D (research and development) : Work directed towards the innovation, introduction, and improvement of products and processes (Oxford)

RoRoI (Rate of return on investment) : The ratio of money gained or lost

RoI (Return on investment) : The concept of an investment of some resources yielding a benefit to the investor.

Short-term: Opposite of long-term, usually shorter than a year

Tangible: Something that is perceptible by touch (Oxford)

TMT (Top management team) : A group composed of the CEO, the president, and the heads of the most important departments.

WTP (Willingness to pay): The maximum amount a person would be willing to pay, sacrifice or exchange in order to receive a good.

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1 Introduction

This chapter introduces the background and the problem analysis for this thesis. It starts with a brief summary of Trimbia's history and current situation. It is followed by an introduction of cash flow and cloud computing which are two vital concepts for the report. The chapter also presents the purpose of the report with its tasks and delimitations.

1.1 Background

Trimbia is a new company founded at Chalmers school of Entrepreneurship. It is a part of the Encubator project, which combines incubation and education (Encubator 2013). Since August 2012 Trimbia have been using a lean startup method, meaning that they have been interviewing small companies in search of a business opportunity (Lean startup 2013). The directive given for the task was that the opportunity was supposed to be a finance or management oriented software. By using this method, they have identified a market pull for a product which assists their clients on a daily basis.

After making about 70 interviews with small companies, Trimbia concluded that many of them shared a lack of control over their cash flow. The interviewed companies had a hard time grasping the business incomes and expenses on a daily basis¹. This lack of knowledge and control regarding the cash flow pose a problem to companies, especially smaller companies where financial business decisions have a higher impact on the liquidity. If a company's liquidity is too high, the interest will either be zero or very low. On the other hand, if the liquidity is too low, it could lead to difficulties in honoring ones monetary obligations. In light of this, survival of the company is heavily dependent on careful handling of expenses. (Hansson, 2006)

Trimbia's solution to the problem is a user friendly software illustrating the customer's cash flow in the present and future. Their product, referred to as XX, is a cloud based service. This means that it is accessible with any computer connected to the Internet. The development has been performed during the winter of 2012/2013 and their product launch was in March in 2013.

Realizing that the marketing strategy is a huge subject, Trimbia requested assistance in creating a marketing strategy to succeed with their initial goal, to break-even. As a part of the marketing strategy, Trimbia needed help with defining the values of their product. There are two ways to distinguish the value. One aspect is to look at the theoretical value, what values a good cash flow analysis tool could give the customer. The other aspect is by looking at the relative value, the value of the product relative to direct competition and substitutes. The request was made with the aim to give Trimbia a second point of view on what values of the product potential customers may be approached with. An analysis of companies competing to Trimbia, as well as Trimbia itself, was also requested in order to create a reliable source of information to base future marketing decisions on concerning XX.

The report aims to help Trimbia make informed decisions in the creation of a marketing strategy for XX, succeed with the diffusion of the product and to break-even.

1.1.1 Definition cash flow

As cash flow control is what XX provides, this chapter will explain the term cash flow and how it is used throughout the report.

Cash flow in general terms describes how cash moves in and out of a system over time. Cash flow can be explained as "the total amount of money being transferred into and out of a business" (Oxford dictionary 2013a) or "Incomings and outgoings of cash, representing the operating activities of an organization" (BusinessDictionary 2013).

¹ Olsson, Daniel and Moberg, Caroline (Head of finance and head of communication, Trimbia) 2013

Liquidity is the amount of capital available for investment and spending in a company (Oxford Dictionary 2013b). This is an important term in cash flow usage since it describes how the cash flow is at a certain time. Two common uses of cash flow are the cash flow statement and cash flow analysis.

A cash flow statement is a summarized statement showing the inflows and outflows of cash of an enterprise during a defined period of time. The statement summarizes all cash flows between two financial years and reports the net cash flow from each activity within the enterprise. Cash flow statement is an important analysis tool for the management and it helps the management to assess the ability of the enterprise to generate cash resources from its activities. It is commonly used to predict future cash flows, to plan short-term financial planning and to indicate the position of the enterprise regarding liquidity. The cash flow statement is primarily used for cash flow analysis. (Bhattacharyya, 2011)

Cash flow analysis is a financial analysis of a cycle of cash in- and outflows during a set period of time, ranging from daily to annual reports. The purpose is to maintain an adequate cash flow for the enterprise by providing a basis for the management to act on. The cash flow analysis involves examining the parts of business that affect cash flow, such as accounts receivable and accounts payable. By doing the analysis the management can more efficiently identify cash flow problems. (Bhattacharyya, 2011)

1.1.2 Definition cloud computing

XX is delivered to customers by being accessed over the Internet. The software is stored and distributed by a technique called cloud computing. This section will explain what cloud computing is.

Cloud computing provides services over the Internet, and these services are provided by hardware and software systems in data centers. Cloud computing is hardware, software and service altogether. Cloud computing allows users to access the amount of hardware resources needed at the moment, and later add or remove resources based on demand and need. This eliminates the need for the user to plan its resource consumption in advance. (Armbrust 2010)

Cloud computing can be a cost-efficient solution for a company by adapting capacity to the variations in demand. Cloud computing is then used as an alternative to installing the capacity within the company. An internal installation could result in an overcapacity that would generate unnecessary costs. Cloud computing is also useful when the demand is unknown in advance. Web startups are an example of companies that may need support with capacity if the demand suddenly changes. Also, companies that need to make substantial calculations may find a use in cloud computing, allowing them to make computations much faster due to a greater amount of resources. (ibid)

Cloud computing has an important advantage by offering the required hardware and software capacity when they are needed. By using cloud computing, a purchase is avoided and the user instead pays a subscription fee. An issue with the technique is that it may cause owner disputes about who owns the data and information processed through the data center. It also puts the safety issue in focus, how well data is protected when it is used and stored in "the cloud". Cloud computing may cause a lock-in where the user is locked to one provider because the data transfer to another provider would be too expensive or difficult. Another issue is the performance of the servers that are used and how they are backed up. If the servers go offline, it might take time to restore the servers and the data on them. It could also result in complete loss of the data. (ibid)

1.2 Purpose

The main purpose of the report is to create a well-founded framework to a marketing strategy by analyzing Trimbia and companies with similar or substituting products. This will provide Trimbia with advice on how to form their marketing of XX, the advices will aim to create a fast diffusion and make break-even.

A second purpose is to identify possible values of the cash flow provided by XX for the customer. This information will help Trimbia realize as well as communicate their products values theoretically. The information is also aiming to give Trimbia an advantage in comparison to potential competitors. When

forming the marketing strategy, the report will take into consideration that Trimbia is a new venture with a small budget.

Based on results from the report, recommendations will be submitted in order to supply Trimbia with conclusions made in this project to help Trimbia with the marketing of XX. The questions the report will be based on are:

- How should Trimbia develop their marketing strategy keeping the company's restrictions in mind?
- How can Trimbia succeed with their marketing to create a fast diffusion of XX and make break-even?
- In what aspects can cash flow analysis create customer value?

By analyzing the theoretical and empirical information gathered, recommendations which fulfill the purpose will be submitted.

1.3 Task

Trimbia have stated that they require assistance with their product launch. According to Gans and Stern (2003), startup innovators normally lack experience in the appropriate market for their innovation, due to their small size and youth. One of the key management challenges for these companies is how to create economic returns from a promising technology (Ibid). This is the challenge that Trimbia is currently facing.

Trimbia expressed an interest towards companies with products that have a high resemblance to their own and have been successful in the software industry. These criteria will be the deciding factors when selecting which companies to evaluate. After selecting the companies, their marketing will be examined and analyzed. The focus is on identifying successful components and how Trimbia can use them to their advantage to make their product successful.

The report consists of two main tasks which intend to form how Trimbia can create a fast diffusion of the product and manage to make break-even. This is done by analyzing Trimbia and their product as well as a five indirect competitors established in today's market. The second task is to research and present the values of cash flow theoretically and find direct and indirect values for the user of the services provided by XX.

Since the effective commercial life cycle only is a few years for most software, it is imperative that a product achieves a fast diffusion (Goldman 2012). The innovators of software receive an edge through the early mover advantage (Ibid). Trimbia acknowledges this and have stressed the importance of quickly establishing themselves to gain advantages on the market. Since Trimbia have limited resources as a startup venture, Trimbia have expressed the need of a report assisting them in their decisions regarding their marketing strategy.

The intention is to continuously communicate with Trimbia to ensure that the final product is of value to Trimbia's management. To achieve satisfying end results, working closely is a requirement since it would be helpful for Trimbia to constantly get access to new results. This would enable Trimbia to process the information further and make it easier for them to see what additional information that has to be gathered in order to obtain a solid foundation in their decision making.

1.4 Delimitations

Time, financial resources and manpower are limited assets to both Trimbia and the writers of the report. The agreement with Trimbia is that the report will be a reduced marketing strategy. The report will consist of identifying the key value of cash flow analysis and evaluating Trimbia's and competitors' products. The evaluation will be made through comparing the identified products.

With Trimbia only having a few customers where none were interested in being interviewed, the empirical research performed in the thesis is based on the idea and information communicated by Trimbia such as the

interview material gathered before XX launch. The information may therefore unintentionally be represented from Trimbia's point of view, meaning it is biased.

Trimbia used lean startup when searching for a business opportunity which resulted in a targeted segment of companies that have 3-15 employees. This report will focus on the same target group. Other potential customers will not be explored to any greater extent in this report.

The report will also compare the potential competitors' offers to XX. Since XX is a software product under constant development, reasoning will be limited to how XX works at the moment and how Trimbia is planning to modify the product.

Five competitors were chosen to be compared with Trimbia. Four of the companies are offering their service as a cloud service while the fifth, Excel, is traditional software. Out of the four cloud services one is a tool made for analyzing cash flow, Pulse. The other three are bookkeeping software targeting small firms. Speedledger have a close cooperation with banks and are offering auto-accounting, meaning that the posts the user registers on the bank account can be transferred to Speedledger's software. E-conomic and Fortnox are collaborating with bookkeeping consultants. Fortnox are offering many small modules of financial solutions while E-conomic are focused on bookkeeping. Demo versions of each software have been tested and the empirical product data is based on these tests. Focus in comparison and analysis will therefore be on these demos and not potential aspects of other versions.

Trimbia's financial capacity will limit the recommendations in the marketing strategy, other possible methods will still be presented in the theoretical chapters since Trimbia's finances is not a fixed value.

Trimbia and other companies will be mentioned in a plural form since the report refers to the top management team (TMT). This plural language is kept when talking about companies as the report strives to be consistent.

1.5 Summary of the introduction

Trimbia, a newly started company has developed a cash flow software product mainly for use by small and medium sized companies with 3-15 employees. A definition of cash flow is "the revenue and expense stream that changes a cash account over a given period".

The product is a cloud service which means that the software is provided by remote servers and the software is always available as long as there are connections to the Internet.

The purpose of the project is to form a marketing strategy for Trimbia by analyzing the company itself and five competitive companies. The project is formed with consideration taken that Trimbia is a new venture with a small budget. Values of cash flow are extracted and will be communicated to possible customers.

There are two main tasks of the project. The first is to find and evaluate the values of cash flow and to find values for users of Trimbia's service. The second is to help Trimbia creating a fast diffusion of the product and manage to make break-even. To achieve good results a close working process with Trimbia is required.

Some delimitation has been made to keep the project on the right track. First of all the product was not finish until Mars 2013 which meant that all information about the product was collected from Trimbia themselves. This information represents the point of view from Trimbia and might not exhibit an objective truth.

To understand the issues, background and to be able to solve the tasks and purposes of the introduction a theoretical framework will follow to find a correct tool to work on.

2 Theoretical framework

This chapter discusses relevant theory connected to the thesis. It starts with outlining basic theory about marketing strategy, which is the frame for the thesis. Trimbia is an entrepreneurial company and for this reason perspectives of new ventures is also included in the framework. It describes the similarities in the creation of a traditional marketing strategy and a marketing strategy for a recently started business. The chapter ends with a description of three methods that could help Trimbia in forming a marketing strategy and the justification of the method chosen in this thesis.

2.1 Marketing strategy

Marketing strategy is the process in which companies focus on their resources to exploit opportunities with the goal of increasing sales and achieving long term competitive advantages. This is done by formulating, evaluating and selecting market oriented strategies. These should also align with the goals of the company. According to Ferrel (2011), the goals has two purposes, to mark the strategic direction of the firm and provide parameters by which performance will be measured. The marketing strategy outline how the firm will achieve its objectives (ibid). Marketing strategies are used to leverage strengths and capitalize on opportunities that exist in the market. Without different strategies among competing businesses, like product or service differentiation, the price become the only competitive factor. With price as the only competitive factor, new ventures get a hard time competing on a market with established firms that have been able to lower their production costs. To avoid this situation and be able to meet customer needs better than competitors, a company requires a solid marketing strategy pointing in a distinct direction. (Ferrel, 2011 and Jain, 1999)

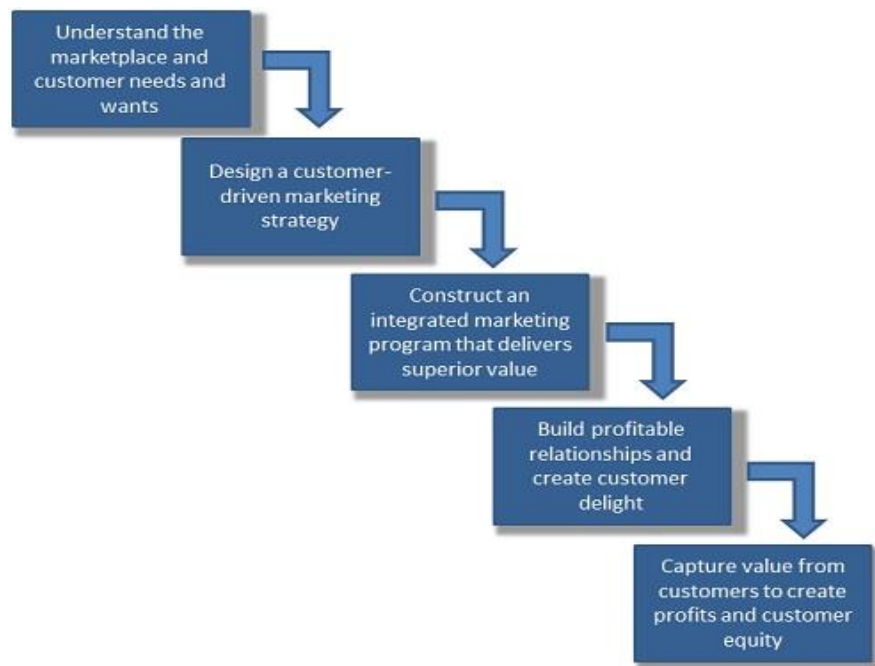


Figure 1 Marketing process (Kotler, 2009)

In order to develop an effective marketing strategy, it is important to create a good understanding of the market and the customers. Kotler (2009) identifies steps of a marketing process to examine. First, information about the marketplace where customers have specific needs and wants is acquired. The customer's needs and wants leads to the next step of the process which is designing a customer driven marketing strategy. Marketing strategies includes all activities, long- and short-term, in the area of marketing which deal with the

analysis of the strategic initial situation of a company. The third step, following the marketing strategy, is to make customers realize the needs and wants of the offered product and thereafter satisfying the customer expectations with the offered product. The last two steps are about building profitable relationships with customers, which deals with ways to retain customers, and to gain profit by capture the value from the customers.

2.2 New Venture Entry Strategy

A new venture entry strategy is simply put a part of the marketing strategy. As the marketing strategy is a continuous process that will be present over the company's lifespan it is a broad term. To make the term more precise, expressions like New Venture Entry Strategy are made. The expression limits the broad expression of marketing strategy into new ventures and theories about their market entry.

A new venture is defined as a recently formed firm. Recent in this context refers to an age of eight years or less (Zahra, 2007). Carter (1996) describes the venture process as "transforming a caterpillar into a butterfly". The metaphor aims to describe the journey a firm undertakes from identifying an opportunity to a stable market with a launched product; this is the company's venture. D. A. Shepherd and M. Shanley (2000) conclude critical elements to a new ventures success into being; research and development, initiate production, expand manufacturing facilities and building a reputation. Dealing with these elements is a continuous process stretching over the lifetime of the company but especially important in the beginning.

During the creation process of a company's new venture entry strategy the TMT will be dealing with several decisions on how to lay out their strategy. All companies will be forced to make choices along the way but most form some kind of strategy early in their startup process. Most of this strategy would be the entry strategy, where the entrepreneur or top management team (TMT) makes short- and long-term plans on how to exploit the identified market opportunity. These decisions on how to approach a market is constantly under evaluation to find the most effective and profitable way. The information gathered often result in theories made, from these theories guidelines are published and methods formed.

2.3 Methods to form marketing decisions

There are many ways to form a marketing strategy. When researching marketing entries and trying to form a strategy, companies commonly form their strategy around the competitive aspect of the market. This section will look through different methods of forming a marketing strategy. When the methods have been described, a conclusion about what method to use when forming a marketing strategy in this thesis is presented. The conclusion will include the factors of why the other methods were not chosen.

2.3.1 Porter's five forces

Porter's five forces is a helpful tool in the strategy development process. Porter's method is intended to be used investigating how attractive a certain market is for a company to enter. Fig 2. As the image illustrates, the central aspect is direct competition in the marketplace.

The Five Forces That Shape Industry Competition

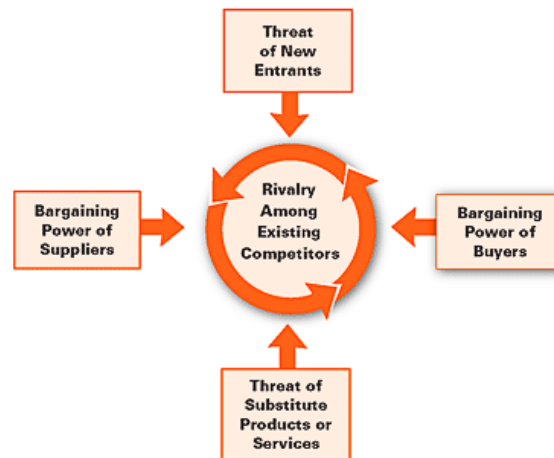


Fig 2: Porters five forces (Porter, 2008)

Porter emphasizes the role of differentiating the offer from those of the rivals in order to avoid price wars. Additionally, he states that threats of new entrants and substitute offerings as well as bargaining power of suppliers and buyers need to be taken into consideration as it may hurt your prospective profits. With too much power, customers can affect prices by forcing competitors into price wars against each other. A recommended solution is to make it harder for customers to buy from another company by expanding the offered services. On the other side, the suppliers can raise their prices, causing profits to diminish. To reduce the bargaining power of the suppliers it is important to make it easier to switch vendor, which can be achieved by standardizing specifications for needed parts. New entrants are a threat best dealt with through the creation of barriers. Substitute offerings may steal customers and all relative advantages should be exploited. (Porter, 2008)

2.3.2 SWOT

Another method widely used is SWOT, the acronym stands for strengths, weaknesses, opportunities and threats. The method involves analyzing the external opportunities and threats with respect to internal potential in order to find profitable business opportunities suitable for the corporation. SWOT-analysis compares corporate strengths and weaknesses to identified opportunities and threats in the marketplace. The purpose is to ensure a fit between the internal qualities and the external situation by listing identified factors in each category, then comparing and weighing them against each other. This is a method used frequently but it is also questioned and rejected by many. Pahl (2007) states that it is a subjective assessment and Henry Mintzberg, an internationally renowned academic and author on business and management, criticizes it for using a few basic ideas to design strategy and making it a process of conception Hill (1997). Valentin (2007) accuses it of having shallow theoretical roots and promoting superficial scanning and impromptu categorizing in lieu of methodical inquiry. He argues that it can be problematic to determine the impact, positive or negative and major or minor, of noteworthy particulars. Tradeoff factors are often too complex to appraise without diagnosing and articulating their effects on competitive strength and customer value.

2.3.3 Marketing Mix

Marketing Mix is a tool used for creating marketing strategies. The mix is the different ingredients that are needed for a successful marketing management. Borden (1964) made the concept Marketing Mix popular in The Concept of the Marketing Mix.

McCarthy (1960) grouped the most important competitive advantages into the four P's that can be used in assessing the state of the market for a company or product. These four P's are product, price, place and promotion. The tool is often used from a company's perspective when forming and analyzing a marketing

strategy. The Marketing Mix may be combined with other areas of the market to complement the 4P's. These parts are usually added to complement the Marketing Mix into a more comprehensive marketing strategy tool for the creation of a marketing strategy.



Figure 3: Marketing Mix (Learning marketing 2013)

2.3.4 Conclusions of methods to form marketing decisions

When choosing method to work with, the main focus was its relevance to Trimbia and their current situation. Trimbia expressed their situation as rapidly evolving and in need of a good marketing foundation to help them take big decisions with short deadlines. The three methods that emerged as candidates were Porters Five Forces, SWOT and Marketing Mix. As mentioned before, Marketing Mix in itself is not a method but rather a composition of important market-pieces usually revolving around McCarthy's 4P's (1960).

While researching these three subjects SWOT was the first to come up with heavy criticism. This was due to its tendency to obscure critical elements because of a flat hierarchy in between different elements considered as strong or weak, as well as the subjectivity the method rely on. The subjectivity was looked upon as especially detrimental when a value of strong or weak would have to be ascribed early in the process and impact the whole report. The writers of the report concluded the method to be a weaker choice than the other two.

Porters Five Forces was concluded to be a strong method due to its well documented and straightforward steps. The method is described as primarily being a tool for determining the potential return on investment (RoI), a good tool for businesses considering a potential market entry. This was not necessarily considered a weakness since the potential RoI still was an interesting question even though Trimbia already had chosen to enter a market.

Another aspect brought up was the competitive focus of Five Forces. The focus is certainly an important aspect in Trimbia's marketing strategy. Porters Five Forces have implied focus on a material product, as bargaining power of supplier, which make the method lose a lot of its value for Trimbia. Their supplier may

be a server park at unknown location, due to Trimbia's product XX, existing as a cloud service. This focus was among the reasons to why it was not chosen. Trimbia expressed a need for wider knowledge, the five forces were therefore considered to be a too precise and one sided tool for this task. Certainly there was a need to evaluate the competition but all of the evaluated methods were taking the competition into consideration.

Another reason behind turning down the Five Forces method was that even though there were a few companies delivering software products that could give the customer a similar value, there were no direct competitors discovered on the Swedish market. Since Trimbia had clearly expressed that the market they geographically targeted was Swedish, their market was to be considered free from direct competitors which made the force "rivalry between existing competitors" hard to evaluate. Porters Five Forces was finally deemed a good method but less fitting for the task at hand.

The Marketing Mix revolving around 4P's was acknowledged as a basic method to evaluate a company's situation. The 4P's not relying as much on early subjective conclusions as SWOT and less focused than Porter, especially with the ability to extend with pieces, was considered as important since the Marketing Mix is not locked to just 4P's but customizable. The 4P's were going to deliver a lot of what Trimbia described as in need of, this was also the area where the information they shared fitted most naturally. While 4P's were a good match to the task at hand it was not delivering the whole value requested. To be able to analyze and improve the marketing two additional parts were added; market and positioning. This was considered a good way to fill the gaps of the 4P's and delivering a more complete marketing foundation. Market and positioning was also chosen to illuminate the connections tying the chosen mix together.

Based on this research and reasoning it was concluded that Marketing Mix was the best approach for this particular study. To able the report to deliver the requested values to Trimbia, an analyze of Trimbia's current situation will be made. The current situation will be evaluated through the Marketing Mix consisting of the 4P's, market and positioning implementing a research on companies with products identified as similar or substitutes to XX was decided upon.

2.4 Summary of the method

In this chapter the reader is introduced to theoretical frameworks related to a study of this kind and thereafter the selected method in this particular study is motivated. The case requires a theoretical introduction to marketing strategy and new venture entry strategies to determine the conditions. Figure 4 shows the frame for the theoretical framework.

A marketing strategy is important for a company trying to differentiate itself in the market, creating a competitive advantage. To do so, a good understanding of the market and its customers is needed. These customers should be divided into segments based on common denominators, a segment is then to be chosen and an offer designed to best fulfill their needs. According to the theoretical discoveries, this is where tactical activities can be initiated in order to carry out the strategy.

New venture entry strategy is a term further narrowing the concept of marketing strategy to address situations where the entrant is a newly established company. Building reputation becomes increasingly important and decisions are often made along the way, although a short-term entry strategy may be stated.

Three potential methods to apply for this particular study have been identified. First out was SWOT-analysis which was rejected due to its subjective nature and the complexity of defining strengths and weaknesses.

Trimbia have already made the decisions related to the market entry, which made Porter's five forces less significant. Porter's five forces was left out also because it was too precise and one sided tool for this task.

The choice was instead a research based on the Marketing Mix, consisting of the 4P's combined with market and positioning. This approach is implemented in a research including Trimbia and four other products

identified as similar or potential substitute products to XX. The intention is to find a base for decisions about how Trimbia should execute their tactical activities to obtain a high degree of diffusion and reach their goals.

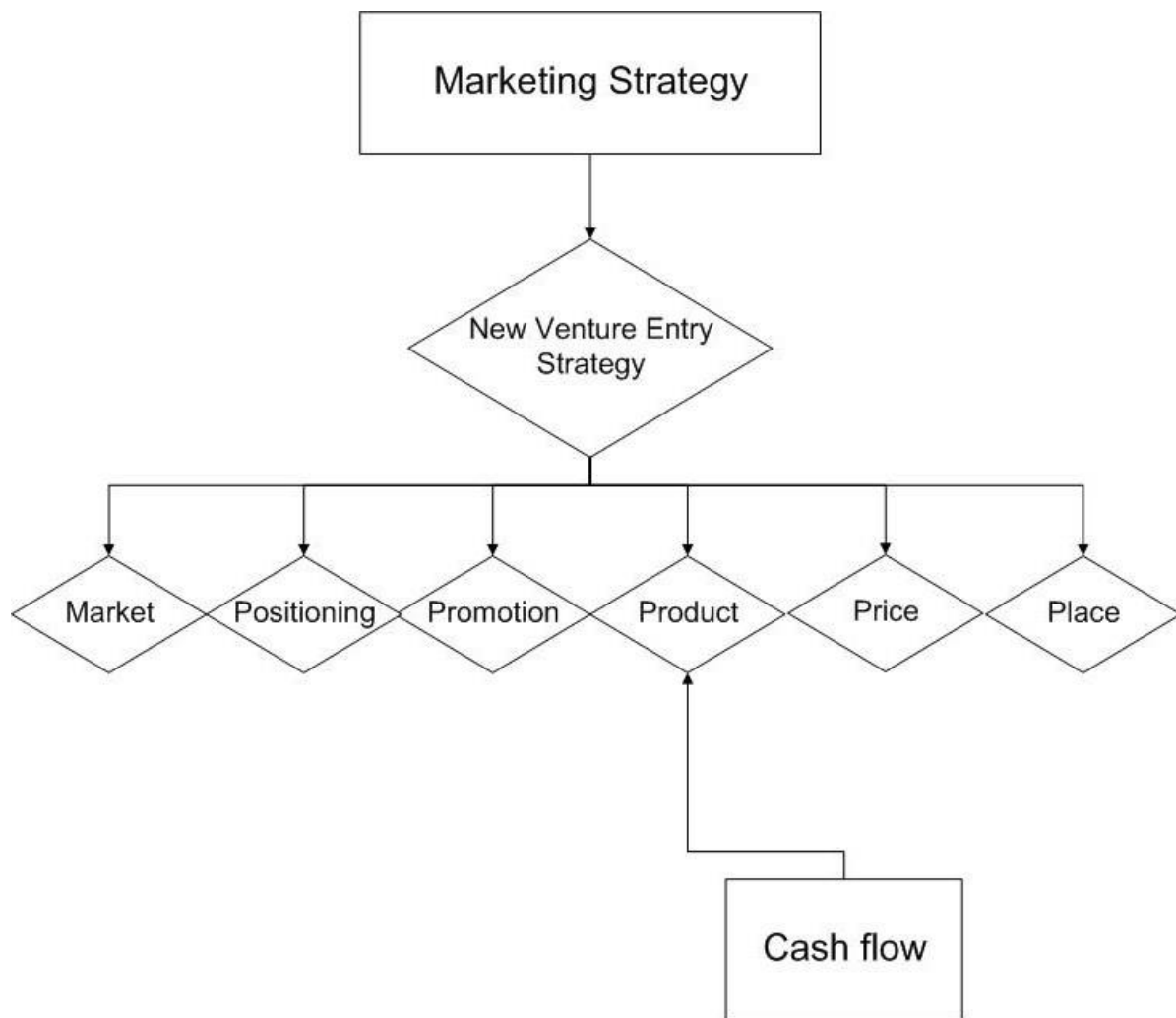


Figure 4: Theoretical framework

3 Method

In this chapter the intended approach to solving the problems and fulfilling the purpose of the report is presented. The project is divided into several tasks and therefore the methods used to gather data will differentiate in separate parts of the process. The chapter starts with describing the method of the research continues different aspect of how to collect data. The working process aims to help the reader understand the process behind this thesis and should enable the reader to evaluate the validity and reliability of the report. The part explains what kind of data that has been used in the study and how it is used.

3.1 Method of research

The first parts of the project are informative, which creates a basic understanding of the tools and methods that will be used. Informative means that the content is of a describing characteristic. A normative part, which consist of proposals of actions to be taken, will be created using the informative part as a foundation.

3.1.1 Quantitative and qualitative study

The advantages of quantitative studies is that they explain different facts and patterns in studies with structures hard to discern (Holme, 1997). Quantitative studies are based on collecting substantial amounts of empirical values, to later be analyzed and eventually leading to conclusions. Numbers are preferred when working with this kind of study, for example by using surveys (Fejes, 2009). With larger numbers and populations the results will have a higher level of certainty. Once a study is done and the results have been collected, the study is supposed to be closed and no changes in the study are allowed (Fejes, 2009).

In a qualitative study, the purpose is to get a deeper understanding and knowledge of the subject (Holme, 1997). The study is holistic, which means that it is the entirety that makes the important part of the study (Fejes, 2009). The qualitative structure does not need to be formal and the ways of investigating can be more open than in the quantitative ones. The studies can always be continued and does never have to be seen as closed (Fejes, 2009). Interviews and observations are examples of ways to gather qualitative data.

3.2 Data collection

Data collection is divided into two types of information; primary data and secondary data. Primary data is information gathered actively from a source and can for example be interviews, surveys and observations. Secondary data is already existing data and it can be gathered from for example literature, databases, articles and annual reports (Wiedersheim-Paul 2008).

Data does not have to be looked at separately; it is instead possible to see them as a complement to each other. This way of approaching different methods is called triangulation and means you tackle the problem from different angles. The purpose of triangulation, with data from primary and secondary sources, is a better understanding of the problem. It also shapes a powerful validation due to diverse references from varied data (Wiedersheim-Paul 2008).

3.3 Working process

The working process will consist of three main blocks. The first block will be to form a theoretical framework. The second block will contain gathered empirical data from Trimbia, competitors and other stakeholders as bank officials and accountants. This will be made to complement Trimbia's knowledge and ideas about XX through delivering the information gained from the following process. The third block will be the analysis of the two previous blocks, with conclusions and recommendations.

The thesis will start with a scan of literature and articles about marketing strategy, cash flow analysis and cloud computing to get an overview of the subjects. Theoretical studies usually begin with a study of secondary data, such as literature and articles, to gain a base of knowledge before advancing deeper into the

subject. Later, the focus of the literature studies will be directed into the specific fields. The theoretical framework will be made to enable comparison of the empirical findings to relevant theory.

The data collection on cash flow will be separated from the others. This will solidify what cash flow is by theoretical research through articles, publications and literature on the subject and using the information to define the use of the cash flow term in this report. This will form the theoretical foundation to find the values for customers and stakeholders in cash flow for use of the actual service provided by the software.

The marketing strategy part will be obtained through interactive studies of theory and empirical data.

The section on marketing strategy will start with an introduction to vital concepts and ideas about marketing strategy and with a focus on Trimbia's situation on the market as a new venture with a new product. By using this information in the analysis, the report will provide recommendation on how Trimbia can form a successful marketing strategy. The marketing strategy research will decide on what further steps to take in the thesis. The section aim to deliver a knowledge base within marketing, this will be used to present the reader with a brief understanding of the successful key components.

Empirical information will be retrieved through interviews, homepages, articles and analysis of different cloud services. According to Fejes (2009), interviews can either be unstructured, semi-structured or structured. In unstructured interviews the questions are used more as support for the interviewer to help the interviewed person to be able to talk about the subject and to speculate around it. If semi-structured, the questions are pre-planned with limited opportunities for the interviewed person to talk out of the subject. Structured interviews will limit the interviewee to alternatives that the person is able to choose from. The interviews with Trimbia will mostly be done unstructured and ongoing during the whole thesis. The interviews with competitors and people with financial knowledge, as accountant consultants and bank officials, are going to be semi-structured.

XX is a new product on the market and only has a few users, which is why a test of the service will be performed to gather information about XX. By testing and comparing the software of Trimbia with competitors, information may be discovered showing values in the product that later can be used to reaching end consumers.

Internal reports from Trimbia are also to be gathered. Internal reports consist of data that a company has gathered for its own use. Trimbia's internal reports can provide information about their pricing and the interviews Trimbia have conducted before the thesis started. They can also provide information about Trimbia's economic limitations as well as their working process when deciding on target group. This will also be helpful in the product evaluation.

The main part of the data collection will be from qualitative studies since there is a very limited amount of data to gather for a quantitative study. This is due to the fact that XX is a new product and Trimbia is a new company with few customers. Although, the quantitative data that has been obtained by Trimbia is an important part of the thesis. It will be used to substantiate the qualitative data, granting an extended view of the gathered information.

Retrieved information will be used to form a marketing strategy for Trimbia and to suggest how they, with their limited resources, quickly can reach many potential customers. To do this, theoretical and empirical data will be collected based on Marketing Mix with the addition of market and positioning. This will be combined into a marketing strategy. The information will be obtained by collecting information, for example through interviews, articles and electronic sources.

The gathered information in these areas will be compared to Trimbia's preconditions to make conclusions on what decisions to make, being in Trimbia's current position. These conclusions will form the analysis. From the analysis a recommendation will be made.

3.4 Evaluation of sources

The purpose with source criticism is to decide whether the information that has been used is reliable or not. Another important aspect is to consider if the information is of significance for the purpose of the report.

The collected information should be handled in different ways whether it is primary information or secondary information. The primary information has to be analyzed with regards to where the source got its information to secure the accuracy. Also for the secondary information it is important to evaluate, where the information is derived from and how far back the original source is. (Wiedersheim-Paul 2008)

The primary sources for this report have been selected from their ability to give relevant information. The primary sources are people from the selected companies, accountants, banks and Trimbia themselves. A reservation here has to be considered since the informants from these sources might have subjective attitudes towards their own gain. They might also be reluctant to give sensitive information about its own organization, company or other competitors.

The quality of the information has to be judged by how easily the information can be modified. To minimize the risk of false information, sources with possibilities to edit material, like Wikipedia, have been excluded from use. The main part of the literature has instead been retrieved from the Main Library of Chalmers and the Economic library of Gothenburg and article databases on the Internet.

Another important part of the source criticism has been to use new material to keep the project as updated as possible and reduce potential inaccuracies. Older sources have sometimes been used to minimize the number of levels of informants that might influence the information in the text too much. Most of the sources are from the 21st century.

4 Theory

The theoretical section forms the base for the empirical study, the analysis, the recommendation and conclusions of the thesis. The purpose of the chapter is to provide the framework for these sections. The chapter is structured into different parts which are important when forming the marketing strategy. Each part describes theoretically fundamental features about shaping a marketing strategy both generally and from a new venture perspective. The chapter starts by explaining the abstracts about the market including competitors and barriers. It follows with the 4P's: product, price, place and promotion. The theoretical values of cash flow are examined in the section about product. It also brings up how to grade products in the sense of features and benefits. The price section describes different ways of deciding price for a product. The part about place describes how to distribute the product and the promotion part will mainly focus on the Internet marketing. The 4P's generate how to form the positioning, which is why it comes after the Marketing Mix sections. The chapter ends with sustainability seen from three perspectives, ecological, economical and social.

4.1 Market

This section will explain the market and what to look at when doing a market analysis. It starts with defining why it is important for companies to analyze the market. It shows fundamentals such as size of the market, target market and market evaluation in the sense of direct and indirect competitors. Due to the new venture perspective this chapter will also cover barriers to enter and exit the market.

Companies today tend to focus on the customers with expressed interest in the companies' core business, instead of scattering their offers over the market. The firm has to evaluate various segments and decide how many and which one to target. A target market consists of buyers with a shared common need or characteristic that the company decides to serve. When analyzing the markets to decide target market the firms discover their market opportunities. (Kotler, Armstrong, 2001)

To decide the target market there are three market coverage strategies; undifferentiated marketing, differentiated marketing and concentrated marketing. Undifferentiated marketing is also known as mass-marketing strategy and means the firm ignores market segment differentiation. Differentiated marketing is when a firm decides to target several markets and design separate offers for each. Concentrated marketing is when a company goes after a large share of one or a few segments or niches. It is especially appealing for companies with limited resources. (Kotler, Armstrong, 2001)

In order to evaluate markets and segments of the market and to decide the target markets, there are three aspects to analyze. The aspects are size and growth of segment, segments structural attractiveness and company objectives and resources. First, companies have to analyze data on current segment sales and growth rates (Kotler, Armstrong, 2001). Each company has to decide more precisely what factors make the segment attractive, such as market size, segment size, sensibility to price and service features (Hooley, Saunders, Piercy, 2004).

The market can be less attractive if it contains many strong and aggressive competitors, which is a structural factor. If the market contains many actual or potential substitute products, the price gets lowered and profit might be limited. The bargaining power of buyers also affects the segment's attractiveness (Kotler, Armstrong, 2001). Customers' bargaining power means how much their purchases represent in terms of total sales, how many suppliers there are compared with buyers and how customers perceive the quality and price of the product. Buyers with strong bargaining power relative to the seller will force the price down, demand more services and set the competitors against each other (Best, 2008).

4.1.1 Competitors

Over the last few years competitive strategy has emerged as one of the major foundations of business strategy. Just as understanding markets is fundamental to business success, so is an understanding of the competitors (Hooley, Saunders, Piercy, 2004). To be successful, a company must provide greater customer value and

satisfaction than its competitors (Kotler, Armstrong, 2001). The ultimate goal is to learn from competitors - their success and mistakes - as well as working out how to compete more effectively (Hooley, Saunders, Piercy, 2004).

There are three groups of competitors; new entrants and substitutes, industry competition and the strategic group (Hooley, Saunders, Piercy, 2004). The threat from new entrants will depend on the extent to which there are barriers to entry. A substitute product is an alternative product with possibly lower price or better performance parameters for the same purpose. This product could potentially take a significant share of the market and reduce the potential sales volume from the market segment. This category also relates to complementary products (Porter, 2008).

A strategic group is a group of companies within an industry with similar business models or business strategies (Porter, 2008). When looking on short or medium terms, the focus of a competitor analysis must be firms within the same strategic group as the company concerned. In a longer term there is a danger in the analysis being too focused on the strategic group. Instead, the whole industry must be scanned for indirect competitors that may have the resources or the need of overcoming the entry barriers to the incumbent group (Hooley, Saunders, Piercy, 2004).

4.1.2 Barriers

Barriers of entry are competitive advantages that established companies, incumbent firms, have over new potential ventures. The entrants will be prevented by these barriers as they try to enter the competitive market. The obstacles to enter the market can be regulations from the government or established companies taking advantages like economies of scale or intellectual properties. (Spulber, 2003)

The difficulties with entering a market depend on the height of the barriers. The height of the entry barrier is the size of effort that is needed to enter a market. The amount of capital invested in advertising to overcome barriers, be able to get customers and enter a market is an example of a height of barrier (Porter, 2008). There are three categories of barriers; cost-based, product-differentiation-based and transaction-based (Spulber, 2003).

The cost-based barrier is a barrier that new ventures might have difficulties with when entering the market if there are larger costs included, costs that the incumbents avoid. The incumbents may have cost efficiencies; they may for example have taken first-mover advantages before the potential entrants could compete over these. The cost efficiency advantages gained by the incumbents create barriers for new entrants to the market. Another cost-based issue for the potential entrants are the sunk costs. Sunk costs are the irreversible investments that incumbents already have financed. Since these costs are impossible to get back, the incumbents only have to get revenues enough to cover the operating costs. Potential entrants, on the other hand, have to anticipate revenues for covering both the sunk costs and the operating costs which might be a big hassle for them. (Spulber, 2003)

For the cost-based barriers it is important for the managers of the entrants to always try to anticipate the next move of the incumbent firms. The entrenched incumbents will make attempts to hold back entrants by different strategies, for instance as Spulber mentions by price cuts or new product innovations. The entrants have to plan ahead to meet both the challenges of the incumbents and future entrants as well. (Spulber, 2003)

The product-differentiation barriers are advantages in differentiation of the products by incumbents or stronger brands. The incumbents can control prices since customers recognize the brand and quality of the established company while the entrants are usually unknown. Established companies may also find advantages in using their well-known brand for new acquisitions and therefore extend the customer range easier than the entrants. (ibid)

For entrants seeking to overcome product-differentiation barriers they should try to distinguish their products from the incumbents. Entrants may acquire a different price segment if the incumbent products have advantages in their product differentiation. By this method the entrants may avoid directly challenging

competitors. Another way to differentiate is to focus on only one part of the business and make this business better than the incumbents. (ibid)

Transaction barriers are the ones that make the hindrances for entrants to establish relationships with new customers. There are also switching cost which makes it expensive or difficult for customers to change suppliers. Since the established relationships between the incumbents and the customers are often well used and negotiated, the transaction costs between these are usually low. When a new entrant tries to establish a relationship with a customer or supplier there will probably be a barrier. For an entrant to be able to overcome these barriers and lower the transaction costs, different opportunities exist. Entrants might create their own innovative transaction methods. (ibid)

4.2 Product

The product part of this report describes one way to assess product offers. Trimbia's product is a cash flow analysis tool, the values and usage of cash flow will therefore be covered in detail.

4.2.1 Product levels

Kotler (2002) describes a product as "anything that can be offered to a market to satisfy a want or need". This includes services, experiences, events, physical goods, places, properties, organizations, ideas, information and persons. The product offer is usually judged by product features, quality and price appropriateness. Features, benefits and quality must therefore carefully be graded by level when making a marketing strategy.

There are five levels in the *customer value hierarchy*:

Core benefit

2) *Basic product*

3) *Expected product*

4) *Augmented product*

5) *Potential product*

The *core benefit* is the most fundamental level; it describes what the customer is really buying. In marketing, the marketers are therefore not only selling product features but providing the customer with product benefits. The *basic product* is the core benefits turned into a product that can provide the benefits. The third level is the *expected product*, which is the set of attributes and conditions that buyers expect when buying the product. Most competing products fulfill this requirement and it is therefore other features that exceed buyer expectations that determine which product to buy.

The *augmented product* exceeds customer expectations and it is here today's competition takes place. This is where the users total consumption system is in focus, how the customer perform; getting, using, fixing and disposing of the product. Product augmentation adds costs and it must be determined whether the customer is willing to pay enough to cover additional costs. Augmented benefits can quickly turn into expected benefits and the producer must continuously search for additional features and benefits to include in future products. Raising the price on augmented products also creates the opportunity to offer stripped-down versions of the product to a lower price.

The fifth level is *potential product* and includes all possible augmentations and transformations the product might undergo in the future. There is a continuous search for new ways to satisfy the customers and to distinguish the offer from competitors on this level. (Kotler, 2002)

4.2.2 Cash flow

This theoretical section will introduce cash flow to the reader, followed by the uses of cash flow as well as the theoretical values of using it for analysis. To make informed decisions and having the ability to grow and thrive, a good cash flow is fundamental. A business can come to a halt even though it has customers and orders if the business is lacking the money needed to follow through on required short- and long-term payments. It is not enough to only look at the statement of financial performance, that information may be

flawed. For a business to prosper, the owner needs to understand the cash flow of the business and how to affect it. (Watt, 2010)

Usage of cash flow

There are several ways to use cash flow in plans and forecasts: daily, weekly, monthly and annually. The daily cash flow is used when managing payments and bank balances. The weekly cash flow is mostly used to ensure creditors and manage operations. The monthly cash flow is done over one-year-periods and is used to evaluate budgets, annual plans and balancing operations. It is the most commonly used cash flow in companies of all sizes to evaluate the need of cash. A healthy monthly cash flow is usually a pre-condition for a bank loan and is used to test loan covenants. The annual cash flow is used to evaluate long term viability and enterprise value. It is used by companies, both healthy and distressed, in strategic planning and renewal efforts. The annual cash flow is a condition of bank loan and is used to test loan covenants. (Hass, 2006)

Cash flow can be used both as a record of the past and as a forecast to determine future earnings and expenses and to avoid economic trouble (Sandell, 2008). The common practice to create a cash flow forecast is by using the historical results and extending them into the future. It can also be created through an analysis of the expected future opportunities the firm has. The analysts sometimes also create three different scenarios, a best-, base- and worst case. Since there is not an existing process to accurately estimate the possibilities of the different outcomes, they are generally optimistically biased. The advantage with extending the historical events is that they are well founded and proven. (Ruback, 2010)

Cash flow analysis can be used for both internal and external purposes. It can be used externally as a support for a bank when deciding on whether to grant a loan application, also which amount and interest that should be appropriated. The internal need for cash flow analysis is the need for information and control over the company's incomes and expenses. (Sandell, 2008)

Sandell (2008) states that it is easy to see the importance of planning and keeping track of the cash flow on an individual level. The incomes must surpass the expenses, to be able to handle each month's expenses. This is true also for businesses, a company will not survive if it fails to pay their debts when they are due (Sandell, 2008). In the daily operations of businesses, it has been recognized that cash flow reporting and budgeting are important tools (Kelly, 1997). The cash budget information is likely to be the most crucial information when compared to other budgetary information (ibid).

Values of cash flow

Even though profits are considered to be the key measure of company performance, cash flow provides the company with a better method of control. Looking short-term, the primary concern is that the company is able to meet its immediate obligations, such as delivering or paying invoices on time. By monitoring the cash flow, the business gains vital information and is able to take quick action towards maintaining a positive cash flow. (Kelly, 1997)

Cash flow is crucial in assessing liquidity in the short-term as a company that generates insufficient cash from its operations may have troubles meeting obligations towards stakeholders. Flynn and Koornhof (2005) explains that companies that monitor cash flow have a higher probability of survival compared to companies that do not. Cash flow statement identifies patterns which may serve as guidelines to predict future cash flows. The statement highlights the company's ability to pay the providers of funds, pay taxation, pay dividends and financial expansion. Cash flow is not influenced by subjectivity and judgment as the income statement is. All cash receipts and payments are accounted for when they occur and information is provided about the time lag between reported earnings and the actual cash flow. The problems are that cash flow is volatile and may be influenced by upswings and downswings in the economy. (ibid)

Cash flow Values for customers

A proper use of cash flow analysis enables companies to perform better with their cash management (Sandell, 2008). By making their incomes arrive as early as possible and waiting with their payments as long as they

can, a stronger net interest is generated (Ibid). Lacking in managing the cash flow creates unnecessary expenses (Ibid). This makes it vital to thoroughly plan the company's liquidity (ibid). If a company's liquidity is too high, the interest will either be zero or very low (Hansson, 2006). On the other hand, if the liquidity is too low, it could lead to difficulties in honoring ones monetary obligations (Ibid). Reducing the time for payment from customers, reducing inventory, or by negotiating for extended payment terms from suppliers are some of the ways that an owner can affect the cash flow in the company. (Watt, 2012)

To give potential lenders an understanding of liquidity, the financial situation, and cash flow situation enable them to practice good lending principles (Fight, 2006). An advantage of cash budgeting is its universal applicability throughout all industries (ibid). It is common for small and medium enterprises (SME) to need growth capital in the expansion phase. An insufficient liquidity is the greatest single problem for the SME during that phase (Fight, 2006).

Bhattacharyya states that from a cash flow statement, it can be concluded that cash flow have several advantages and disadvantages. Cash flow provides information regarding the inflows and outflows of cash resources to and from the enterprise. It also provides separate information about the inflows and outflows as well as evaluates the level of efficiency of the management's use of cash resources. Cash flow helps disclosing the liquidity and solvency position of the enterprise and also helps the management with future cash planning. It provides necessary information to the management so that situations with excessive surplus or deficiencies in cash resources can be avoided. Cash flow helps locating the enterprises strong and weak activities and helps to prepare the budget for future periods. (Bhattacharyya, 2011)

There are limitations to the cash flow because the cash flow statement only shows the inflows and outflows, and thus, it does not take non-cash transactions of the enterprise into consideration. Since it only consider the inflows and outflows, the net cash flow of a time period might not necessarily mean the net profit of the business, since net profit considers both cash and non-cash transactions. Thus there might be a big difference between net cash flow and net profit during certain periods of time. As it discloses, the net cash flow cannot be used as a substitute for the profit and loss account nor an income statement. It is also not a substitute for the fund flow statement as it only discloses the cash position of the enterprise, not the financial position. A cash flow statement is usually prepared in the end of a certain month and is not useful for rectifying errors that have already taken place. As it is prepared at the end of the time period, it can only provide an indication of the probable inflows and outflows of cash for the future periods. (Bhattacharyya, 2011 and Prasad, 1990)

Values for other stakeholders

When a banker is considering a request for a loan, they primarily look at three topics; purpose, repayment ability and structure. The purpose of the loan needs to be in line not only with the bank's policies, but also with the ethical and legal regulations. The cash flow, collateral and guarantees also have to be enough to repay the loan. Lastly, the loan needs to be structured so that it will be repaid in time, in full, as agreed upon. (Striscek, 2001)

Of those three topics, the repayment ability is primarily considered by the banker. This generates a need for the lender to produce a cash flow evaluation or statement from operations. Given that the cash cycling through the company's working capital assets and liabilities is critical to an operating cash flow, working capital is likely to be the place a banker would look into. (Striscek, 2001)

Working capital is referred to as the working assets and the liabilities that fund them for a company. For a company producing some basic goods, working assets can be simplified into four categories; cash, receivables, inventory and other current assets. If a company has too much cash tied up in inventory and receivables, the cash balance will be lower than average. The level of cash balance concerns the potential lenders because of the implications for loan repayment. While the banks would accept receivables and inventory for collateral, the company that filed for the loan is typically more likely to convert those assets into cash. (Striscek, 2001)

There is a gap in cash between the lender realizing market value by selling its working assets and the bank forcing liquidation value from the same assets. This prevents the bank from valuing the receivables and inventory as high as the lender. Bankers do not want to involve themselves in this level of detail, but, instead, they tend to emphasize on the importance of operating cash flows in the long-term view. This interest is also shared by investors in the long-term perspective. (Strischek, 2001)

4.3 Price

This section will cover different ways of pricing products. It starts with theory about pricing and continues with pricing principles from different kind of views. The chapter ends with the product life cycle determining how to put a price on a product can be different in the sense of the where in the product life cycle the product is.

When talking about Marketing Mix you can refer to several areas of the market, hence the “mix”. One of the things that always recur is the price. The reason behind this it is simple: price is the only element in the Marketing Mix that generates revenues (Kotler, 2001). In Marketing Mix theory the *price*-part is about determining how to set the price and how the chosen price will affect other parts of the business. Tufvesson (1988) goes as far as describing pricing as one of the strongest tools in competition between companies, the strength achieved from being an accessible tool with quick response. According to Kotler (2001), it is common that new ventures fail to acknowledge the importance of the pricing process. The problem emerge when the TMT are not investing the time to make a thorough research on the matter (ibid).

4.3.1 Pricing Theory

When a company delivers a product to the market the product will be in need of a price. Putting a price on the price-tag is rather easy; the hard part is to choose a price that both the buyer and supplier is satisfied with. This makes the pricing of a product very complex since there is not any clear right or wrong in setting a price. There can be an endless amount of criteria that decides whether a party is satisfied or not with a certain price. As a consequence the providing party does not have a way to make sure the price will be right at market launch. There are however guidelines with motivations to how and why to put a certain price, the choice usually depends on the situation.

One of the main criteria contributing to the high difficulty of pricing a product comes from the businesses' need to cover its costs in delivering the product and preferably making a profit. Companies tend to price their products above or below acceptable market levels in an attempt to claim market shares. Part of the price-setting process will be assessing the company delivering the product or service and what the company want to accomplish. (Seglin, 1990)

Many entrepreneurs are unsure of how to price their products and services, even after marketing research is conducted. A large amount of factors affect the decision; the degree of competitive pressure, seasonal and cyclical changes in demand, distribution cost, prevailing economic conditions, the service provided by the seller, the amount of marketing and the customers' buying power. The ultimate price will balance many of these factors, but it will usually not balance all of them. The greater number of meaningful customer benefits the seller can convey about a given product, the less price resistance. (Kuratko, 2007)

4.3.2 Pricing principles

As mentioned there are many ways to handle the pricing of a product. This section will outline some of the more acknowledged views on pricing strategies and how they are intended to work. The strategies will be presented from a business perspective.

Pricing based on quality

The worth of a product can be evaluated based on the quality of the item. With this point of view an item with a higher quality would retain a higher price. When pricing based on quality companies usually chose between two main strategies: delivering a premium or an economy value product. (Kotler, 2002)

The premium strategy results in a higher price and the price is motivated through supplying high end quality. A high end quality could also be attained in other areas, for example by giving a better support or more fashionable design, whereas the product itself does not live up to the anticipated high quality.

The economy value product aims to have a lower price compared to the premium edition. The lower price would still return profit through the value chain by having a financially less cumbersome product. For example the product may have a more automated production process or cheaper components. (Kotler, 2002)

Pricing based on market segment

A market segment is a defined part of the available market, where the whole market would be all potential buyers of a product. The company may choose to target certain parts of the market and pricing the product according to that part. (Kotler, 2002)



Figure 5: Skimming pricing (Witiger 2013)

The highest price a customer is prepared to pay for the product is the customer's willingness to pay (WTP). The model assumes that the customers also will be willing to pay prices that are below their individual WTP. When looking at a whole market the customers will form the area under the curve between the price and the quantity axis. (figure 5 and Kotler, 2002)

What part of the market that is chosen depends on the company's strategy concerning return on investment (RoI) and what rate of return on investment (RoRoI) the company aim for (Granstrand). Customers buying the product will be what create the "return" and a higher price will generate higher revenue on each sold product. As figure 5 illustrates, price and quantity is related in such a way that a higher price will result in less products sold because of a lower demand of the product at that price-level. The relation work both ways whereas a lower price will produce a higher demand and more products sold. (Kotler, 2002)

The most common terms for this way of pricing a product are price skimming, penetration pricing and prestige pricing. The penetration pricing strategy aims to sell the product at a lower price level with less return per product, but in exchange sell in a higher amount since the amount of potential customers willing to pay the set price will be high at a low price. (Kotler, 2002)

Price skimming is aiming for those customers who are willing to pay a higher price for the product or service; the product will have a lesser amount of customers but compensating by higher revenue per sold item. When the sales decrease because of a saturated market segment, the skimming price strategy is lowering the price. The price is lowered to reach the segment of customers who was not willing to pay the previous price. This way of pricing turns into a cycle and usually keep up until the product is not returning enough incomes to be kept in the company's product range. (Kotler, 2002)

The last mentioned way of pricing with regards to segments is the prestige pricing. This way of pricing retain a high product price through the whole product lifecycle and is not aiming to be bought by the whole market. The intention is to be perceived as an exclusive brand which is never cheap and through that gain reliable value, a value that rarely is motivated by production costs. (Kotler, 2002)

Pricing based on Competition

Competition is an area that companies generally acknowledge as important when making strategies to approach the market. Price is a powerful tool to use in the competition between companies since it is easily changed and these changes may be made on short notice (Kotler, 2001). Kotler (2001) mention that the competitive strengths in price may make it a dangerous tool for the user as well as the competition targeted. When used wrong, the price wars may hurt all parties involved. In the long run price wars may have a negative effect on the customers as well; as an example it may hurt customers when the suppliers are forced to cut their R&D budgets to be able to deliver the product at a competitive price. The cuts in the R&D budget will in turn slow the rate of improved products and their deliverance to market. (Kotler, 2001)

Preemptive, extinction and predatory pricing are methods where the price is determined by putting a price with upcoming market changes in mind. These changes may be things like new companies entering a market, the strategy would in this case try to prevent the change or revert it as soon as possible through putting a low price, sometimes even with non-existing or negative cash flow. This would put a high competitive pressure on the market and force the new entrant to have low prices to be able to compete. Since new companies usually are financially vulnerable, they do not last very long in such environments. The company using this strategy would then be able to go back to a more profitable price level as soon as the competitor is out of business. This behavior is in many countries controlled to some extent with laws preventing companies to put temporary prices that are lower than the production costs².

Another competitive way of pricing is the Goldilocks pricing. The strategy is the idea of a preferred choice being in between the extremes, not too much and not too little but *just right* in the middle. When applied to pricing the company is supposed to differentiate the product range with versions corresponding to these stages of low, mid and high. The actual difference is not the important part, what is important is the perceived value by customers. Having these differentiated products allow the same core product compete in several markets. Relying on the psychological predisposition, this strategy aims to make customers choose the mid product in the provided product-range with the feeling that the product is *just right* for them. (Hui, 2007)

Product Life Cycle

When determining how to price a product one term that recurs is the *product life cycle*. The expression refers to the transgression from the innovation of a new product, the stages it goes through during its lifetime all the way to the decline and finally is withdrawn from the market. The stages are called: Introduction, Growth, Maturity and Decline (figure. 6). (Kotler 2002)

² (SFS 2008:579) *Företags missbruk av en dominerande ställning*. Stockholm, Näringsdepartementet

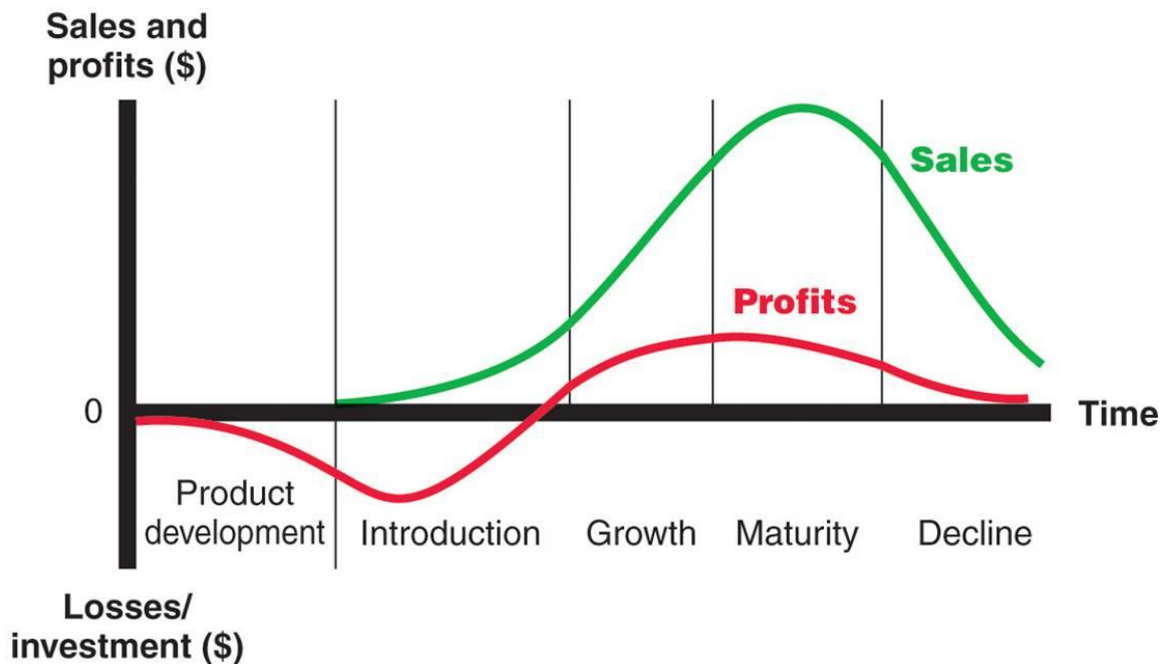


Figure 6: Product life cycle (MGT 2013)

The *Introduction* is the stage where the product is made involving some kind of innovation. The innovation then usually requires further work in terms of research and development. If these are successful, it will lead to a product launch. After the market launch the product has to establish its position and reach customers. When the customers start to acknowledge the product and the sales are increasing, the product lifecycle has reached the *Growth* stage. This stage remains while the sales continue to rise. As time goes the market will get increasingly saturated and the life cycle evolves into the *Maturity* stage where the sales level out and the amount of products sold is consistent. Eventually the demand will drop; this can be traced to several reasons and may be different depending on product and market area. The supplier keeps delivering the product as long as the profit reaches the company goals and will after that be phased out. (Kotler, 2002)

4.4 Place

Place, also called distribution channels, is the access point where the product is sold to the customer and the way the product reaches the customer or the intermediaries. Also storing and transporting the product are included in the meaning of place. (Kotler, 2002)

To get the right product to the right place at the right moment is the most important part of the distribution and logistics system of a company. How different companies choose to distribute their products depends on which situation they are established in. There are two different types of distribution methods, indirect and direct distribution. Indirect distribution means that a company sells the product through intermediaries like wholesalers and retailers. Direct distribution means that the company sells the products directly to the customers without the intermediaries.

Frazier (1999) and Chaffey (2011) also present communication channels and a combination of the channels above as other types of distribution channels for the Internet marketing. Communication channels are only used for communicating to the customer about the product or service without selling it via the channel. According to these authors the communication channel could be of more use if a product's price varies on different markets. (Chaffey, 2011 and Frazier, 1999) According to Allen and Fjermestad (2001) the greatest change of the Marketing Mix, since the Internet originated, is for place since the Internet has the ability to be

reached all over the world. With the Internet as a distribution channel neither transportation nor logistics is necessary in the old conventional meanings for their operations (Allen, Fjermestad, 2001).

Urban (2004) states that the use of intermediaries were expected to be gone during the early days of the Internet and an almost total direct distribution would conquer the market. This never happened though and instead a rise of intermediaries occurred. Companies like ebay.com and amazon.com which functioned as distributors launched their sites with great success. (Urban, 2004)

According to Chaffey (2009) different systems for controlling the distribution of the product on the Internet exist and they can range from a total control by the seller to a total control by the buyer. The distributors may be controlled or oriented by vendors or buyers. Here the distribution is either in total control by the vendor or buyer, or controlled by third parties that represents the seller or buyer. Other distributors may be neutral in their representation of the products. These intermediaries are not controlled by any suppliers or distributors. These sites may for example be comparison sites for different products. (Chaffey, 2009)

The localization of the production is important when comparing to other countries, languages, cultures and how the demand differs. If a product is launched in another country than its home country the product often has to be modified in more ways than just translated to the language of the new selling country. This may be important in order to make marketing as effective as possible in the new market. Companies choose to prioritize different from country to country depending on the chances of getting larger profits. (Chaffey 2009)

Common for SME are that they do not acquire help from agents to sell lower-value products. This will only function as long as there is a moderate demand of support for the products. If products with higher values will be sold, there is a higher possibility of needing agents to take care of the support. This may be the option for a company that is planning to launch a product that is more expensive than the previous ones. (Chaffey, 2011)

4.5 Promotion

This section gives an insight on promotion. It goes through different types of promotion and continues with the promotion mix which is important for companies in the sense of how to communicate the customer value in their offers. The focus of this chapter will be the Internet promotion.

4.5.1 Three types of promotion

Dahlén and Lange (2003) identify three types of promotion. The first is producer-to-consumer promotion, actions directed towards consumers from producers. The second is retailer-to-consumer promotion, constituted by retailers selling tactics in their stores. The third and last one is producer-to-retailer promotion, which refers to selling activities towards retailers. It is stated that retailers and producers are dependent of each other, since the retailers need strong products and brands to be attractive and the producers need the retailers to achieve good distribution of their goods. (Dahlén, Lange 2003)

4.5.2 Promotion mix

Promotion is a way for a company to communicate the offer's value to the customer and to build customer relationships (Kotler, 2009). It consists of a mix of several tools, called the promotion mix. The promotion mix is the company's primary communication activity, but it must be coordinated with product, price and place for greatest communication impact. (Kotler, 2009) To succeed as a new venture a critical factor is the growth of sales. When looking at growth of sales for a new venture it is important to get high growth, with significant sales and profit growth to attract new venture capital. Therefore, promotion is arguably vital for a new venture (Kuratko and Hodgetts, 2007).

According to Kotler (2009) the major tools included are advertising, sales promotion, public relations, personal selling and direct marketing. Each category in the promotion mix includes specific ways to communicate with customers. Table 1 illustrates examples of elements included according to Kotler (2009).

Advertising	Sales promotion	Personal selling	Public relations	Direct marketing
Broadcast, print, the Internet, outdoor and other forms	Discounts, coupons, displays, and demonstrations	Sales presentations, trade shows and incentive programs	Press releases, sponsorships, special events and web pages	Catalogues, telephone marketing, kiosks, the Internet and more

Table 1: Promotion mix (Kotler, 2009)

Advertising

Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. Advertising on for example TV, radio or in newspapers, makes it possible to reach large quantities of geographically dispersed buyers at a low cost per exposure. Because of advertising's public nature, consumers tend to view advertised products or services as more legitimate. It also allows the company to express their message with the artful use of visuals, prints, sounds and colors and can be used for both long- and short-term purposes. The disadvantages of advertising is that it is impersonal, a one-way communication and many times expensive. (Kotler, 2009)

Advertising objectives should relate to past decisions about the target market, which define the job that advertising must do, in the total marketing program. The objectives can be classified by three purposes - to inform, persuade or remind. Informative advertising is useful for new product launches by creating awareness and describing the product's values, while persuasive advertising becomes more important as competition increases. (Kotler, 2009)

Personal selling

Personal selling is use of personal presentation by the firm's sales force for the purpose of making sales and building customer relationships. Personal selling can often be more persuasive because it involves interaction between selling and buying parties, making it possible to observe the others needs and characteristics and make quick adjustments. According to Kotler (2009), it is the most effective tool at certain stages of the buying process, particularly in building up buyers' preferences, convictions and actions. It enables closer relationships and the buyers often feel a higher need to listen and respond. A sales force is costly though, making personal selling the most expensive promotion tool. It is also harder to adjust to present circumstances and therefore a longer-term commitment. (Kotler, 2009)

Sales promotion

Sales promotion is a short-term incentive to encourage the purchase or sale of a product or service. Sales promotion includes a lot of different techniques to attract consumer attention, offer strong incentives to purchase and boost sales. Through the use of coupons, contests, money-off deals, premiums and other offers it invites to and reward a quick response. The effects are often short-lived however, and not as effective as advertising or personal selling in building long-term brand preference and customer relationships. (Kotler, 2009)

Public relations

Public relations means building good relations with the company's various publics by obtaining favorable publicity, building up a good corporate image, and handling or heading off unfavorable rumors, stories and events. Kotler (2009) says that although a well-thought-out public relations campaign combined with other promotion mix elements can be very effective and inexpensive, marketers tend to underuse public relations or to use it as an afterthought. Public relations seem more real and believable to buyers than ads. Public relations may also reach many prospects who avoid salespeople and advertisements, as it reaches them as news stories, features, sponsorships and events rather than sales-directed communication. (Kotler, 2009)

Direct marketing

Direct marketing constitutes of direct connections with carefully targeted individual consumers both to obtain an immediate response and to cultivate lasting customer relationships; the use of telephone, fax, email, the Internet and other tools to communicate directly with specific consumers. The unique characteristics of direct marketing are that direct marketing is non-public, immediate, customized and interactive. Messages are normally directed to a specific person and can be prepared very quickly and be tailored to appeal that certain buyer. It allows a dialogue between the marketing team and the customer in which messages can be altered depending on the customer's response. It is well suited to highly targeted marketing efforts and to building one-to-one customer relationships. A great potential of the Internet is the possibility of direct marketing. (Kotler, 2009)

4.5.3 The Internet

The internet can assist a new venture's overall marketing strategy in a number of ways. The Internet allows to easily communicate the Marketing Mix offered. The internet lets the firm increase its presence in the marketplace. Company sites provide the opportunity to communicate the overall mission of the company, to provide information about attributes, history and other useful information. The Internet also makes it easier for companies to cultivate new customers. To provide information about the firm's product and its competitive strengths can aid the customer's decision process. Internet allows visitors to match their needs with offerings. While traditional marketing tend to be push-oriented, the Internet is pull-oriented. Internet also makes it possible to gather information about customers and send information to customers for a fraction of the cost compared to traditional marketing. (Kuratko, 2007)

Website

A key challenge in designing effective websites is designing a website that is attractive on first view and interesting enough to encourage repeat visits. Today's Web users are quick to abandon websites that do not measure up to their expectations. According to a Web design expert, two-thirds of them say they do not ever return and according to a research team many of the users only give a web page two seconds to give them the information that they want; if it fails they go elsewhere. (Kotler, 2009)

Social media

Lately, social media has been included as a member of the promotion mix, involving several communication methods, such as blogs, social network sites, video sharing sites and more. W. G. Mangold (2009) defines it as a hybrid of the traditional promotion mix, because in a traditional sense it allows companies to communicate to their customers, but in a non-traditional sense it also enables customers to communicate with each other.

These elements makes it possible for one person to participate in conversations with large numbers of other people about products and the companies providing them, making the impact of consumer to consumer communication greatly magnified in the marketplace. Online customer product review is a type of word-of-mouth information that is playing an increasingly important role in consumers' purchasing decisions. In contrast to traditional marketing communications, managers possess less direct control over the content, timing and frequency of the social media-based conversations occurring between consumers. They must therefore learn to shape these discussions in a manner that is consistent with the organization's mission and performance goals. Social media is perceived by consumers as a more trustworthy source of information regarding products and services than corporate-sponsored communications. (W. G. Mangold, 2009)

Search optimization

Another way to promote the company is to work with search optimization, as suggested by B. Lundén (2011). Many companies do this nowadays, towards for example Google. Working with search optimization means to adjust the marketing on the web, with the purpose of placing the company higher than competitors among the search results in search engines. A blog, for example, is not only a way to appear credible, but also to increase the search optimization. (Ibid) The ranking of the results in search engines is affected by the quality and

relevance of the website, the amount of links connected to it from other sites and their status, its popularity and many other parameters. (SEOMOZ 2013)

4.6 Positioning

This section will initially introduce what positioning is by definition. It will also provide information on different theories on how to achieve a good positioning in the mind of the consumer, and what is required from the firm to be able to achieve it. The conclusion explains what happens after the positioning strategy has been developed and what to keep in mind when pushing the strategy.

Positioning is to create a position for a firm or a product relative to other firms and products. Positioning is not what a marketer does with the product, positioning is what one does to the perception of customers and stakeholders (Agndal 2012). The competitive advantage of a firm can be different to the product's position. A competitive advantage of a product, like high quality or low costs, may influence the product's position, but is most often not central (Kotler 2009).

Consumers are not able to re-evaluate products every time they make a buying decision. Consumers simplify the decision making in the buying process by organizing products into categories, which means that they position services, companies and products in their minds. The position a product holds when compared to alternative products is a complex set of impressions, feelings and perceptions. With or without the help of marketing, the consumers will position products. This is why marketers need to plan the intended position of a product, to give it an advantage in the target market instead of leaving it to chance. To create the planned position, marketers design Marketing Mixes to influence the consumers. (Kotler 2009)

There are two sides of positioning: one structural and one symbolic. The structural aspect of positioning can be described as a direct comparison to competitor offers. For example fast to slow or many functions in comparison to few functions. Ranking is also a way of structural positioning; the first, the newest, the biggest. A clear structural positioning can be very advantageous for a firm because it is very easy to communicate. Symbolic positioning concerns all the signals that a product or company conveys to the user and the people who see other using the product. (Agndal, 2012)

New ventures often discover positions that have been available but overlooked by established competitors. In addition, new ventures have the possibility to prosper by occupying the position (Kuratko 2007). Kotler (2009) states that a business, especially the pioneers of a market, must choose a strategy for their launch that is in line with the intended positioning of the product. The initial strategy is only the first step in a larger marketing strategy for the product's life cycle. This means that the positioning needs to be decided before the actual launch of the product. (Kuratko, 2007 and Kotler, 2009)

According to otmmarketing (2005), a marketing company with partners such as Microsoft, Apple and Sun Microsystems, to obtain a successful positioning strategy you also need to differentiate your product, communicate your product's strengths, and address vital customer buying criteria. They also state that the key to achieving these objectives is a solid understanding of how the targeted market does its purchasing decisions, what your product can offer the market and finally; the positioning of the competitive products on the target market. (otmmarketing, 2005)

Hooley (2004) writes about what criteria a product must fulfill in order to have an advantage. He also states that positioning is a result of companies trying to create a competitive and efficient differentiation of their products and services. The differences that need to be fulfilled are importance, distinction, superiority, communicable, affordable and lastly profitable. This means that the product has to provide a highly valued advantage among customers, that it cannot be imitated or performed better by others and that the difference must provide the customers with an improved way of collecting the advantage. It also needs to communicate the difference in a comprehensible way to the customers, the customers have to afford to pay for the difference and the cost of the difference must be viable to the customer to improve their profitability. These six demands are also promoted by Kotler (2002).

Ries and Trout (1981) argue that well-known products most often hold a distinctive position in customers' minds; for example, Coca-Cola currently holds the position of world's largest soft-drink company. To compete against this position, a rival can choose from four different approaches. These can strengthen their current position in the consumer's mind. 7-Up used this by advertising itself as the *Uncola*. Another approach is to grab an unoccupied position. Snapple applied this with its tea-based beverages. They could also reposition or deposition the competition for example by claiming that the competition is providing inferior products or services. The final approach is to promote the idea that the company is in league with the market leader. (Ries, 1982)

After the positioning strategy has been developed, it must be communicated through every aspect of the Marketing Mix and every time there is any contact with customers. If a company's marketing strategy run counter to their positioning, the risk to confuse the potential customers arises. Smart companies support their positioning by coordinating it with all the Marketing Mix activities and the product offer. When introducing a new product, it is vital that it is properly positioned and clearly differentiated in order to be competitive. (Kotler, 2002)

4.7 Sustainability

This section aims to describe the sustainability from a company perspective. The section will examine sustainability defined in three dimensions: ecological, social and economical. These dimensions will be elaborated on from a theoretical point of view.

The report's definition of sustainable development was taken from the Brundtland report which states: "Sustainable development is development that satisfies present needs without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987). At the start of the twenty-first century, the problem of global sustainability was widely recognized and a common topic discussed in many parts of the world. The awareness of sustainability being an important part of a business has spread. Sustainability has grown to become a central issue in corporate social responsibility, for many global companies in particular. Although it is still a small concern within the wider relationship management, rather than something that drive structural change in the nature or scale of core business. (Adams, 2006).

The core of sustainable thinking has developed into an idea of three dimensions: ecological, social and economical (Adams, 2006). Ecological sustainability is about conserving the earth's non-renewable resources and restores the renewable resources for at least the rate at which they are consumed (*World Commission on Environment and Development, 1987*). This to create an ecosystem that can be reproduced before the resources run out. This is achieved by reducing the impact on nature. From the ecological perspective software often improve optimizations of energy, particularly in sectors such as logistics where route mapping benefit greatly from today's computing power in combination with high performance software. Cloud computing also provides better network infrastructure, reducing the need of physical infrastructure such as roads, airports and railways. The downside is that the software still has negative impact on sustainability which appears in the form of electricity consumption and hardware waste³.

Economical sustainability is about preserving both human and material resources in the long run but still creating economic growth. In an economically sustainable world, communities should aim to use resources more efficiently in work towards complete sustainability. In a long perspective one aspect to weigh into the financial sustainability is the long-term cost of consuming finite resources and let this affect the economic calculations. One example is how lack of oil will affect us in the future. Today, short-term economic considerations often are in the way of sustainable development. (Mulder, 2006)

³ Bohlin, Erik (Professor, Technology Management and Economics, Chalmers University of Technology). Method. Lecture 7th of February 2013

Social sustainability is focusing on the human and soft values. Examples of these values are democracy, justice, human rights and lifestyles. It is about building a long-term stable and dynamic society where basic human needs are met. Social responsibility is often centered on the employees. But it also includes how companies are governed in relation to the laws and rules leading to social and ethical responsibility as well as product liability (Mulder, 2006).

4.8 Summary of the theory

The theory is the foundation of the subsequent work with the empirical study, the analysis and the final recommendations. Theoretical views on how to construct a marketing strategy from a general perspective with regards also to the perspective of new ventures are divided into the sections market, product, price, place, promotion, positioning and sustainability.

The market section deals with initial market classifications and important market aspects to analyze before focusing on competitors and barriers. Product describes potential usage of cash flow analysis and values for customers and other stakeholders. In price, different strategies for pricing are presented with theoretical views on the impact of different stages in the product life-cycle taken into account. Place is described as distribution channels and classified as indirect or direct, depending on whether intermediaries are used or not. Additionally, the communication channel as a type of distribution channel on the internet is introduced.

Theory on promotion provides the promotion mix, consisting of advertisement, sales promotion, personal selling, public relations and direct marketing. It also includes more recent extensions like promotional aspects of the internet, such as websites, social media and search optimization. In the part covering positioning the term is first defined and then possible approaches and requirements are declared, closing with opinions on how to proceed after development. The last part in this chapter is sustainability, in which the definition is brought up and explored from economical, social and environmental dimensions.

The theory is used to determine the approach in the following empirical study and frame the collection of empirical material, to ensure that relevant information is acquired and later analyzed in order to fulfill the purpose of the study.

5 Empirical study

In the empirical study, the information is gathered through interviews, companies websites and articles. Each section starts with overall perspective followed by Trimbia's and their competitor's perspectives. This section is intended to be more attentive on the specific prerequisites and constraints that the thesis has.

5.1 Market

Trimbia have created XX with a lean startup model. Lean startup means to define a segment to target, in Trimbia's case small businesses with 3-15 employees, and create a product from the need of this segment (Lean startup 2013). By doing market research on the target market, Trimbia saw a business opportunity in a concentrated market by creating a tool for cash flow analysis. Trimbia realized small companies often find it hard to control the cash available and does not use cash flow as the strategic tool it can be.

Ågren⁴ states that most of the small business owners think they have control over their cash flow but in fact they do not and most of the entrepreneurs do not even know what cash flow is. Johansson⁵ states that small business owners find it hard to grasp the different economical concepts. Cash flow analysis is a service not frequently requested from small businesses claims Ågren⁴. Johansson⁵ says that cash flow analysis as a separate service is usually not interesting for small business owners because it is quite expensive and have few advantages. Instead, he says, it is often project leaders, especially new ones, wanting cash flow analysis as a support when running projects. He also says most of the cash flow analyses are on a six month basis.

Trimbia's targeted market contains a bit more than 1 million companies in Sweden. Most of them, a bit less than 800 000, are sole proprietorship. About 230 000 of the companies have one to nine employees and 30 000 companies have more nine employees (ekonomifakta 2013a). There are about 220 000 companies in the range of 1-19 employees (scb 2013). There is a rising trend as more and more companies are starting up each year. Between 2003 and 2010 the market increased with 120 000 firms (ekonomifakta 2013b).

The market for cloud services has in recent years increased rapidly, both for companies offering cloud services and for users. This is due to the new technology which has made it easier to create cloud services without special qualifications. It has also made it cheaper for enterprises to invest in the service (Cloudprovider, 2012). Bookkeeping online has been offered since the early 2000's. Since the start the companies offering bookkeeping as a cloud service have grown rapidly. Nowadays, different financing services are included in internet banks which makes it both faster and more efficient. New companies offering bookkeeping services and financial services have risen from nowhere to become big profitable companies with many users.

With new cloud services it has become easier for companies to take charge of their own accounting. The current trend shows that companies, especially small, are changing from using locally installed software to cloud services for managing the bookkeeping. Even the bookkeeping consultants see several opportunities to use cloud service to pursue the day-to-day bookkeeping. The bookkeeping is more flexible when the consultant can work parallelly with the business online, which makes it possible for them both to keep track of the present finances. It is also possible to divide the work between the consultant and the business. Some companies do not want to do any bookkeeping themselves while other want to do some parts of it. This is practicable with the cloud service.⁴

5.1.1 Companies

There are no competitors in the same strategic group as XX but several industry competitors offer products for the same targeted market with potential substitute products as bookkeeping services. There are companies offering the same cash flow analyzing tools as Trimbia online. These are not considered direct competitors

⁴ Ågren, Towe (Bookkeeping consultant, BDO) interviewed by authors the 2th of April 2013

⁵ Johansson (Anonymous accountant, head of accountant firm) interviewed by authors the 3th of April 2013

though, because they are targeting other markets with different language and financial rules. The main substitute product is local calculation software, like Excel, where cash flow analysis can be created. Usually the bookkeeping consultants are offering cash flow analysis to larger enterprises due to the fact that not many new ventures know what it is⁶. The bookkeepers are then commonly doing all the calculations for the customer or showing the customer how to do it on their own⁶. To follow is an introduction to the companies which will be included in the thesis.

Trimbia

Trimbia are a startup from Chalmers School of Entrepreneurship launching their first product in March. The product is a cloud service offering cash flow analysis on a day-to-day basis. The company has five employees and is located in Gothenburg. They are offering the customers to “take control over their finances”. Today Trimbia have less than ten customers.

Speedledger

Speedledger are a Swedish company offering a cloud service, including accounting and invoicing. Speedledger started their business in 2000 have been growing rapidly ever since. The head office is located in Gothenburg and the firm has 55 employees today. Their business idea is to make it easy and fun to be an entrepreneur by automating routine work and to let entrepreneurs take control over their economy. Speedledger’s customers are all kind of companies and associations in Sweden, but they are mainly small enterprises. Speedledger are one of the fastest growing companies in Sweden and have won several awards for their fast expansion, such as Deloitte Technology Fast 500. (Speedledger 2013a)

Fortnox

Fortnox are a Swedish company based in Växjö, Sweden. Fortnox was founded 2001 and have 67 employees and more than 50 000 customers. Their business is on the rise in Great Britain, Finland, Germany and Poland. Their slogan is “small businesses best friend”. They are offering a broad range of products for small companies. The products are divided into modules which the customers have to buy separately to build an own package for their own need. The target market is companies and associations with up to 20 employees. (Fortnox 2013a)

E-economic

E-economic is offering their software online which includes accounting, invoicing, stock- and project management. It is used by more than 99 000 businesses and 5200 accounting consultants and they have 120 employees. Their head office in Sweden is located in Stockholm and the business is also active in eight other countries. They are marketing the software as an innovative tool with integrations which make it fast, flexible and profitable. (E-economic 2013)

Pulse

Pulse was first developed in October 2007 in USA and there the initial application was developed and launched within that one month time frame. It was a free app for 19 months and in 2009, Pulse 2.0 was launched with many new features such as expanded cash flow views, reports, SSL security and file storage. Pulse was created out of a need they identified from small businesses, to know what their upcoming financial situation is looking like. Pulse helps plan, make decisions and change course for its customers. Pulse places emphasis on understanding one’s cash position at any time, past or future. (Pulse 2013)

Excel

Excel is a part of a group of software called Microsoft Office, provided by the multinational collaboration Microsoft. Excel is a spreadsheet program first released in 1985. Excel is mainly used for general office tasks. It can be used as a tool in analyzing cash flow, companies and accountant consultants are examples of parties that may use Excel in this way⁷.

⁶ Johansson (Anonymous accountant, head of accountant firm) interviewed by authors the 3th of April 2013

⁷ Ågren, Towe (Bookkeeping consultant, BDO) interviewed by authors the 2th of April 2013

5.1.2 Barriers

Trimbia has with a quite simple cloud based product entered a market with a small investment. The initial investment resulting in sunk cost was low, mainly intangible knowledge was needed to create the product⁸. The already existing companies on the market are offering a package of products and services. They are also offering compatibility between their software and others. Speedledger are offering direct transfer between banks and their bookkeeping software and Fortnox compatibility between their software and cash systems for stores and web shops⁹. Their products can be viewed as more technically advanced and would demand a bigger investment to get them out on the market. The wide range of products and the compatibility with other software make the cost-barriers high.

Speedledger, E-economic and Fortnox, are established and well known on the market. Their products are recognized by the customers and trustworthy by having well known partners in major banks and accounting bureaus. Speedledger is cooperating with banks, which makes it possible to offer automatic registration of data which no other competitors offer.¹⁰

Trimbia's product is different from the other companies by offering a forecast, instead of only offering reports from previous events, which distinguish Trimbia from competitors. Trimbia⁹ also argue that their product is easier and more user friendly than the other products in the market, even though the other companies are also marketing themselves as easy and user friendly. Trimbia are offering the product to the same segment of customers as the competitors and for a similar price. Few small business owners know what cash flow is and what the advantages are with keeping track of it.

5.2 Product

This section will cover empirical data on Trimbia and its competitors' products. Demo versions of each product will be tested and supplemented with interviews.

According to Valdemarsviks sparbank¹⁰, cash flow is a good tool to get the company's status at the moment, but unfortunately only a snapshot. Cash flow is only a small part of banks' decision making when applying for a loan; the banker uses its own tools to create an image of the customer's company. Andersson¹¹ says that small businesses usually do not have any financial tools because these are hard to obtain. Andersson also states that tools like XX is mostly used to give the businesses an own overview of the financial situation. Ågren¹² thinks that by keeping track of the company's liquidity, small businesses can use their assets more wisely. For example, instead of paying the bills immediately it is possible to wait until the last payment date to increase the interest, which supports the theory. Andersson also states that it could be possible to get a lower interest rate using a tool like this to negotiate. This was however due to the fact that the loan applicant showed an interest in keeping the economy under control, not relating to the specific software that was used.

5.2.1 Trimbia

The first thing you see when visiting Trimbia's website is "Ta kontroll över ditt företags finanser" which translates into "Take control of your company's finances". Trimbia describes their product as a help to improve your cash flow while the accountant handles the bookkeeping. By providing the customer with access to the right information at the right time, the customer will be able to make better decisions and save both time and money for the company. Trimbia also claim that their service is easy and intuitive to use.

⁹ Trimbia

⁹ Claesson, Johan (Marketing coordinator, Fortnox) interviewed by authors the 9th of April 2013.

¹⁰ Lindberg Karlsson, Ulrica (certificated company adviser, Valdemarsviks sparkbank) interviewed by author the 2th of April 2013.

¹¹ Andersson, Hans (Certificated company adviser, Södra Hestra Sparbank) interviewed by authors the 4th of April 2013

¹² Ågren, Towe (Accountant consultant, BDO) interviewed by authors the 2th of April 2013

Trimbia list several advantages with their product. The first one is the 30 day cash flow forecast, by posting future deposits and payments future liquidity can be anticipated. Trimbia also underline the fact that it is easy to log incomes and expenses and claim it is taking about ten seconds to log an event. When testing the product, it was confirmed that it is easy to create new log entries. Trimbia state in interviews that XX is contributing to a company's control by the financial knowledge it provides. Additionally, XX calculates taxes automatically based on logged incomes and expenses and inform the user when the taxes should be paid. As seen in figure 7, XX helps displaying how the liquidity is affected by an investment through visualization of the logged incomes and expenses. The user is also able to schedule recurring events like rent and continuous payments. Trimbia offer full product support for free during office hours. This support is delivered as a telephone service between 9-17, all weekdays.

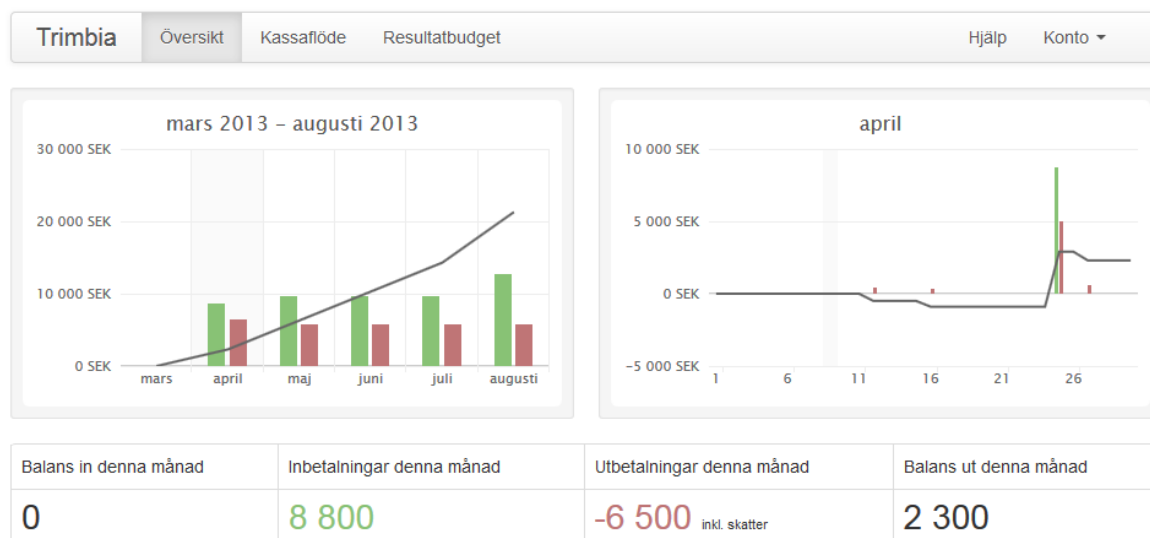


Figure 7: XX (Trimbia 2013a)

A first look at the product confirms Trimbia's claim that their product is easy to use. The overview page displays the cash flow for the next six months, cash flow for the current month, the last months result and total incomes and expenses the current month. There are quick accesses to buttons for logging incomes and expenses and to add categories. Under the tab *cash flow* the cash flow is displayed in more detail and the results for past, current and future months are displayed. *Financial results* enables the user to create a budget that can be edited over time, the net cash flow is also displayed together with net incomes and net expenses.

5.2.2 Speedledger

Speedledger's product is bookkeeping software for SME, the software is connected to the customer's bank account and therefore automatically updated with available financial resources. The user can pay bills as usual and all events will be displayed in the software. It has features that enable sending bills to customers and to request offers. Results, balance reports, ledgers and bills can be displayed in lists for easy overview of the financial situation, although no graphs can be displayed. Speedledger claims that their software speeds up the bookkeeping with up to 80 percent (Speedledger 2013a). Speedledger also have a cash flow feature under consideration (Speedledger 2013c).

Most customers choose Speedledger for their connection to the bank account, auto-accounting. The auto-accounting makes the bookkeeping much simpler and faster. The data is transferred from the account to Speedledger's software through a software plug-in that the customer install on their computer. When

transferring the data the customer also chooses categories for each transaction and the tax is then calculated automatically. (Speedledger 2013b)

5.2.3 Fortnox

Fortnox is a business system that offers bookkeeping, CRM-support, order-support, billing and many more financial modules to its customers. The system is designed by small modules that can be put together to make bigger units. The customers just need to decide what they need and the system will be designed specifically for the customer. The system is internet based and easy to both access and navigate. The bookkeeping bureau BDO uses mainly Fortnox except when doing the annual report¹³. According to Ågren¹⁶, Fortnox makes it easier for customers, banks and accounting consultants to keep track of what's happening. Most customers do their own accounting in the software.

5.2.4 E-conomic

E-conomic is a web based bookkeeping software for SME. The base version offers billing features with customer and article register. The user can send offers, orders and bills and the bookkeeping includes supplier records, ledgers, budgets and reports. The user can export and import the bookkeeping to Excel. The more advanced versions also include modules for inventory, projects and departments.¹⁴

E-conomic describe their product as web based, cheap and with free support. They stress that the customer has full access to videos and articles online when issues with the software arises. E-conomic also has the feature to import data from bank accounts. By downloading a file from the internet bank, the customer can then import the data to E-conomic and quickly post it in the bookkeeping. The customer need to have knowledge about bookkeeping to use the software, E-conomic only provides the software, not the bookkeeping.¹⁷

5.2.5 Pulse

Pulse is a web based software that helps the users to manage their cash flow and evaluate incomes and expenses. One of the main features is the ability to make day-to-day decisions by displaying daily cash flow. It is easy to use, with income and expense features similar to Trimbia. A company can add its own categories, just like in XX, and also have the ability to add recurring events on daily, weekly, biweekly, monthly, quarterly and annually time periods. This can later on be used to create forecasts. Pulse also have the feature to export the data and the user can therefore add the data to the bookkeeping software from the cash flow software. The user can create reports, charts, tables and lists for both categories and the entirety. Pulse also offer the ability to add companies and projects and then compare incomes and expenses for these. The user can also upload financial data that is automatically saved. (Pulse 2013a)

5.2.6 Excel

Within small businesses, Excel can be used to display an overview of the financial situation such as a cash flow statement. Ågren¹³ says that if a customer requests a cash flow analysis, they will make an Excel page and show the customer how they do it. According to Olofsson¹⁵, Excel cannot be used for accounting because of legal restrictions. Excel has many features, but requires experience.

5.3 Price

When evaluating the price, relevant information have been gathered from the five competitors and Trimbia. Their offers are reviewed with theory in mind to give the parts a similar structure. The offers are then presented and compared to XX. This information build the foundation to the price analysis.

¹³ Ågren, Towe (Bookkeeping consultant, BDO) interviewed by authors the 2th of April 2013

¹⁴ Anonymous (Salesperson, E-conomic) interviewed by authors the 4th of April 2013

¹⁵ Olofsson, Maria (Accountant, Ernst and Young) interviewed by authors the 2th of April 2013

5.3.1 Trimbia

XX is at the moment the only product Trimbia charge customers for. This means Trimbia's incomes solely consist of the profit XX manages to provide. Since the company relies on the profit of XX the pricing of the product is to be considered vital, not only for the product but for the whole company.

XX was presented to the market at the price of 249 SEK per month. Trimbia chose to determine the price before product launch. In the determination process they started off using a competitive perspective and reviewed companies that presented the same or a similar product to the market. The information they chose was all public and highly accessible. To standardize the information they chose to define key questions that related to their own product idea. From the gathered knowledge Trimbia compiled a set of questions, regarding what an acceptable price would be, to use at interviews. These interviews were held with companies seen as possible customers. Trimbia regarded this way as reliable since they were able to test the price of their product before it was launched. When asked they expressed a concern over a possible weakness in the price deduction, Trimbia's TMT felt that it was hard to validate the answers received during the interviews.¹⁶

Amongst the data Trimbia contributed to this report their price analysis was included. The analysis included eight companies and their willingness to pay, of which two were not willing to pay for XX, two were willing to pay 200 SEK or less, three at had a WTP 230 SEK and one larger company was willing to pay 1000 SEK. With this information at hand, Trimbia remained confident in their price being at a good level. Much of this confidence is derived from calculations of the needed amount of paying subscribers at this price level for Trimbia to break even.²⁰

5.3.2 Speedledger

Speedledger is offering their software in three versions with price ranging from 125 to 250 SEK¹⁷. The price levels when looking at Speedledger are related to what features you get. With differentiation in what features you get as a customer depending on how much you pay they have arguably chosen a pricing based on market segments and with the different offers they try to cover the whole market of small and medium-sized enterprises in need of bookkeeping and billing.

Speedledger is hard to compare to XX to since Speedledger deliver a billing and bookkeeping service and help its customers in those aspects. Speedledger's targeted customer segment is small enterprises that want to simplify their bookkeeping and invoicing²¹. A lot of the features that Speedledger offer are automated and much of the automation is made possible by their connection to several banks and accountants. XX is not made for bookkeeping but aim, just as Speedledger, to keep the client informed through processing and presenting some of the economic data.

5.3.3 Fortnox

Fortnox is delivering a wide array of subscriptions. Most of the subscriptions are delivered to the price of 99 SEK. These subscriptions give you a license for one of the standalone modules that Fortnox offer. A few of their subscriptions are offered at a lower cost, 59 or 19 SEK. These subscriptions are modules that are not as standalone, instead they deliver an extra functionality that some customers may be interested in. A big difference compared to the other companies in this report is that Fortnox does not have one core product but let the customer decide on what is needed¹⁸. Fortnox have taken one step further when trying to cover the market by delivering these individually lower priced licenses. The strategy is not only giving the customers the ability to choose how much functionality they want but also to adjust bought software services more precisely to their customers budget. Buying more than one license give you a rather big discount on the main modules. You get the second license on a 99 SEK module for 59 SEK (Fortnox 2013b).

¹⁶ Trimbia Olsson, Daniel and Moberg, Caroline (Head of finance and head of communication, Trimbia)

¹⁷ Anonymous (Salesperson, Speedledger) interviewed by authors the 5th of April 2013

¹⁸ Claesson, Johan (Marketing coordinator, Fortnox) interviewed by authors the 9th of April 2013

When buying a Fortnox service you will sign up for a certain time period, three or twelve months. The cost for the whole period is paid as a lump payment one or four times a year. When subscribing for twelve months you get one month for free, incentivizing the buyer to sign a longer subscription. A paid subscription is non-refundable (Fortnox 2013b). In contrast to Trimbia's trial period of the complete product, Fortnox have chosen to enable the customer to test the modules with limited features but for an unlimited time.

One of the main modules is a bookkeeping software that is priced 99 SEK for one license, the license cover unlimited usage but only one login. Fortnox does not deliver any forecast that is similar to XX's. The price comparison therefore have the same difficulty, in comparison to XX, as Speedledger.

5.3.4 E-economic

In E-economic's case the product offered is the same version but depending on usage, measured in logged invoices, the price differs from 100 to 400 SEK (E-economic 2013a). This is in other words a price chosen based on the quality it delivers. Quality in this case is how many times you can use it before the product is depleted. E-economic does not necessarily supply the connection to a bank or an accountant in the way Speedledger does, instead E-economic have chosen to offer a free connection for your accountant so that you can get your bookkeeping reviewed by a person of your choice¹⁹.

5.3.5 Pulse

Pulse, just as Speedledger and E-economic, have chosen to offer three subscriptions at different price levels. The subscriptions differ in amount of separate logins per account and online storage space (Pulse 2013b). The cheapest subscription starts at 14\$ which is equal to about 89 SEK and this is also the cost Trimbia compared XX to in their own research when trying to determine what price to launch at since Trimbia target the same segment. Pulse offer a 30 day free trial and they have also chosen to offer a minimum viable product that has just enough to be usable. You get an account with one user and the ability to see Pulse's core values in the 30-day cash flow curve but without the customizable views or the reports.

5.3.6 Excel

Excel stands out when looking at these software because it is neither a cloud service nor is it a purely financial software. It can be used as a tool to create cash flow forecasts which makes it a competing product to XX²⁰. Excel is currently sold as a part of the Office 365 package at the price of 103,9 SEK per month for a company license (Microsoft 2013). Other than Pulse, Excel is the only program truly able to substitute the service that XX delivers to customer. Excel is also able to substitute the other services and a tool that can be used for many purposes. This makes it hard to compare to any other price, since the product delivered does not resemble XX at all, even though it has the ability to be modified into delivering the same service.

5.4 Place

Speedledger, Fortnox, E-economic and Pulse have made their products as cloud services and use the Internet with their own websites as distribution channels. A monthly payment is obliged for the companies to directly distribute their software to the customers. The only exception is Excel that has several distribution ways and has to be installed on a device to function.

Some of the companies have collaborations with banks making it possible to integrate data by files like CSV, XLS, SIE4 and PDF. This can be found at the different banks homepages.

5.4.1 Trimbia

In Trimbia's case the only distribution channel for customers to get the product is through the website. The distribution is direct distributed, seller-controlled and the channel is disintermediated. Since Trimbia's product is a software and distributed through their website there are no need for inventories and physical storage rooms.

¹⁹ Anonymous (Salesperson, E-economic) interviewed by authors the 4th of April 2013

²⁰ Ågren, Towe (Bookkeeping consultant, BDO) interviewed by authors the 2th of April 2013

Trimbia is situated in Gothenburg, Sweden and they keep their support division in-house. The support is open 9-17 every weekday.

Since Trimbia is a newly started venture and they do not have any collaborations yet all distribution is handled from their website which makes the empirical part of Trimbia briefly described.

5.4.2 Speedledger

Speedledger uses both indirect and direct distribution for their software. One of the big banks in Sweden, Swedbank, has a cooperation with Speedledger in which the auto-accounting is used to update the data instantly from the bank account to the software without any manual work²¹. The bank itself can offer Speedledger's product to entrepreneurs and newly started ventures²². For this occasion the bank is a seller-oriented distributor of the product, recommending and representing Speedledger for the customers of the bank. The main reasons, according to Speedledger themselves²⁴, why customers choose Speedledger as their supplier is because of this ability to avoid double work with accounting which help the entrepreneurs saving time and making it simple. For other banks, like Nordea for example, the customers of Speedledger must download and upload files regularly to update their accounts²⁵.

5.4.3 Fortnox

Fortnox sell their product both from their own website and from their agency partners like accounting consultants and bookkeepers. They also have collaborations with some banks like Handelsbanken and Danske Bank where one might integrate the bank accounts with the accounts of Fortnox to minimize the amount of manual work. Fortnox are pursuing collaborations with other banks and they are also looking for more retailers on their website that wants to sell their software.²³

5.4.4 E-conomic

With E-conomic the customer can download files from most of the banks in which the software can update the data straight from the bank account without extra work except downloading and confirming the log entries for each transfer. There is also a function for payment of suppliers in the software to easily handle these kinds of payments for the customers. Even though these files can communicate with both E-conomic and the bank, by using the same programming language, there is no actual cooperation between the two parties. The purpose for the bank to supply these means of customer facilitation is to save time both for the bank itself and for the customers from making more manual work than necessary in the bank.²⁴

5.4.5 Pulse

Pulse is a cloud service that is offered on Pulse's website. The company does not use any distributors for their software. Pulse is the only cloud service out of the five competitors in this report that is distributed from outside of Sweden. They are located in the United States and have their main market there.

5.4.6 Excel

Excel is the only program investigated in this project that is not cloud based, and where the user has different options to obtain the product. The program is both direct and indirect distributed to the consumers. The program can be pre-installed in the customer's device, downloaded from Microsoft's website or purchased on a physical storage media from Microsoft's retailers. Microsoft distribute mainly through Original Equipment Manufacturers with their software pre-installed on products, like PCs, smartphones and other intelligent devices. The Original Equipment Manufacturers are both companies that Microsoft has direct agreements to, like Acer, HTC and Samsung and lower-volume PC manufacturers that function as retailers and operate both at global, regional or local levels. (Microsoft 2013b)

²¹ Anonymous (Salesperson, Speedledger) interviewed by authors the 5th of April 2013

²² Lindberg Karlsson, Ulrica (Certificated company adviser, Valdemarsviks Sparbank) interviewed by authors the 2th of April 2013

²³ Claesson, Johan (Marketing coordinator, Fortnox) interviewed by authors the 9th of April 2013

²⁴ Anonymous (Salesperson, E-conomic) interviewed by authors the 4th of April 2013

5.5 Promotion

In this section the promotional aspect of all of the companies included in the study will be investigated. Websites and internet activities are dominating, but other promotional tools are presented as well. The empirical material is shown separate for each company and divided into promotional categories, to accomplish a structure that is easy to follow and understand and to link it to the promotion theory. All of the companies in this research have websites filled with different kinds of promotion and selling points. The contents are to a great extent similar, but promotional messages and layouts differentiate. The companies' promotion in total varies more though. The prominent media channels in this report are Google's search engine, banners and YouTube, thus an introduction to these channels are made initially.

There are several different ways to advertise through Google, two of these are used by both Speedledger and E-economic. The first is in Google search engine. By choosing key words related to the product, company or industry, an advertisement is shown whenever a person is searching on that keyword. This advertisement then links interested people to the advertiser's homepage. The pricing follows pay per click which means that the advertising company pays for the amount of clicks that are made on their advertisement. It is possible to determine the budget for each day, which limits the amount of clicks and costs, and it is also possible to choose how much to pay for each click. The higher payment, the higher the advertisement is placed in the list of results from a search. It depends on how much is paid compared to other advertisers that have chosen the same key word. The placement also depend on the text in the advertisement and the homepage, however, because Google prioritizes well written and relevant ads and homepages among other criteria.²⁵

The other way is a cooperative initiative between Google and multiple websites called the display network. Payment works the same way, with pricing per click, but the advertisements can be shown in all of the cooperating companies' websites. It is more often presented to people that have shown interest in areas related to your product, company or industry based on the customer's internet history. If a person visits the advertising company's website or places related to it, the information is stored and used to target appropriate advertisements to this person. It is possible to limit the amount of times the advertisement is displayed to the same person in one day, to reduce the risk of it being interpreted as spam.²⁸

In YouTube, advertisements can be shown as banners or videos and the arrangement is similar to Google's channels. Visitors can choose to skip advertisements and the advertising company only pay for when the entire video is watched or it is watched for at least 30 seconds. It is also possible to target viewers by geography, demography or topic. (Youtube 2013a)

5.5.2 Trimbia

Trimbia is selling their product directly to end customers, without intermediaries, and the promotion is directed to small businesses according to producer-to-consumer promotion. Trimbia state that it has been important to get early customers to participate as testers of the software. They have initially acquired customers by phone, which is a kind of personal selling.²⁶

Additional incentives to participate in testing and to buy have been created by the use of discounts. Test customers are rewarded with half price on the product and all customers are offered to try the software one month for free, which means that a combination of personal selling and sales promotion is used³⁰. Recently Trimbia held a workshop concerning the importance of cash flow and managing finance in small businesses (Trimbia 2013c).

The promotional messages emphasized in Trimbia's homepage are that XX is easy, intuitive, provides control and saves time and money. The website also convey the message that bookkeeping can be left to accountants and Trimbia can help improving cash flow and decision making through XX. As mentioned in the theoretical section, visitors must quickly be served with information triggering them to stay on the site. Therefore, the

²⁵ Vernholm, Helena (Account manager, Google Adwords) interviewed by authors the 2th of April 2013

²⁶ Olsson, Daniel and Moberg, Caroline (Head of finance and head of communication, Trimbia)

content in the first view that visitors are exposed to is critical in their decision to find out more information or leave the website. According to Ågren²⁷, very few small business owners know what cash flow is, but almost everyone knows what incoming and outgoing payments are. She also says that most of them believe that they have it under control, but usually they do not.

Trimbia has a blog providing information and advices concerning cash flow, with the first one dated five months ago and the last one updated two months ago (Trimbia 2013b). Twitter is primarily used for promoting Trimbia's blog and their Facebook page, by referring to new posts and events on these sites and linking readers to it. Facebook and Twitter are more frequently updated, but information shared in the blog is more comprehensive. Trimbia is not using the social media sites to interact with potential customers, but rather to publish messages.

5.5.3 Speedledger

Speedledger deal with both producer-to-consumer promotion and producer-to-retailer promotion. Their promotion is directed towards three different segments; banks, bookkeepers and the group of end customers which are small businesses.²⁸

The company has a unique connection to the Swedish banks. The connections to the banks constitutes a more cooperational character. Several banks act as intermediaries and offer Speedledger's bookkeeping software to their customers and contributes to the promotion of the product²⁹.

This means that there should be some kind of incentives for Swedbank, whether these are monetary or not is unclear. Speedledger mentions several non-monetary incentives though. There is a certain tab on the webpage, with information intended for banks, encouraging them to set up meetings with groups of customers, where they will be introduced to Speedledger's software. The promotion is done by pointing out that banks can help their customers to simplify their bookkeeping and improve the relationship with these customers as well as local accountants, who often participate in the meetings. It is said to be appreciated by customers, but also by the banks themselves, who can meet many customers at the same time, find other needs for these customers, identify rising stars and also introduce them to the bank's other product offers. The banks are represented by their logo on Speedledger's website.

To attract professional bookkeepers Speedledger have founded a network for these practitioners called eKRAFT. Members of this network are offered to participate in customer meetings and then help the customers get acquainted with the software. The benefits of a membership are explained to be that the member receives all eventual incomes from teaching customers the software, it provides possibilities to meet new customers, it allows them access to newsletters. They are also included in a list in Speedledger's e-accounting and on their website, where Speedledger lists users of the software for customers to choose from.³⁰

The link to banks is constantly emphasized in their promotional messages together with the benefits of the automation in the form of easier handling, less work and less time needed. Speedledger also use customer reviews for promotion, both to sell and to attract bookkeepers to join eKRAFT³⁴. They promote themselves on Twitter as well, by constantly tweeting about the company and its product, commenting on relevant tweets made by others and refer them to Speedledger's website and also by reposting positive feedback and PR on Twitter.

Advertising is made in Google's search network as well as the display network and YouTube. The messages included in the advertisement in Google's search engine are that it is an online bookkeeping software with

²⁷ Ågren, Towe (bookkeeping consultant, BDO) interviewed by authors the 2th of April 2013

²⁸ Anonymous (Salesperson, Speedledger) interviewed by authors the 5th of April 2013

²⁹ Lindberg Karlsson, Ulrica (Certificated company adviser, Valdemarsviks Sparbank) interviewed by authors the 2th of April 2013

³⁰ Anonymous (Salesperson, Speedledger) interviewed by authors the 5th of April 2013

free support, that is connected to the bank account and compatible with all banks. On YouTube the selling point is that they have a unique bank connection. Sales promotion is used in a 30-day free testing period and PR by presenting studies relevant to the target market. Other communication methods used are newsletters and participation in Eget Företag 2012, a fair for small businesses.

On the website Speedledger highlights speed, guaranteed correct match between the bookkeeping and banks and that the software does most of the bookkeeping for the customer. According to Larsson³¹, customers are convinced that the software is much easier than it really is and her opinion is that they are misleading their own market. She does not like Speedledger's system and says that Speedledger's and the banks' promotion convince a lot of customers to buy, believing that they will be able to do a lot of the accounting themselves, but instead the bookkeeping turns into a catastrophe for many of them. These customers then have to hire professionals to help them solve the situation³⁴.

5.5.4 Fortnox

Fortnox targets three different segments. They are marketing directly to their main customers, but also through bookkeepers and accounting consultants and towards schools. The starting page of the website is focused on small businesses and there are separate sections for bookkeepers and schools. (Fortnox 2013c)

Bookkeepers can become bureau partners, which is promoted with the facts that nine of the eleven largest bureaus are members, that members is rewarded with the possibility to market the firm on Fortnox' website, that the bureau pays a low fixed price and their customers only pay for the functionality they are using. The promotion towards schools announces that education using Fortnox' software is easy to access by both teachers and students in school and at home and that the benefits of cloud services simplify this work by eliminating installments, upgrades and storage of data for users. There is also a review from a teacher presented, sharing his positive experiences of using the system in educational purpose. (Fortnox 2013c)

An interview with Claesson³² informs us that the company's budget was very low from start. Promotion was made by localizing places where potential customers were most likely found, one example was Arlanda airport, where people were informed of Fortnox. Nowadays, advertising is mainly made in Google, but also by traditional methods such as fairs and advertisements in various trade magazines. Banners are also used to some extent and promotional videos are uploaded on YouTube. Customers can also register on the website for newsletters.³⁶

In the section called education on the website, different ways to learn more about Fortnox products are situated. Interested visitors and customers can choose between web courses, web courses for bureau partners, seminars, customized education over telephone and a blog called 'Smått & Gott' which contains information, advices and ideas about entrepreneurship. There is also a blog called 'VD Bloggen' with information for all of Fortnox's stakeholders. (Fortnox 2013c)

Fortnox is present in various social medias, such as Facebook, Twitter, Google+, and Instagram. There is also a public forum on the website where people can ask questions, report problems and give credit or recommendations to Fortnox.

5.5.5 E-conomic

E-conomic's promotion on the starting page of their website is targeting both businesses and bookkeeping bureaus and there are links to further information for both sectors. The information to businesses highlights advantages with an online system and explains that E-conomic is user friendly and that no prior knowledge of bookkeeping is needed. It also explains that it is possible to add further functions and that it can exchange data with different systems. (E-conomic 2013c)

³¹ Larsson (Anonymous accountant consultant) interviewed by authors the 9th of April 2013

³² Claesson, Johan (Marketing coordinator, Fortnox) interviewed by authors the 9th of April 2013

The page intended for professional accountants and bookkeepers contains promotion better suited to attract the attention of this group. There are instructions of the software, but also more complex functions are presented and information about how to cooperate with customers in the software along with specific price lists. The promotion towards this group is centered on their work with customers, which is said to become easy, safe and flexible with E-conomic. (E-conomic 2013b)

E-conomic also offers bookkeeping bureaus and accountants that use their product the possibility to create a whole page advertising the firm on E-conomic's website, with information about the firm and its products or services. It is free of charge, they can decide about the information in the advertisement themselves and they can link to their home page. E-conomic's website states that this opens up for potential customers to go directly to their website from E-conomic's, but also that it affect Google's quality estimation of the advertising company's website positively, which lifts up the company in Google's search results. To promote the company further, E-conomic uses both Google's search and display network.. (E-conomic 2013d)

E-conomic also pay for banners the traditional way, fixed banners can be seen in for example news magazines on the internet, focusing on small businesses and entrepreneurs (Företagande 2013). On their website, in a section called partner programme, they promote for other companies to advertise E-conomic on their websites. Members of this partner programme, receives 500 SEK for each customer they bring to E-conomic.

E-conomic is marketed as the leading supplier of web based economical systems in Europe and the biggest bookkeeping software online in the world. On their webpage it is described with the words; online, easy and safe and it is declared that they have over 99 000 customers, the product is offered from 100 SEK per month, no installation is needed and it is always accessible. E-conomic encourage users to contribute with their opinions of E-conomic, by statements or more extensive reports about what it has meant to them and their businesses. Reviews are presented on the website, for visitors to read (E-conomic 2013b).

E-conomic offer both customers and bookkeepers free web courses, which educate these persons online. Other ways to learn more about E-conomic is to call the phone support, chat with personnel or watch instructional videos on the website³³. There is also an economic glossary to explain words that can be hard to grasp. Additional information is presented in E-conomic's blog and in their newspaper. The blog is open for visitors to read, but the newsletter demands registration of name and e-mail. E-conomic has also created a network for app and software developers, called the E-conomic Developer Network. This page shares documentation, tutorials, developer newsletters and other resources, allowing people to get started developing apps and software using the E-conomics API, to improve functionality for E-conomic users.

5.5.6 Pulse

Pulse also stick to producer-to-consumer promotion, targeting small businesses. The only traditional promotion mix tool encountered is sales promotion, which they include by offering customers a 30-day free trial. (Pulse 2013c)

Pulse mainly express the features; simplicity and speed (Pulse 2013c). The product is described as an easy way to manage the company's cash flow online and quickly manage and evaluate incomes and expenses. The values of the product is then presented more thorough, declaring that it empowers users to make decisions; day-to-day decisions that other accounting tools do not provide the ability to make. Decisions about when to recruit personnel, make expenditures and take or turn down projects are given as examples. It is also declared that Pulse is a software specifically designed for small businesses followed by examples of different users.

5.5.7 Excel

Excel is often promoted as a part of a group of software called Microsoft Office, provided by the multinational collaboration Microsoft (Microsoft 2013b) . Excel is a spreadsheet program first released in 1985 and different upgrades have been widely spread since then. There are many reasons to find for this great

³³ Anonymous (Salesperson, E-conomic) interviewed by authors the 4th of April 2013

diffusion. Collaborations with producers of computers have made it included in the purchase of computers. It has a broad range of functionalities and markets. Companies have been built on the idea of educating people in the program and usage in education and work requires people to get acquainted with the software. Because of this Excel is promoted through many different source, word-of-mouth information is usual.

New upgrades are introduced yearly and the version of year 2013 is for instance promoted to people that want to create budgets and other calculations. This is just one of many targets though and the promotion is not concentrated to appeal solely to this group.

The unequal situations of Trimbia and Microsoft make a study from a promotional point of view less rewarding because of the few applicable parallels. The fact that Trimbia is a new venture, with low budget, few resources and other objectives make the promotional tactics different from those of Microsoft.

5.6 Positioning

Positioning is to create a position for a firm or a product relative to other firms and products. The concept is not about what a marketer does with the product, positioning is what one does to the perception of customers and stakeholders (Agndal, 2012). This section will initially introduce how the companies are positioned.

5.6.1 Trimbia

The segmentation performed by Trimbia is very basic. Due to the current limitations of XX, it is only able to handle around 200 transactions per month. This is basically the foundation of the segmentation done by Trimbia³⁴. When evaluating the businesses with these amounts of transactions, they found them to be SME with 3-15 employees.

Trimbia have expressed their intended positioning of XX as simple and intuitive³⁸, this can also be seen on their website. Trimbia encourage their users to let accountants handle the accounting and using XX as a tool to provide important information about the economic standings, enabling the user to make well informed decisions.

Trimbia have not made many active choices in positioning XX³⁸. But since the product has gone live, Trimbia were forced into making some choices, the most obvious one being pricing it. Trimbia priced XX by comparing it to similar product. Based on the price XX is perceived to be in the premium segment. Trimbia intend to position themselves as the sole provider of their specific service, the 30-day forecast. This also means that XX needs to be differentiated from competitors.

During our meetings with Trimbia³⁸, it became clear that XX is meant for users with little interest of the economic parts of a business. It could be perceived as an oxymoron, but XX is meant to increase the users control without significantly increasing the workload. Since the software is designed to be intuitive and easy, everyone should be able to use it. It is meant to be perceived as a powerful but easy tool for SME that feel a lack of financial control. Trimbia also emphasized that XX is not an accounting software, it is a complement to regain control over a firm's finances.

Trimbia divide the finances of a business into two sides, the legal side and the strategic side³⁸. The legal side consists of the bookkeeping, which they encourage the firms to outsource to accountants unless previous experience in the field exists. The issue with outsourcing the bookkeeping is the loss of control over the financial situation in the business. Also, the information that the business receives from the bookkeeper consists of past events and nothing about what is to come. Instead, Trimbia want the focus to be on the strategic side, where the business owner can catch the financial information that is flowing through the company and use it for decision making.

³⁴ Olsson, Daniel and Moberg, Caroline (Head of finance and head of communication, Trimbia)

5.6.2 Speedledger

Speedledger claims to provide an easy and fun way to take control over your business' accounting. They hold the position of market leaders in Sweden on web based accounting and they are also the only supplier to utilize a connection with banks to offer direct information on transaction posts. Speedledger are stating that they speed up the bookkeeping with 80 percent and to be the fastest solution when it comes to keeping track of the bookkeeping for smaller businesses. (Speedledger 2013)

5.6.3 Fortnox

Fortnox offer an extensive range of different services, and aim to claim the position of leading provider of web based software. They are positioning themselves in a similar way to Speedledger, saying that the software is fun to use. They are differentiating their positioning by saying that the customers can form their own bank of services suiting each company³⁵. Fortnox is marketed as the leading supplier of internet based software. Features described initially on the website are the simplicity of cloud services, low monthly price, and a comprehensive free support. It is also stressed that it is easy to switch to Fortnox and that they have a wide range of software to add to the businesses, all of which compatible with computer software delivered by other suppliers.

5.6.4 E-conomic

E-conomic is different by saying that it is not only easy, but also secure (E-conomic 2013c). Marketwise, they are the biggest supplier of the service in Europe and are also keen to position themselves as market leaders, just like Speedledger and Fortnox. E-conomic's positioning is also that their cloud service is easy to use, although a sales person from E-conomic³⁶ states that it is necessary with knowledge about bookkeeping before using their software.

5.6.4 Pulse

Showing many features is a way of attracting a broad range of potential buyers, and that is what Pulse try to do. By positioning themselves as a company offering many features, as Fortnox, the need for a thorough segmentation declines. Pulse also states that the software is easy to use and allowing the user to quickly manage and evaluate incomes and expenses (Pulse 2013c).

5.6.5 Excel

While previous companies boast about having thousands of subscribers, and claiming positions as market leaders in different ways, Excel is used daily by millions. From the companies researched in this report, Excel is the only one offering customers to buy the software both as a one-time transaction and a subscription service. It is neither promoted nor positioned as a cash flow analysis tool and not as an easy program either.

5.7 Sustainability

Trimbia delivers a product that is a cloud service and is therefore used over the internet. This means that it is an intangible non-physical product. The product is as a consequence not affecting the ecology in any noteworthy way as software rarely do. But delivering software requires energy and hardware, so even though XX in itself is not impacting ecology the equipment needed to use it does.

Trimbia's product is, as a cloud service software, able to offer better optimization of energy in certain ways. XX optimizations take place in a microscopic scale of ecology compared to other software. Software that positively impact the ecological aspect of sustainability are for example software made for optimizing transports and equipment requirements. At the same time XX is not working in an area that is straining the ecological dimension of sustainability much, being online cash flow forecasts. XX simply minimizes energy usage within the field of cash flow due to its easiness to use and understandability which require low amounts of time compared to a more complicated software.

³⁵ Claesson, Johan (Marketing coordinator, Fortnox) interviewed by authors the 9th of April 2013

³⁶ Anonymous (Salesperson, E-conomic) interviewed by authors the 4th of April 2013

Mulder (2006) believes that minimizing resource usage is what one should strive for to create a sustainable society. Trimbia's product also reduces the need of paper, pens, books and calculators through being a software product. XX may in some cases also reduce the customer's amount of trips needed to bookkeepers while the entrepreneurs can do most part of the cash flow analysis on their own by using Trimbia's product without help from an accountant.

It is possible to look at the economic sustainability from three perspectives: Trimbia's perspective, the end customer's perspective and the stakeholder's perspective. Trimbia currently have limited resources both financially and when looking at manpower. The product launch needs to fit Trimbia's low budget and get carried out effectively when there are only a certain number of hours available. It is important to create an income fast for Trimbia to be able to guarantee their survival. Trimbia's product creates a transparent instrument for small businesses so that the business has control over their cash, both today and in the future. The control is helping the customers to know when it has the opportunity to invest, the software also provide the customer with information to reduce the risk of the business declaring bankruptcy. XX is a tool that shows the short-term economic situation which will create opportunities for economic sustainability in the longer term for small business since the short-term decisions have a high impact on small enterprises.

Stakeholders are in this case those involved financially or those financially interested, in the companies that use XX. Stakeholders in this case may include banks, investors or auditors. The value stakeholders may find in the product is the high accessibility to information on how a company manages its finances. Banks can, on short notice, get an overview of the economic situation the company is in. This information may even produce a win-win situation where banks are able to accurately calculate the insecurities of a loan to a company in need of a loan. A loan-taker may get discounts on loans if they're able to prove a stable cash flow. Businesses are able to attract new investors by showing a stable liquidity due to potential investors being able to better understand the risk taken, through this knowledge. A higher capability to attract investors would be because the investor knows that the company has a good understanding of how its cash flow is moving and insight into its future economy.

Trimbia is today giving SME an easier time controlling their financial situation which also reduces the risk of bankruptcy. In a longer term this leads to reductions of unemployments, both for the companies that use Trimbia's product but also for Trimbia's own employees. Trimbia, in a even longer term reduce anxiety and uncertainty in the society and help the welfare of the total society.

The workplace for the employees today is in Chalmers University of Technology which is a recognized good workplace.

5.8 Summary of the empirical study

The empirical study is made as a collection of information from different sources. Interviews from the competitors together with data gathering from the companies websites and articles have been made. The 4P's together with positioning and market are following the project in the empirical study to give a total perspective of the present situation.

The chapter deals with the five competitors and Trimbia in all of the Marketing Mix headliners.

The market describes how Trimbia started XX by using a lean startup model. The segment that fitted this lean method was small businesses, with 3-15 employees, that often seemed to lack control of the liquidity in their company. The market section also describes the other competitors present market situations. From the current market situation, Trimbia are in need to evaluate the barriers of entry that exist in all markets. Barriers like cost-based barriers are mentioned here. The product section covers data of the companies and their products, in terms of demo versions, have been tested together with interviews. The price section presents the pricing methods the companies have used for their products. The offers have been compared to Trimbia's product. The place section shows the present distribution systems the companies use today. All of the companies use their websites as distribution channels. The main exception for the distribution is Excel that has several different distribution channels.

Investigations on all of the study's companies websites together with websites like Google and YouTube have been made for promotional cause. For promotional tools websites and Internet activities are dominating, other channels are although used here. The positioning section is about how the companies creates their positions on the markets, how the companies are perceived by customers and stakeholders. Lastly the sustainability is described as how the situation for Trimbis looks like today. Environmental, ecological and social aspects are included here.

The empirical study is created to consolidate the analysis and recommendation together with the theory.

6 Analysis

In this chapter the concepts and models from the theoretical section will be tied to the information from the empirical studies and analyzed.. The topics are market, product, price, place, promotion, positioning and sustainability, these are separated to make it easy for the reader to follow the reasoning. This chapter consists of thorough analysis, which intends to fulfill the purpose of the thesis, leading up to the Recommendations chapter. The reasoning is sometimes built on a mix of the different parts from both the Theory and Empirical study which may lead to an analysis that fits below several headings.

6.1 Market

Trimbia are concentrating their marketing by providing a product which is niched and that no other company is offering. A benefit gained by offering the service online is the product's ability to reach out to a large amount of companies fast and easy. Due to the new product and how cloud services are used in new ways, the market shows big potential for new products. The market is in the buildup phase with more and more customers realizing the values of cloud computing. The flexibility and simplicity of cloud computing are requested from the new generation of small business owners. The downside of the online environment is that there are other cloud services reaching the market just as fast. The new cloud services are often offered for a small fee or even for free.

Even if the target market potential is big, with more than a million enterprises, the buying power is uncertain, especially when it comes to quality gains for companies compared to price as Bests (2008) says. As the accountants argue, there are not many small companies asking for cash flow services and even fewer that know what cash flow analysis is about. It is common for small companies to have bank loans, a limited economy and no considerable buying power. Out of the one million companies with less than 15 employees, most of them are sole proprietorships and have both low incomes and expenses. The software would probably contribute in many cases, but would not have a large impact on the businesses. Trimbia might also consider looking at other segments where the buying power might be better and where the economic interest is less present but still vital for survival. Examples of such segments would be sports clubs, communities and other kinds of associations.

There is a safety issue in offering a cloud service, that is why some accountants are not doing the annual reports online claims Ågren (2013). When business owners enters valuable information in the software about cash flow, which might be an important part of their strategies, like further investments or possibility to further investments, it is vital that the information is in a safe place. This is a reason why it is important to build trust for the company. The competitors have several well-known companies they are cooperating with; these partners are big banks and accounting firms which gives Trimbia's competitors a trustworthy appearance. Trimbia should try to find partners which gives XX credibility from a customer's point of view.

Trimbia are targeting a market segment that wants a product which is easy to work with. Due to that they do not have to look at Excel as a direct competitor. Excel's service is considered complicated to work with and, as a consequence, is not targeting the same customers. Behind the choice of Excel as a tool in acquiring the kind of knowledge XX provide is a huge need of configurability, something that XX is not meant to provide. To work in Excel the user needs a wide knowledge about the software because of the customizability the program provides. In comparison, Trimbia's product is less customizable but easier to grasp and use. The customers who are already using Excel to achieve increased control are probably hard to convince into changing their software choice to XX. This is due to the fact that they are well versed in the software and probably use it to much more than what XX is able to provide. This is when Excel is compared as a substitute to XX.

Companies hiring accountants to do their cash flow analysis are willing to pay a high price for their cash flow analysis; this group should be researched regarding interest in XX since they have shown a high willingness to pay for this information. This group is according to Ågren (2013) rather limited though and may be hard to reach.

6.1.1 Barriers

Due to the low complexity of the cloud service Trimbia is offering, it would not be hard for the industry competitors to enter the concentrated market targeted by Trimbia. The structural factors of the market, with strong competitors, cannot be overlooked by Trimbia. Already existing companies, holding substitute products, might add direct competing cloud services to their product portfolio. These software are built up on modules which means the existing companies could easily extend their product range with a new module if they see a business opportunity. If they do, it would be hard for Trimbia to compete with them. The competitors have product portfolio covering a wider area of small companies' needs and the products are cheaper than Trimbia's. It is also easier for a well-known brand to launch a new product to extend the customer range than for new entrants to gain market shares with a new product. There are many strong indirect competitors on the market with much bigger economies and customer range than Trimbia and several of them have the means to enter the concentrated market. To prevent the risk of industry competitors bearing the market of cash flow analysis, Trimbia should consider focusing on getting a fast diffusion and to build up barriers for the competitors to enter the concentrated market.

Trimbia are the first in Sweden with the cash flow forecast software and have a possibility to take use of the first-mover advantages before the potential entrants could compete over these. Spulber (2003) states that to create barriers, companies need to look at differentiating advantages compared to competitors. Today are all the competitors, and Trimbia, offering the same values in form of an easy service with good overview over time. If Trimbia are able to differentiate their offer well, they would make it harder for companies to replicate it with similar products to enter their market .

If there are many competitors, it is important to make the switching cost low for the customer to start using XX. On the other hand, Trimbia should try to increase the switching cost for the customers wanting to change from XX to a substitute product. A company which have succeeded with this are Speedledger by an integration of their product and the banks' systems. The integration has made it possible for Speedledger to offer auto-accounting, making their bookkeeping solution easy and fast. By offering the auto-accounting, Speedledger have managed to differentiate their software from the competitors'. Fortnox have another approach to this. They offer their products as modules making it an easy for the customer to integrate several financial services to one package. This makes the switching cost low for adding another feature to the already existing system instead of purchasing it from another supplier. If Trimbia succeed with a fast diffusion, the next challenge is minimizing switching cost for new users while maximizing the switching cost for the present users of XX to prevent them from changing supplier.

6.2 Product

Based on Trimbia's product description and Trimbia's thoughts about their product, XX's *core benefit* can be considered to be control. They are selling control to companies by providing them with a tool that displays an overview of the company's cash flow. The information provided by XX is interpreted by the client and used to make financial decisions. Trimbia's product is on *expected level* since they deliver the ability to see the company's cash flow and the 30-day forecast. The only thing Trimbia might have on *augmented level* is the ability to calculate taxes, but that is a feature that many competing products also have. Trimbia does not really have anything on this level that make them stand out from the competition. Their focus should therefore be on those customers who only seek the simple control product and do not want large, complex programs.

Another potential feature is based on the fact that SME usually have bank loans. The amortizations are recurring events in a company's cash flow and can be tricky to keep track of. For example if someone pays off more amortization one month, the payments for the upcoming months will then altered based on the new information. A *potential product* for Trimbia is therefore to add a feature that can keep track on the new amortizations when a larger payment is done, which will add value for the customer by shortening the time needed to keep track of the changes.

Both Speedledger and E-conomic have the ability to import data from bank accounts, something that make them stand out from the competition. Speedledger have an edge towards E-conomic through their auto-

accounting collaboration with banks. They both have *potential products* in cash flow forecasting and if they decide to add a cash flow function to their software, they will be direct competitors with Trimbia. Worth mentioning is that Speedledger already are considering to develop a cash flow feature. Fortnox' *augmented level* is that they have a complete module software and can add the functions requested by customers. Fortnox also have *potential product* in cash flow forecasting, that can be added as a module to the existing software. Pulse have the same *augmented level* as Trimbia and they too could add bank compatibility as a *potential product*. Excel's strength is that it is a well-known program with many uses. Cash flow is however only a sub service that can be developed within the program and not a main feature.

XX's main values are that it is simple and easy to use. Since the target market mainly consist of actors who have limited knowledge in the economic aspects, simple and easy to use might be the way to reach them. Because it is easy to use it takes little time to enter data, a value that will attract customers. The fact that it is easy to enter data is also a weakness since there is no control function that ensures that the entered data is correct. The user could enter wrong values or enter it in the wrong category without noticing and therefore get a faulty view of its company. This risk could be prevented if data could be imported from the user's bank. There is also the risk of recurring faults, for example if a user lists a payment as recurring and enters wrong amount. The fault could then go on for months without notice, continuously providing the user with faulty information. For the product to be successful, Trimbia must also find a way to ensure that the product's and the company's reputation does not get ruined by improper use of the product. Trimbia should also consider actions in case of improper use, for example by offering assistance or adding a clause that disclaims them from liability. In case of offering assistance, Trimbia should review whether it should be a free service or if it is a service the customer is willing to pay for.

Trimbia also need to consider how they deliver their software to customers. Web based software is easy to access, but can easily become unreachable. An important question to ask is whether the service will be available forever or if it will be shut down some day. If the service is shut down important data could potentially be lost. To enable a download of the data from the cloud service would solve this problem and also provides the customer with the opportunity to review their cash flow during travels and other activities where there is no internet available.

Trimbia's product fulfills many of the theoretical values mentioned in the cash flow section of this report. It gives adequate information on inflows and outflows of cash; it also provides separate information on the different activities. XX also fulfill its main purpose: to show the liquidity and solvency position and display excessive surplus and deficiency of cash. It therefore also helps with budget planning and future cash planning to some extent. XX does not show the level of efficiency in the company. Neither does it show stronger nor weaker activities in the company. That can easily be fixed however: by tying the financial results to the cash flow, the customer will be able to display stronger and weaker activities in the financial results. A problem with XX is that there is no monetary value communicated; there is no "save money" value for the customer. Trimbia need a way to show how the user saves money by using XX. Money could for example be saved through tax planning or by better planning of their purchases and when to pay their bills. If a customer instead of paying the bills right away waits until last date, money could be earned from interest or investments. By adding a function that displays how much a customer can save, Trimbia could communicate an actual quantified value to the customers.

Trimbia's product is very simple and easy to use. It displays the cash flow graphically for 30 days ahead. Speedledger is more extensive and has many functions, it is however a bookkeeping software and is therefore not a direct competitor to Trimbia. Speedledger's main feature is that they can connect to the user's bank and import all posts for accounting in the software. E-conomic's software is a more complex bookkeeping software that requires some experience with accounting. E-conomic also have a feature that allows the user to import data from the bank account. Neither one of these bookkeeping software have any features that displays the liquidity position of the company with graphs. Excel is used by companies to display cash flow among other tasks. Accountants sometimes make sheets in Excel for their customers so that they can display their cash flow. Excel is however complex and takes time to learn. Fortnox have the same target group as Trimbia and their software includes many features, and cash flow can easily be added to them. If Fortnox develop a

module with cash flow prognoses they would become a strong competitor. Pulse are very similar to XX in terms of features; they also provide the 30-day forecast. They have not entered the Swedish market since they are focused on the American market.

Trimbia should stick to the simple product. The simplicity makes it easy to learn, use and understand. These are all values that the empirical study points to as important. They need an edge that their competitors do not have, and it should be the simple visual cash flow and forecast. By sharpening their edge instead of expanding their range, they will create a market position that does not conflict with the competition. Trimbia should also consider consumers that only need one use to get an overview of the financial situation and project managers that only need it during a project. It could be projects that need a visualization of how they will spend the money during the next six months or a manager that need to keep track of the finances for a couple of months. By highlighting the possibility to add estimated incomes and expenses to gain a visual budget for the project, Trimbia could find many potential customers and they should consider the possibilities as a short-term financial tool.

6.3 Price

Price is highly dependent on the company's strategy. While forming the strategy, new ventures have a lot of decisions to make with little information to rely on. As Kotler (2001) mentioned, the price is a strong tool due to the fact that it gives quick response. There are some weaknesses with the pricing of XX that are important for Trimbia to acknowledge or they may cripple Trimbia's ability to penetrate the market. One weakness in their pricing would be their focus while setting the price. Requiring a high income on rather short terms made Trimbia focus on the company's need of quick cash when they were researching what price to put on XX. This resulted in Trimbia pricing XX at 249 SEK, which confirms Seglins (1990) theory of companies' tendency of pricing above or below current market price.

One aspect of the pricing is that it is subjected to comparison to the indirect competitors. It is also dependent on how well Trimbia communicate their differences towards bookkeeping software. In a scenario where they manage to differentiate their product well and do not need to worry about competing against bookkeeping software, they have a lot of space to develop their product offer in terms of pricing. In that scenario a pricing strategy such as Goldilocks would be a viable option in an effort to cover as much of the market as possible.

Apart from a Goldilocks pricing strategy there is another pricing idea that potentially would fit XX. This pricing would originate from Fortnox' way of creating short-term revenues by only accepting annual or quarterly payment. This look like a way of pricing that would help Trimbia in reaching their potential customers faster, due to the generated high liquidity. If Trimbia would use the same principles as Fortnox, they could use the payments for promotion which would result in a faster diffusion. This way of supporting their expansion is a high risk alternative. One negative aspects is that customers might consider the initial payment to be too high. This method would be using the incomes at an early stage as an attempt to create faster incomes. The usage of this strategy is valid but need a high awareness of the expenses the sold services will produce, an argument for Trimbia to use XX as a tool for their own company as well.

Other strategies such as skimming pricing could be tempting since the strategy has one of the potentially highest returns since you look to make the most out of every segment before lowering the price. With a market that have diminishing amounts of competition, the option may seem interesting but would have a high chance of putting Trimbia out of business. This is because the technique is very time-consuming since you want to be sure the large part of the market with the willingness-to-pay at that price level has bought XX before the price is lowered. Achieving that kind of market saturation takes time, which Trimbia lack, and increase the risk of new entrants, and skimming pricing is therefore not an option.

The empirical study shows that that the analyzed cloud service companies have differentiated their services with several pricing offers. Trimbia is one of the few who only have one offer, when trying to achieve a high market penetration Trimbia should take a closer look at their pricing as a step towards reaching a larger

customer base. Trimbia is developing their product at full speed at the moment; this will certainly be a good contribution to their offer. According to Trimbia the features that are being developed at the moment are basic features that are hard to reserve for high-end models of XX. But even so, in terms of very basic features their competition tends to differentiate the offers.

As explained in the price based on quality segment you could also put a value on surrounding services to differentiate your product to a higher or lower quality. As Kotler (2001) concludes, the pricing tend to evolve into a market with much more negotiable prices. Trimbia could look into their possibilities to have legal semi-negotiable prices. A price that is based on usage such as the pricing of E-conomic is one way of pricing based on quality. The knowledge gained from a research about companies' interest in that kind of pricing or a prepaid subscription could benefit Trimbia in terms of pricing their product. This is due to the fact that Trimbia should stay focused on the users that do not want complicated products and keep developing the core benefits of XX.

When looking at the price of XX today from a competitive perspective the price is in level or above other bookkeeping software but with much less substance. Even if the content could be seen as very different, it partially gives the same end result considering cash flow control. XX's advantage is the 30 day forecast, but the bookkeeping software it would be compared to have their strengths as well. The information a customer gets for 249 SEK, must outweigh both the effort and money the customer put into obtaining the information another way and also have a higher value than the work hours the customer put into using XX.

Compared to indirect competitors, the price level of XX is equivalent to some of the more expensive product offers. This would, looking at price, attract customers interested in the premium segment. This segment is not the segment Trimbia's product aim for in general. The software is intended for small enterprises that have little interest in working with economy but want to have the economical knowledge to avoid doing something they will regret. The argument could also be made that the high price tag could be perceived as a way to paying themselves out of cumbersome economic investigations which is more in line with Trimbia's targeted segment. The latter argument is considered less credible because of the targeted segment's lack of financial resources, being SME.

Since the premium segment is not Trimbia's target, a strategy with high market penetration is potentially better suited for them. They need fast diffusion and a low price to attract lots of customers. When comparing Goldilocks pricing to penetration pricing, the latter could be perceived as flawed. While the company would get a monthly subscription from customers with a wide range of WTP, the company would also miss the higher fees that could be applied to the customers with the highest WTP.

Pulse's different pricing offers are interesting for Trimbia to evaluate since they apart from a 30-day free trial also offer a free product without a time limit, where the product instead comes with very limited features. The 30 day trial is delivered to make it easier to attract customers who may feel hesitant at first but still interested enough to try it out. The free option which is not time limited give companies with a single user the ability to start using a cash flow product early in their company's startup phase, which could make the user reliant on the software. As the company evolves, the need of better cash flow software could be identified and the obvious choice is to upgrade the software that has been used from the start. Pulse are therefore able to introduce its software before the companies evolve into what would be Trimbia's targeted market of 3-15 employees. The offer of a completely free but very limited product is not an option for Trimbia right now but is certainly worth to consider when they reach a stable cash flow. The reasoning behind this is that the time to develop and deliver the product would affect Trimbia now but the payoff would be delayed for as long as it takes for the small companies using it to evolve into a state of needing the more advanced product, that have a subscription fee.

The price demanded by Trimbia is somewhat skewed. In the analysis of companies and their willingness to pay for the product Trimbia only asked eight companies, two of these were not interested in XX. To make a more accurate estimation, more companies should be questioned. The average from Trimbia's price investigation is 328 SEK and the median is 230 SEK. The average is misleading since there are two values

that deviate from the rest of the sample and a correct average should exclude the highest and lowest amount to be accurate, which gives an average of 222 SEK. Worth mentioning is that the company that is willing to pay 1000 SEK has 45 employees and therefore is not among Trimbia's targeted customers. A customer's willingness to pay is the greatest amount a customer is willing to pay, and since most customers has a willingness to pay below Trimbia's price of XX, the product is currently priced too high. Trimbia have selected a price close to their competition reasoning that if the competition can charge 249 SEK, so can Trimbia. That perception may be faulty since their competitors offer a different product than Trimbia, and thus have different premises when selecting their price.

6.4 Place

Trimbia have a simple distribution system based on direct distribution to customers through their website. The advantage with direct distribution is that a company gains the profit without any costs for intermediaries.

Direct distribution provides closer relationships to customers, which enable Trimbia to gain direct information about what their customers want from XX and what features that should be included. Indirect distribution could, however, increase the speed of XX's diffusion because more parties are promoting and selling the product.

Indirect distribution channels for Trimbia are foremost through banks, accountants and bookkeeping consultants. Banks and accounting consultants can help with the diffusion of XX by promoting it to their customers and are therefore two important channels. An issue is that many banks and accounting consultants already have partners and might therefore not be interested in another. Trimbia need to communicate their value and persuade potential indirect distribution channels that XX is needed. One way to persuade them is to offer incentives if they use XX and promote its value to customers. Another way is to offer the software for free to banks and accounting consultants, who then sells it to customers and earn percentage of the income.

Accounting consultants are one of the most important distribution channels since they know what customers need to control their liquidity. In order to attract accounting consultants, Trimbia would have to focus their efforts on communicating XX's value to this group. Many accountants use Excel to create cash flow forecasts for their customers, which makes that one way of approaching them. This could be achieved by emphasizing that XX is less time consuming and easier to learn. Accounting consultants can therefore save much time by using XX and promoting it to customers, and instead use the time to help customers understand their cash flow. XX's forecast could also be considered stronger than the accounting consultants Excel sheet. The sheet usually provides forecast over many months and become more inaccurate as time goes by. Trimbia's forecast is continuously updated by the customer and provides it with a steady cash flow for the next 30 days.

If banks and accounting consultants would see advantages for their customers using Trimbia's product, cooperation between the two parties could be created. Here Trimbia could see incentives in letting the accounting consultant or bank work as a neutral or seller-oriented intermediary. The bank will either compare different cash flow products objectively according to the customer's demand and choose the one that fits best or recommend Trimbia's product as a representative of the company. By recommending and selling the product through the banks or accounting consultants, a larger scope of customers could be reached.

6.5 Promotion

With none of the identified direct competitors established in Sweden, Trimbia's first step is to make people aware of XX since it is a new product at the market. This is done by informative advertising. The competitors are selling bookkeeping services, which is a term well known by customers. Trimbia are selling cash flow analysis, which is less known by customers. Trimbia have a challenge, compared to competitors with bookkeeping services, to inform what kind of product they are offering and what the values are from the service. They need to show firms that Trimbia not only has a service for cash flow analysis, but that they can provide a useful cash flow analysis which can make big differences for companies.

The second step for Trimbia is to persuade people to buy XX by communicating the features differentiating XX from indirect competitors. Trimbia's product lacks a way of showing the user how the values of the

product are realized. Trimbia states that one value could be to avoid bankruptcy, but it is hard to show if a company has succeeded to avoid bankruptcy. If a company uses Trimbia's product and realize that they have low liquidity and are heading for bankruptcy and thus take action to prevent it, the company need to evaluate if they gained a value from Trimbia's product. Risk Management is overall an area where it is hard to make the values come true because it is difficult to say that avoiding something is a value. It is also difficult to say what made the potential value, whether it was the software that displayed information or the customer that took action. A product that does not bring any tangible value is hard to promote and Trimbia must therefore either find or make values to promote XX with.

Trimbia are currently utilizing telemarketing which is both time consuming and reaches out to few customers which makes it expensive and ineffective for the company. Trimbia need to attract attention from a wider range of new potential customers for a low cost due to their limited budget. They need to find places and sites where the target segment is often found. There are different ways of reaching out to the targeted market. Speedledger have banks and accounting consultants recommending their product to customers while Fortnox and E-conomic only have accounting consultants using their products in cooperation with customers. The banks and the accounting consultants are offering the products as an additional service to their core businesses which is an incitement for them to promote the products from Speedledger, Fortnox and E-conomic.

If Trimbia can provide banks and accounting consultants with a value for them to introduce or to sell XX to their customers, they can be able to make the marketing come from many different directions to a wide range of the targeted market. Marketing towards these segments is probably most effective by the use of personal selling or meetings, at least to start with and establishing early relationships. This is because it allows interaction and it could be worth the time and money due to the importance of these groups. Additionally, the website should contain sections specifically designed to promote XX towards these targets. The promotional messages could to a great extent be in line with those of Speedledger and E-conomic; to convey the values of offering customers the software and to allow them to market themselves on Trimbia's website.

Another strategy to reach a wider target market with limited resources is to make the potential customers come to you. Fortnox used personal selling for their targeted market by standing at Arlanda airport talking about their product to people. Another similar way of personal selling is business exhibitions. The disadvantages are that exhibitions can be expensive and there are many competitive exhibitors fighting for the customers. Trimbia could try to look at possible places where they are able to reach a wide area of their targeted market for a small budget, as Fortnox did with airports, but also continue with workshops.

Many of the studied companies are featured by banners in magazines directed to small business owners and entrepreneurs. Public relations is a great way for Trimbia to communicate their product since they reach a large audience and at the same time have the ability to direct their marketing towards selected segment. It is important to communicate XX's values in advertisements, which is somewhat difficult since few know what cash flow is. Trimbia should therefore try to make interesting advertisements that capture the reader and leave an interest to know more. The advertisement should direct the reader towards the website where all promotional messages and value adding aspects are gathered to persuade visitors to buy.

It is important to identify which qualities the customer is looking for and use it in promotion, for example if a customer is interested in accounting software they might be interested in liquidity software as well. Finding people with similar interests and exposing them to advertisements and linking to the website is enabled by Google search and display network. Trimbia could use the fact that the competing companies are better known, and try to be displayed in searches regarding them. A frequently used selling point among the indirect competitors included in this study is simplicity, probably because of the targeted customers lacking interest of spending time with financial software. Trimbia's software is intended to offer an easy solution to a distinct problem and it is therefore important for them to emphasize the simplicity of their product.

The website is a very important success factor for Trimbia. Interested visitors need to be informed of the problem that XX solves and who can benefit from using it. From the interview with Ågren³⁷, conclusions can be made that there are two problems that Trimbia must deal with. Many potential customers are unaware of what the term cash flow means and many believe that they have it under control even if they do not. With this in mind, Pulse's website is better structured to address these problems. It describes that cash flow is about incomes and expenses and presents a thorough explanation of why, for what and for who a cash flow tool is needed. It also states examples and a clearly expressed differentiation from bookkeeping software. Trimbia also makes a statement differentiating XX from bookkeeping software, but could probably benefit from a more careful description to better inform potential customers.

It is important for a company that relies on its website to promote a product to work with search optimization. Many of Trimbia's competitors use search optimization to promote their product to potential customers and Trimbia should therefore use it to stay competitive in this area. Search optimization is an area worth focusing on and could be contributed to by investing resources in the website and try to connect it to other popular websites by links. It also makes it more important to keep the blog, Twitter, Facebook and other sites updated with posts of interest. This work also creates synergetic effects because it also attracts attention from potential customers directly.

Another strategy, used by Speedledger, E-economic and Pulse, is to encourage users to contribute feedback about their perception of the product. Negative feedback is good for future improvement and development and positive feedback should be highlighted and displayed for other buyers to see. As been said in the theoretical part, customer to customer communication feels more real, and even though it is quotations presented to them it still gives a similar feeling without the risk of negative opinions circulating, putting the company in control. Also, these satisfied customers can be used to show unsatisfied customers that their product is appreciated by many others. Trimbia should therefore try to encourage customers to send them feedback and ask customers if they can post it on the website.

The fact that the customer reviews are selected and published by the company itself should reduce its influence in consumers purchasing decisions, but nevertheless it provides word-of-mouth information which is becoming increasingly important and this way companies are able to maintain control. It can therefore be concluded that Trimbia should encourage customers to leave feedback. Although, providing a section open for direct communication between customers could probably be even more rewarding. Providing a forum on the website would enable customers to discuss with other small business owners and employees. They could help each other with questions about XX or other work related issues that could give these persons an increased value of being a customer to Trimbia and also attract the attention from others. At the same time it can improve Trimbia's relationship to their customers and create a useful channel for communication. This requires engagement from Trimbia, however, to try to keep control and solve different questions or complaints that might arise in these discussions before it spreads wide. Before launching a forum like this, it has to be decided that the resources are sufficient.

6.6 Positioning

New companies need to start making profit before the funding runs out. To accomplish this, most companies want a fast diffusion. This makes the positioning important, to see the offered product's strength and being able to communicate it so that the customers do not create a position on their own. By conveying the intended position the first time a potential customer comes in contact with the product, this is avoided.

According to Kotler (2002), Trimbia should do two steps prior to launching the product; the market segmentation and the market targeting. The only segmentation Trimbia have done is splitting the potential customers according to size. This segmentation is very crude and can only serve as a basic foundation when trying to formulate a strategy. The next step, choosing a target market, was an easy task due to the limitations in the performed segmentation and a practical limitation with the handling of the invoices. According to

³⁷ Ågren, Towe (Accountant consultant, BDO) interviewed by authors the 2th of April 2013

Trimbia, a company using XX can handle roughly up to 200 transactions per month. The target market consist of SME with 3-15 employees in Sweden. Sweden has a bit more than one million registered companies, but a closer look at this reveals that approximately 80 percent of these are either idle companies or sole proprietorships. The issue with this wide target is of course the wide range of the companies' specializations, needs and interests. A thorough segmentation and selection of target market is recommended to do prior to even developing the product. In this particular case though, Trimbia made assumptions and generalizations regarding the market.

Before a product hits the target market, the product's positioning should be decided, this was not executed by Trimbia. However, since the product still is not being marketed in any other way than through Trimbia's own website and cold calling, this will not have any effect on the upcoming positioning. According to Trimbia, they have not made any active choices in positioning the product. But during the interviews, Trimbia explained that by branding XX as liquidity software which gives the user control over their cash flow, they intend to create a new market. Their intention to grab an unoccupied position in the market, by offering a product that is differentiated in several ways when compared to potential competitors, is mainly used when positioning a product against competitors. They should claim to be the first to introduce XX's functionality in the Swedish market, to hold the position of being the first provider is powerful.

To XX, there are no direct competitors in Sweden, which is helpful to the coming establishment of XX. But even so, the indirect competition of products such as the different accounting software presented in section 5.1 poses a problem. It is vital to Trimbia to succeed in differentiating XX when being compared to competing software. To reposition the competition and enhance the fact that the indirect competition is supplying a different service should prove effective. By doing this, Trimbia will also be able to better communicate the service that is provided.

The price chosen by Trimbia places XX in the premium segment when benchmarked with indirect competitors. This might be an issue since Speedledger, for example, provide a broader range of services and functionalities at a lower cost. Once again it proves vital for Trimbia to position XX as an addition, not a replacement. The pricing is also flawed due to the fact that they want to be positioned as the easiest tool, and users are hesitant to paying a premium price for a basic product.

XX is currently being positioned as a tool to regain control over your cash flow by taking the information provided by the user and illustrating in in graphs and numbers which are easy to understand. The problem is that many SME do not even know the meaning of the term cash flow. To take control over and forecasting the incomes and expenses might be easier to comprehend.

The prospect of having software which enables the customer to negotiate lower interest is promising. Although during the interviews, the banks stated that the key values in loan applications, such as solidity, was calculated by the banks. If the customer showed their transactions and cash flow from the previous year, it could improve their chances of lowering the interest. The reasoning behind this was that the potential lenders showed that they knew their business and had an interest in managing it, not the actual paperwork itself. Using the software to get lower interest is a positive side effect, not the main impact of the software. The software would also have to be used for over a year to produce the paperwork, which would generate a cost, which in turn would lower the net effect of the lowered interest.

Trimbia encourage the SME to outsource their bookkeeping if they do not have previous experience in the field. This is an attempt to reposition the competition and creating an opening for XX as the sole provider of its service. This is effective and should definitely be used to its full extent. As the strengths of the product are difficult to grasp, by doing this, XX might be able to gain a powerful position claiming to be sole provider.

An extra interest of management tools should exist in times of financial difficulties. By positioning XX as software unlike any other, offering a service very different from accounting software, Trimbia should position XX as a tool to save businesses since companies that monitor cash flow have a higher rate of survival.

By using XX, the company would also get the benefit of seeing whether a future payout will go through or if there will be a lack of funds. If the users see that the balance will go below zero, they can take action immediately by postponing a payout or asking for a faster payment on one of their invoices. If the user previously paid an invoice as soon as it arrived, they would be able to gain interest by starting to use the allowed period to pay to the period's full amount. This is also a positive side effect that can be pointed out by Trimbia.

In 2014, a change in the Swedish law will take effect; every business in Sweden, even the idle, will be required to report their value added tax (VAT) every month (Driva Eget, 2012). This could open a huge business opportunity for Trimbia if they implement a new feature to make it easier for their customers to perform the new report. The sole proprietorships are not in the identified segment that Trimbia wants focus on, but with this change in law, it could possibly expand the targeted segment by almost 800 000 customers. If they decide to do this, they will most likely need to lower the price of XX considerably to match the new target market.

Speedledger have positioned themselves as having an advantage in Sweden due to the connection with banks. For the target market, which seems uninterested in economy, the time saving is an advantage. They also focus on positioning themselves as easy, fun and market leaders. The position of the leader is excellent since potential customers tend to consider established suppliers first.

Fortnox and their wide range of services enable them to attract a broader range of customers. The ability to offer a complete set of services and the flexibility to give every customer the option to create a custom design enables them to be perceived as a complete company that notices every client. By offering the broad range of services, Fortnox does not need to have a clear segmentation performed prior to releasing their different modules since they keep attracting customers from a more broad market by each new module they introduce. They also position themselves as being secure, which differentiate them and may attract some consumers.

E-conomic are the market leader in Europe on web based economical systems. Again, market leader is a powerful position, for E-conomic to be able to promote themselves as a multinational company is also an advantage. This means that their product has been successful in several other countries and could be perceived as a stable supplier of service.

Pulse are not active in Sweden at this point. They offer a 30-day trial and position themselves, like the previous software, as easy and quick.

Excel is different since they are a part of the Office suite sold by Microsoft. The software is not meant for creating cash flow forecasts but it is well established as a powerful and effective multipurpose tool. It is well renowned and used by many accountants. Since they do not promote themselves as an alternative to other software, and most likely does not need to, they let the customers create their own view on the software.

It is imperative that Trimbia decide on how to position XX, they cannot leave it to chance any longer. Almost all of the accounting software that are discussed in this report claim to be easy to use, Trimbia could try something different. Their strength is that if the user logs everything correctly and the allowed period to pay the invoices is 30 days, the forecast is 100 percent correct. There will be no surprises for the user. Other things they can claim are that they are the first with the 30 days forecast, the biggest provider of that service, or perhaps even say that they are the only ones, all of which are true.

6.7 Sustainability

Trimbia's mission is in the right direction regarding the link between sustainability and profit-oriented company as it is a cloud service that is designed to simplify the process for small businesses. It creates better conditions for small businesses ecologically, economically and socially. From the outset, the product has a small positive impact on the ecological aspect. Socially, it is Trimbia's aim to create a product that makes it easier than ever to take control of their company's liquidity. The consequences of this will be improved

chances of survival or better performances for small sized companies, which in turn will save or generate job opportunities and contribute to a better future welfare.

A risk prevention product may also reduce anxiety and uncertainty for people and gives the confidence to make new investments. For Trimbia it is also important to give their employees a good work environment and keep them satisfied with their job situations. By doing this Trimbia will also gain on these efforts by strengthening their brand, keeping their employees motivated and exposing their company in society as an attractive place to work.

The product will provide users with information about how the economy is managed within the company. It is important to indicate if things are going badly for the company as well, both internally and regarding customers and stakeholders. From the public perspective it can reduce product failures before it happens. If the company is doing well but the entrepreneur is careless with the liquidity the company could be declared bankrupt. This creates an unnecessary cost to society since it need to take care of both the business and the entrepreneur. The software is also designed to reduce anxiety for all business owners and stakeholders by creating an overview of the economy.

The fact that XX can improve planning for users has an ecological value. By accurate knowledge of future liquidity, businesses can purchase larger batches less frequently and reduce environmental impact from transportation and paperwork. A cloud service in itself is a sustainable solution from ecological point of view, because it eliminates the material, production and transportation needed for a physical product.

7 Results

When framing a marketing strategy it is vital to form it with all the decisions pointing in the direction of a company's goals (Kotler, 2002). Trimbia launched XX with the aim to reach a fast diffusion and make break even. Trimbia have since the start been making decisions regarding the marketing strategy without a clear direction towards a goal. In the thesis, Trimbia and their competitors have been analysed from different point of views. The analysis have been divided into seven parts: market, product, price, place, promotion, positioning and sustainability. When forming the recommendations, these sections are integrated to one marketing strategy where the different parts complement each other in the direction of the companies' aim.

7.1 Recommendations

The first recommendation is to enable the product to read the files that can be downloaded from almost all the banks in Sweden. It would require programming, but would benefit Trimbia. This would not only make it easier for the user to log the entries, but also guarantee that the entry is correct. It would also raise barriers against possible new entrants and increase the switching costs for the already existing customers. The second step in connecting with banks would be to acquire an auto-accounting collaboration similar to Speedledger's. Regarding the distribution of XX, Trimbia are recommended to get in contact with banks and accounting consultants to create partnerships. The use of these stakeholders as seller-oriented or neutral intermediaries would help both themselves and Trimbia. For Trimbia this would lead to greater exposure and faster diffusion of their product. They should incentivize partners to be seller-oriented regarding XX, for example through provision on sales but preferably non-monetary incentives.

To be able to attain the banks and accounting consultants as intermediaries it is important for Trimbia to communicate the advantages of XX, including the simplicity for the user that the product offers and that Trimbia is the only company in Sweden selling cash flow software. Since these kind of collaborations are very important and can yield a large scope of customers, Trimbia should focus on personal meetings for the possible intermediaries and also a tab on the website where interested distributors can sign up for more information.

Trimbia have to make potential customers realize the need of XX by showing the values of the service it provides. Trimbia are recommended to specialize in cash flow analysis, but still keeping XX as simple as it is. They should allow the user to be able to enter the same information as today, but getting more information out of it; for example to show the level of economic efficiency in the company and deliver tax planning recommendations. By tying the financial results to the cash flow it would enable a display of stronger and weaker activities in the financial results. It is essential for Trimbia to make the customers realize that XX is an easy cash flow tool, and that cash flow tools are easier than bookkeeping software.

When viewing XX from a risk management tool perspective, it is difficult to exhibit the real value of XX. They should therefore also try to quantify those specific values of XX to make them more recognizable, like showing saved time by using XX compared to Excel or how much money saved by sending out invoices early and paying bills as late as allowed.

Trimbia is recommended to continue offering the market a product that is simple to use, positioning XX as the easiest way to visualize incomes and expenses. Keeping the product easy to use makes the switching cost to XX low. XX may then substitute Excel, which many customers find difficult to use. They should also point out XX as a complement to the bookkeeping software, giving financial insight to company management. Trimbia should claim XX to be the only cash flow forecasting tool in the Swedish market, to benefit on the first mover advantage.

Trimbia is recommended to use the Goldilocks method when approaching the market, creating three offers that are differentiated by price. The offers should target economy, mid and premium consumers to cover as much as possible of the customers located in their targeted segment. This way of pricing is a contributing to

the raising of barriers for new entrants. As Trimbia have limited time and resources they are recommended to modify their existing offer as a first step and extend it as time goes. One modification could be the phone support that could be cut in the economy version where the customer is referred to an online user guide.

Trimbias promotion through social media is considered a good way and should be kept to reach customers to a low cost. As long as these channels are updated and shared they are also a good way to interact with customers and get feedback. Positive feedback should be presented on Trimbia's website. The recommended promotion channel is Google because of the exposed crowd and the promotional contracts, that are considered well suited for a limited budget since the buyer is able to customize the cost of the promotion.

Trimbia have to widen the targeted segment and include an even lower amount of employees than three. They should keep in mind that including services that are helping companies with their tax accounting probably will favour XX greatly in the future, since it will be required to report VAT every month in 2014, even for sole proprietorships.

7.2 Further studies

For Trimbia to get the best possible values of the recommendations of the report some points have to be studied further.

According to the empirical studies made for this thesis, there are not many companies demanding cash flow analysis today^{38 39}. This is something that should be investigated further since the investigations Trimbia had previously done show the opposite. A more thorough market segmentation is needed to position Trimbia in the best possible way.

More examination of potential customers willingness to pay has to be done to find out which aspects that can motivate the entrepreneurs since many of them have little interest in financial aspects.

To find the right pricing strategy studies have to be made to find the amount of invoices and bills SME use. From here Trimbia could maximize the impact of using the Goldilocks pricing strategy with limitations in these areas.

³⁸ Ågren, Towe (Accountant consultant, BDO) interviewed by authors the 2th of April 2013

³⁹ Johansson (Anonymous accountant, head of accountant firm) interviewed by authors the 3th of April 2013

8 Report evaluation

The report has been facing a lack of information in the empirical chapter. This is due to the nature of Trimbia, being a new venture and therefore not having considered all areas of the business. Also, since XX is an infant product that uses recently developed technology in combination with a specific branch of economy to create a new market segment. And lastly the researched companies have, due to the nature of the market and product, either been targeting a different market which makes the information less relevant to Trimbia and XX or been unwilling to share information that are giving them a competitive advantage.

Since there is no existing market for the 30-day forecast, the empirical study had to be based on what has been identified as a parallel market. The competitors are offering different services than Trimbia, and in some cases the competitor is not on the Swedish market. They were regarded as relevant due to their products' features enabling them being used for cash flow analysis.

To focus the thesis on relevant areas, the Marketing Mix tool was used in the form of the 4P's together with positioning and market. These have been used to provide a theme through this report, tying theory, empirical study and analysis together. As stated in section 2.3.4, Marketing Mix with the addition of positioning and market have been deemed a good way to evaluate Trimbia's situation since the areas could be fused together to form well founded recommendations to Trimbia. This report has mainly used qualitative information, which has been easier to validate since there is more information to triangulate. Qualitative data is also considered in theory to be a better study method when dealing with new ventures. This is due to the fact that the market is constantly under evaluation in combination with a qualitative study never considered as closed. The data have been a mix of primary and secondary, both serving the purpose of the report.

The writers of the report have been successful in gaining knowledge on how to approach this kind of task, writing a report with a company as client. A deeper understanding on the particular area has also been developed. New experience in group dynamics has also been gained while writing the report, with a set deadline, while being six group members. This experience is considered valuable to the group members. Valuable experiences have also been achieved from the initial process, required due the character of the task. The initial process consisted of a wide spread of areas to investigate which required an evaluation of Trimbia's needs, in order to identify the aspect that would provide them the most value and support in their particular situation.

The report delivers an aspect of Trimbia that has not been evaluated before. This is delivered by providing a study of a new venture from a Marketing Mix which has been adapted to the specific situation. Although the situation is specific for Trimbia, other similar new ventures might find theoretical values in this report, using the information in similar tasks.

The study considers Trimbia's current needs and provides them with information on their market situation. This is what Trimbia requested and the report is therefore considered to fulfill the goals regarding the relation to the client. Having this report it is up to Trimbia to decide how they want to use the recommendations and gathered information.

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Andersson, Hans (Certificated company adviser, Södra Hestra Sparbank) interviewed by authors the 4th of April 2013

Larsson (Anonymous accountant consultant) interviewed by authors the 9th of April 2013

Anonymous (Salesperson, Speedledger) interviewed by authors the 5th of April 2013

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10 Appendix

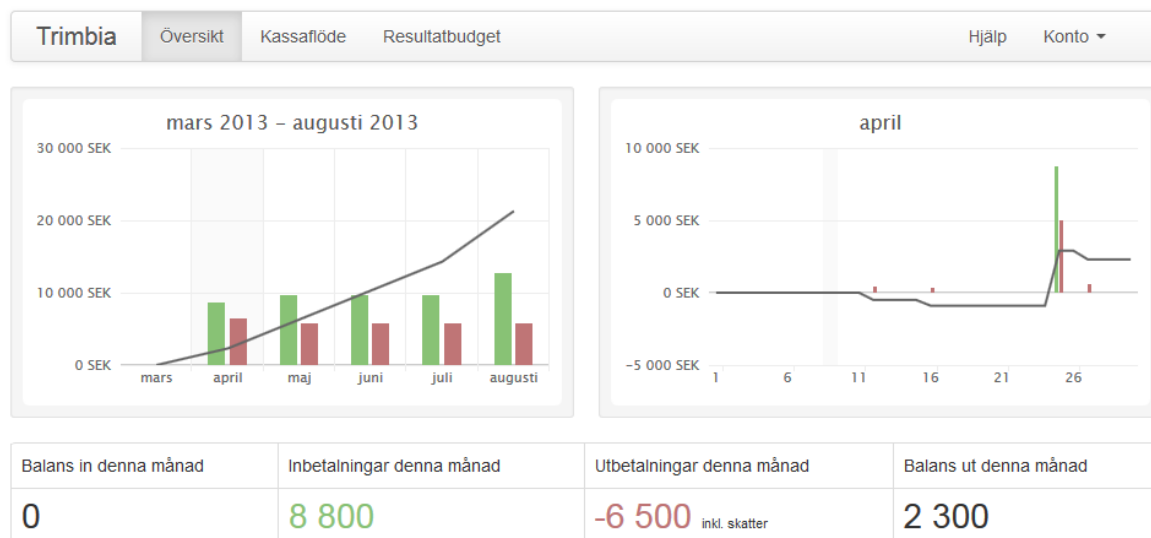


Figure 8: Screenshot from XX

Ny kundefaktura

Faktura

Förhandsgranska

Kund	5 RoboCraft	Fakturadatum	2013-04-09
Kundnummer >>	5	Betalningsvillkor	30 Dagar netto
Kundnamn >>	RoboCraft	Förfallodatum	2013-05-09
Er referens	Sven Svensson	Leveransvillkor	Fritt vårt lager
Vår referens		Faktureringsavgift	0,00
<input type="checkbox"/> Spara till kundregistret			

Visa mer kundinfo

Rad	Artikel	Benämning	Antal	Åpris	Rabatt %	Radsumma
10	SB10 Styrbox belysning	Styrbox belysning	60,00	500,00	5,0	28 500,0

Summa rader: 28 500,00 SEK

Figure 9: Screenshot from Speedledger

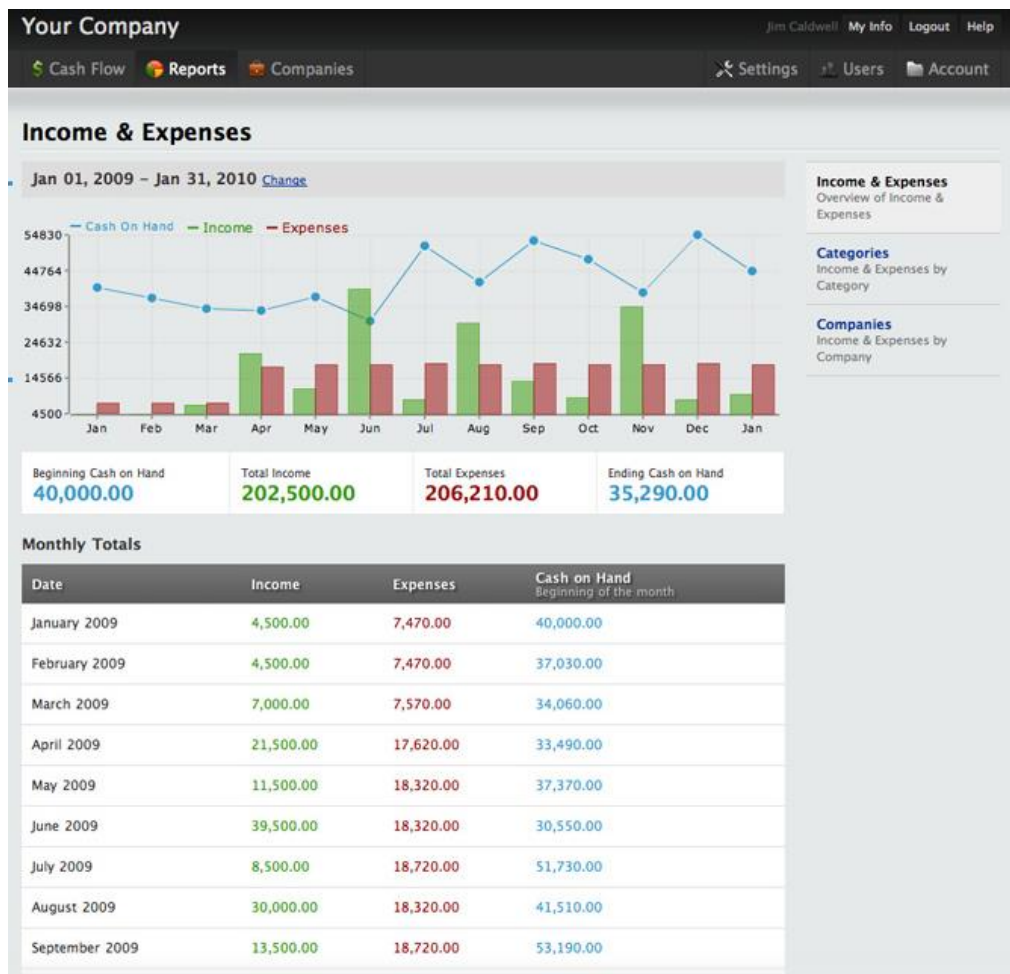


Figure 11: Screenshot from Pulse

	A	B	C
1			
2			
3			
4	Company name	Willingness to pay	How much? (SEK)
5	Company #1	Yes	200
6	Company #2	Yes	1000
7	Company #3	Yes	230
8	Company #4	Yes	230
9	Company #5	Yes	230
10	Company #6	Yes	79
11			
12			328,166667
13			
14	Company #7	No	0
15	Company #8	No	0
16			

Figure 12: Research of price (Trimbia)

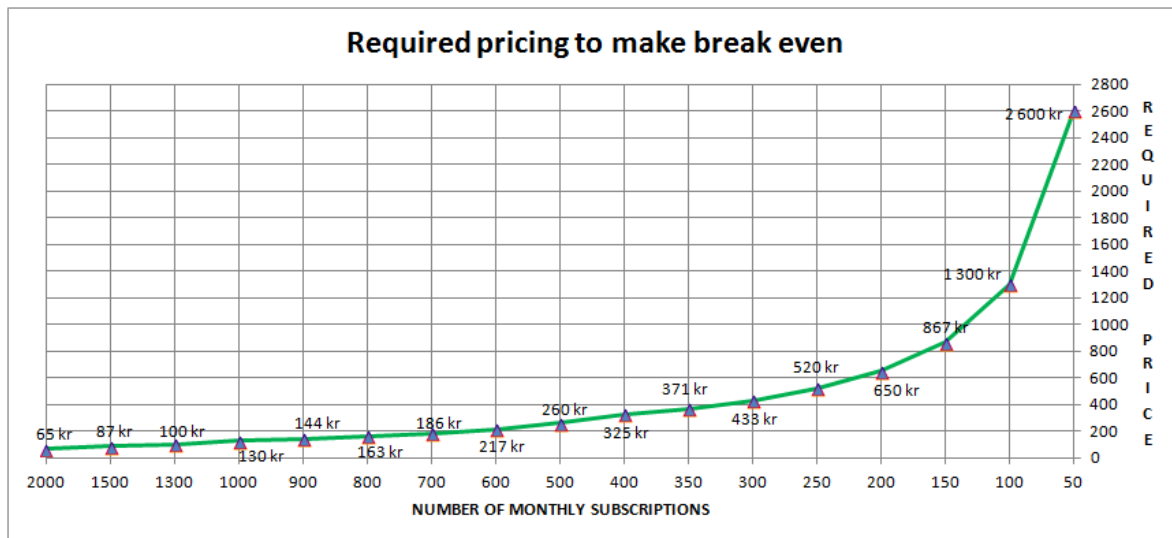


Figure 13: Required price to break even