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Choosing a Business Model

Study of Small and Medium Sized Transportation companies in Vietnam

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Abstract

Transportation has a special position in the logistics sector of any industry. In the develo-ping countries, especially in Vietnam, road transportation still plays a very important role in everyday business transactions. In this context, the concern was that small and medium sized transportation companies were struggling to survive in the competitions with larger firms and with each other.

The objectives of the study was to study small and medium sized transportation companies in Vietnam in order to learn about their success. It was hoped that the information gained from the study could be generalized into a guideline for future firms so that they could ref-lect on themselves in order to create a similar success.

The qualitative research approach was used to achieve the laid out objectives. Interviews were conducted with companies that fitted the descriptions of the objectives. The results of the interview were transcribed and analyzed.

The results can only be applied to the sample that was chosen at the beginning of the study. The results could be used by companies that wished to pursue a similar path to that of the companies in question. However, the results should not be generalized due to the small sample size.

One business model was favored over its counterpart both in the establishment phase and in the long-term operations. Some advice was given to companies who wished to achieve an outcome similar to these companies but, again, precautions were also suggested.

Keywords/tags: business models, B2B, B2C, transportation, developing countries, Vietnam

Miscellaneous

Contents

Figures

Tables

Terminology

Amazon	A muti-million dollar online retailer
Apple	The creator of iPhone
B2B	Business-to-business, as model or as economical transactions between two companies
B2C	Business-to-customer, similar to B2B but between companies and their end-customers
CRM	Customer relationship management
DHL	A transportation company
Fortune 500	A ranking of 500 largest companies in the USA
IKEA	A low cost furniture company
Microsoft	Creator of Window operating system
Nintendo	A game manufacturer
SAP	A company provides Enterprise Resource Planning software
Silicon Graphic	A graphic hardware producer, a partner of Nintendo company
SME	Small and Medium size Enterprise
Statista	A website provides statistical data
SWOT	An analysis method to assess a company's Strengths, Weaknesses, Opportunities and Threats
TNT	A transportation company
Tweet	A post on the social network called Twitter

1 Introduction

1.1 Preface

In general, a start-up or any kind of business is by no means an easy undertaking regardless of who the entrepreneur is or how much resources, human and financial alike, are poured into the business itself. Business means taking risks in spite of how many precautions are taken because there will always be a corner which business men/women overlook. In addition, more often than not, businesses fail rather than prevail. Businesses that serve customers, make profit and stay struggling to the next days are a minority. According to Soren Kierkegaard (1850, 128)

> “[...] the minority is always stronger than the majority.”

In the business world, we can see some similar behaviors. In January of 2007, Apple released the first iPhone to the market and immediately sold for 270,000 units on its first day (Skillings 2007). This is not a very surprising number today, but it was a major deal at its time when none of the previous phones on the market were close to what Apple did with the first iPhone. The iPhone created a new generation of smartphones, moving away from Blackberry and standard physical keyboards, like various other phone brands. The minority was stronger.

When started, most businesses are small, and surviving alone is hard. However, size is not the real factor in inability to survive. Small businesses are founded everywhere in many different business fields, and their success is relatively good, perhaps even excellent. Hence, this might lead us to think where the real problem is which hinders businesses from surviving and growing. A quick look at the internet will tell us about a myriad of problems regarding planning and leadership and differentiation; problems that businesses need to solve to succeed (Meszaros 2017). However, a very important piece of advice that is usually hidden behind all these hinderances is that business models matter (Magretta 2002, 3). According to Magretta (2002, 3-8), although a good business model is not enough, it is still a cornerstone in the success of any organization.

1.2 Objectives

The problems described above are applicable everywhere in the business world, including the developing countries with fast moving pace of changes. The objectives of this thesis was to study why many Small and Medium sized Enterprises (SMEs) in road transportation companies can operate profitably while others cannot and consult their opinion on two opposite business models, namely, the business-to-business model (B2B) and business-to-customer model (B2C).

The research questions of this study were as follow:

- What are the advantages and disadvantages of B2B and B2C models in the transportation service context?
- Should SME road transportation companies in developing countries choose B2B or B2C for their model?
- What should SME road transportation companies pay more attention to in order to successfully adopt the chosen model?

1.3 Research boundaries

The scope of this thesis was limited to the transportation businesses in the developing countries. More precisely, the focus of this study was on transportation companies in Vietnam with the expectation that they could represent larger groups, such as transportation companies in Vietnam in general or better transportation companies in the developing countries. It is also necessary to mention that although transportation companies were interviewed, all these companies only operated in the road transportation mode with some outsourcing is done for other modes of transport if required by their customers. Therefore, it is limited to SME road transportation companies in developing countries. This study was neither able to address the whole of the transportation sector in the developing countries nor cover the survival and business model choice of large size companies.

As a result, this thesis acts as a benefit weighting scale for the two models, B2B and B2C, in the context of SME road transportation companies in the developing countries together with possible advice on which aspects the said companies should pay more attentions to.

1.4 Research methods

Consideration was taken between the quantitative method and qualitative approaches at the start of this study. While quantitative research would provide a more statistically reliable results, gaining such a database for analysis was not a minor feast considering that companies, especially in the developing countries like Vietnam, were not so open about their income. Data collected under these circumstances could be misleading and doctored before it could be used for the purpose of this study. Moreover, a quantitative research method requires a controlled environment and fixed constrains, and this study dis not have the luxury of controlled environment since the targets of this study were on businesses. Therefore, a qualitative method, more specifically interviews, were used in this study to examine the B2B and B2C business model adopted by SME transportation companies in the developing countries, more specifically in Vietnam.

2 Literature Review

2.1 Business model

The term *business model* itself is very broadly defined. Business model is widely discussed and has yet arrived at a general understanding. According to Geissdoerfer , Vladimirova and Evans. (2018, 402), a business model is so broadly defined that there are three ways in which a business model can be understood. The first question here is whether business model is a model, that is, a simplified, scaled version of a full-sized organization and which characteristics of the organization should be represented and can be replicated into a similar model. The second perception expects the business model to describe the abstract essentials of an organization. Various scholars’ points of view fall on this point, as they required a business model to express the unique behaviors of the business for achieving its targets. Finally, a business model is viewed almost similarly to the second perception but on a different extension, namely, on a smaller scale of extension, which only serves a certain purpose or objective. As broadly as they can be, they all describe certain characteristics of the model in question and usually point out value propositions, the creation and delivery of value from the organization and the seizing of value by the same organization. This will be illuminated further by Teece (2018, 41) in a few subsections. Geissdoerfer and others (2018, 402) offered a definition of a business model of their own as follows:

“[Business model is a] simplified representations of the value proposition, value creation and delivery, and value capture elements and the interactions between these elements within an organizational unit.”

Peter Ferdinand Drucker (1954, 31) had a novel that intrigued the business minds: “the purpose of business is to create customers”. This was unheard of before, as businesses usually appeared to serve the existing customers. Then he went on to ask two essential questions which shaped most of the definition that we have today for business model: “Who is the customer?” and “What is value to the customer?”. These are the two out of five questions which describe a business. As for now, we are interested in these two particular questions as it went on and define the business model.

Magretta (2002, 8) saw business model as a story which reveal details on how businesses work. “A good story” in this definition should be able to answer questions regarding the customers’ identity and the value as well as how should the money comes at the bottom line.

Morris, Schindehutte and Allen (2005, 726–735) explained business model on various of levels from the most primitive to the most complex level in business. At the very least, economically, a business model is just how money is being made. Operationally, business model is how a company works and how it creates value. At the most complex level of all, the strategic level, a business model is the direction in which the whole company is heading toward, how it interacts with other entities in the business such as competitors (horizontally) and suppliers (vertically), not just customers.

David Teece has been a long-term author on the topic. According to him (2018, 41), the number of definitions of a business model is so large that they are rival the number of different business model itself. In one of his previous writings, Teece (2010, 172) defined business model as the design of how a firm creates value and delivers and capture a part of such value. Teece was particularly interested in the list of elements in the business models proposed by Schön (2012, 73 − 78) and similarly in a list of nine building blocks from Osterwalder, Pigneur and Clark (2010, 16-17). In general, Teece (2018, 41), again, states that a business model need to define three categories. The first of these is the value proposition defining the value for which the customers are willing to exchange money for. It is extended to not only physical products but also services and any particular customer needs (i.e. intangible value like brand status). The second category, the cost model, is basically how businesses create value and deliver the value to customers. This includes not only the businesses' own assets and activities but also the assets and activities of other actors in the value network if applicable. Finally, the revenue model is how businesses will capture the value it deserves through, most primitively, money, or non-monetary value in case of non-profit organizations. Very briefly in the end, Teece (ibid., 41) re-defines a business model in the simplest way as a philosophy of serving customers and, in turn, gaining money.

Fjeldstad and Snow (2018, 33-34) discuss the two dimensions within a business model, the Operational and Dynamic dimensions. The operational dimension of a business model, as the name suggests, explains on how a particular business works from the customers' choice to value creation and to the costing model and revenue stream. In fact, the definitions discussed earlier all fall on this side of the spectrum, as they try to provide an abstract idea about a business. Foss and Saebi (2018, 9–21) believe that this effort of explaining a business network is exactly why there is no common definition for it. They argue that the element lists proposed by Schön (2012, 73–78), Osterwalder and colleagues. (2010, 16-17) and Teece (2018, 41) are too abstract for one compact definition about business. Moreover, the dynamic dimension of the business model is an entirely new definition that usually goes with the name of business model innovation. Business adaptability would be a suitable name as most of the definition given to this dynamic aspect talks about how a business model changes (Fjeldstad & Snow 2018, 32–39) or refines and adapts (Morris et al. 2005, 733). Teece (2018, 45) emphasizes the importance of the dynamic aspect of a business model as an enabler which it allows the experimentation and implementation of new business models. Business models with low or no dynamic capability are not good, because in a sense, they are not very sensitive to new trends. Teece (2018, 43) takes Uber as a modern example of a situation where traditional taxis are fighting to keep up with a more technologically empowered business model.

The above definitions are briefly listed in Table 1 below.

Table 1 Collective business network definitions

Author	**Definition**
Drucker (1954, 31)	“the purpose of business is to create customers” [...] “Who is the customer?” [...] “What is value to customer?”
Fjeldstad & Snow (2018, 32–39)	"[...] how a firm conducts its business. [...] how a firm changes and adapts over time."
Geissdoerfer et al. (2018, 402)	“[Business model is a] simplified representation of the value proposition, value creation and delivery, and value capture elements and the interactions between these elements within an organizational unit.”
Magretta (2002, 8)	"A good story" [...] "How do we make money in this business? What is the underlying economic logic that ex-plains how we can deliver value to customers at an appropriate cost?"
Morris et al. (2005, 726–735)	"[...] the business model is [...] the logic of profit generation. [...] internal processes and design of infrastructure that enable the firm to create value. [...] emphasize overall direction in the firm’s market positioning, interactions across organizational boundaries, and growth opportunities."

	"business model life cycle involving periods of specification, re-finement, adaptation, revision, and reformulation."
Teece (2010, 172)	"[...] describes the design or architecture of the value creation, delivery, and capture mechanisms [a firm] employs."
Teece (2018, 41)	"[...] business model outlines the (industrial) logic by which cus-tomers are served and money is made." "Dynamic capabilities, [...] include the sensing, seizing, and transforming needed to design and implement a business model"

At this point, it is clear that there is neither a definition that can be accepted by all scholars nor one that contains both aspects of the business model. However, for this study I would only consider the static or operational dimension of the business model for the definition. Based on the provided information, a business model should illustrate the value that is offer, how the value is being created and delivered and what benefit the business in question can gain in return. It also has to answer the essential question of who the customer is for whom the business has been cre-ated. An illustration of the definition can be found in figure 1. As for the dynamic as-pect of the business model, I would consider it as a feature, a characteristic or a ca-pability similar to how Teece (2018, 41) view it in his work.

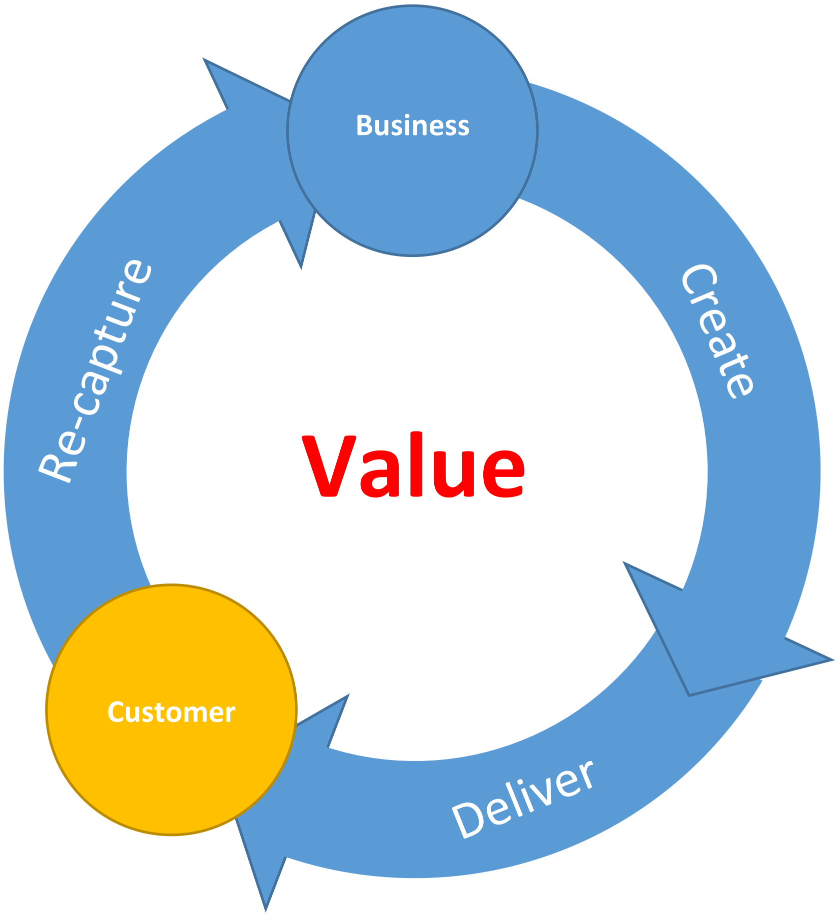

Figure 1 Business model

2.2 B2B and B2C as Business Model

B2B is short for Business-to-Business and B2C is short for Business-to-Customer. In fact, B2B and B2C are usually referred to as types of relationship on how a business interacts with its customers. Moreover, B2B and B2C have become so common concepts, unlike the business models presented in the previous part, that the vast majority of scholars do not feel the need to explain what they mean. Instead, many scholars have discussed details related to B2B and B2C, such as the vulnerability of the B2B relationship (Franklin & Marshall 2018), marketing differences in B2B and B2C (Why is B2B so far ahead of B2C in the digital marketing arena? 2005, 14) or the gap in findings between B2B and B2C (Lilien 2016, 543–556). However, B2B and B2C should be considered as business model if they respond to the previously raised questions. What is the value (proposition)? How does the business in question create and deliver value? How does the business re-capture the value? However, first, some background on B2B and B2C should be presented.

B2C is simply selling products and services to end-customers directly without an intermediate party (Starak 2011). This means that supermarkets, Microsoft, Apple, IKEA, Amazon and the last-mile delivery are all B2C businesses. As long as there is interaction between a customer and a business, it is B2C. With the era of the internet, B2C businesses are not anymore limited to the physical retail stores.

There are generally three types of B2C businesses (Sudhakaran 2017), namely, traditional retail stores as well as e-retail and virtual malls. E-retail and virtual malls are different only in a way that a virtual mall mimics the experience that a customer would have by visiting a mall, say Amazon, due to the myriad of choices which are presented to the customer. However, there is also an opinion that we can distinguish between B2C and the physical retail store down the street by "product presence, consumer groups and lead-time" (Wang, Zhang & Zheng 2011, 270) although the lack of explanation makes it difficult to understand.

B2B means selling products and services to another business (Starak 2011; Uzialko 2017). Sudhakaran (2017) mentions that customers and businesses are usually seen as two fully separated parts and the existing of B2B model is the denial to this misconception. In this misconception, customers and businesses do not have anything to interact with each other except for transactions. B2B is a model that expand the interaction between customers and businesses further away from just transactions. In the B2B business model, there are more ways to gain benefit than just moneys and transactions. Evidence for this is largely available around us. As an example we could take the way in which IKEA has always been working closely with its suppliers to achieve low-costs (Tarnovskaya, Pervez, Ghauri & Ghauri 2018), which, in a long term, generates value on a much higher level than merely cashes. Nevertheless, researchers have been more interested in the end-customer side of the spectrum (Candi & Kahn 2016, 177–184) while neglecting the interactions among businesses, and they have seen those interactions as some kind of a back-end motor. We call them by different names, such as, supply chains or value networks, but they are essentially a massive combinations of business-to-business transactions, interactions or activities.

B2B models are segmented into three smaller model types. The Supplier Centric Model is a model where a supplier is at the heart (Sudhakaran 2017). The supplier can provide different customized solutions to many business customers based on their needs and requirements, such as SAP solutions to various businesses. The Buyer Centric Model is a model where, in turn, the buyer is at the heart (ibid.). Usually, these buyers are financially more powerful than the suppliers and have more influences. Simply put, this is the state of the world's economy today. These buyers buy in massive amounts from multiple suppliers and enjoy economy of scale. Suppliers in this case are rather dependent on the buyers, but in cases like, again, IKEA (Tarnovskaya et al. 2018), the suppliers are more than happy to be dependent in order to have a stable income plus steady developments. Finally, there is the Intermediary Centric Model where suppliers and buyers are at the same level and usually working together to achieve a goal (Sudhakaran 2017). Groves (1993) mentions about the cooperation between Nintendo and Silicon Graphics to develop a new technology, at the time, called Reality Immersion Technology in the "Project Reality" for an equally new generation of console, the legendary Nintendo 64. The cooperation turned out to be a colossal success for both sides. Nintendo successfully launched a console, which dominated the late twentieth century and the early twenty first century, according to Statista (Nintendo console sales 1997-2018 | Statistic 2018). At the same time Silicon Graphics received an exclusive deal with Nintendo and royalties for the technology.

As a result of the previous findings, B2B and B2C can and should be seen as business models because these two models outline quite clearly who the customers are for each of the models. The channel itself, whether it is to-Customer or to-Business is the key in creating value and delivering the value to the customer. It is important to understand that although businesses are also the customers of B2B model, businesses are still customers, only on a greater scale (Weeks 2001, 26). Then through those same channels through which value is created and delivered, the businesses can recapture value for themselves. B2B sees other businesses as customers, and through such relationships and cooperation that value is created and delivered and then recaptured. Value in the B2B models goes two ways. The B2C sees end-customers simply as customers and through direct interaction that value is delivered and recaptured as money. Value creation, however, is not very clear. Depending on the business, value creation could be the combined value of the previous B2B interactions or created by the business itself. (see Figure 2)

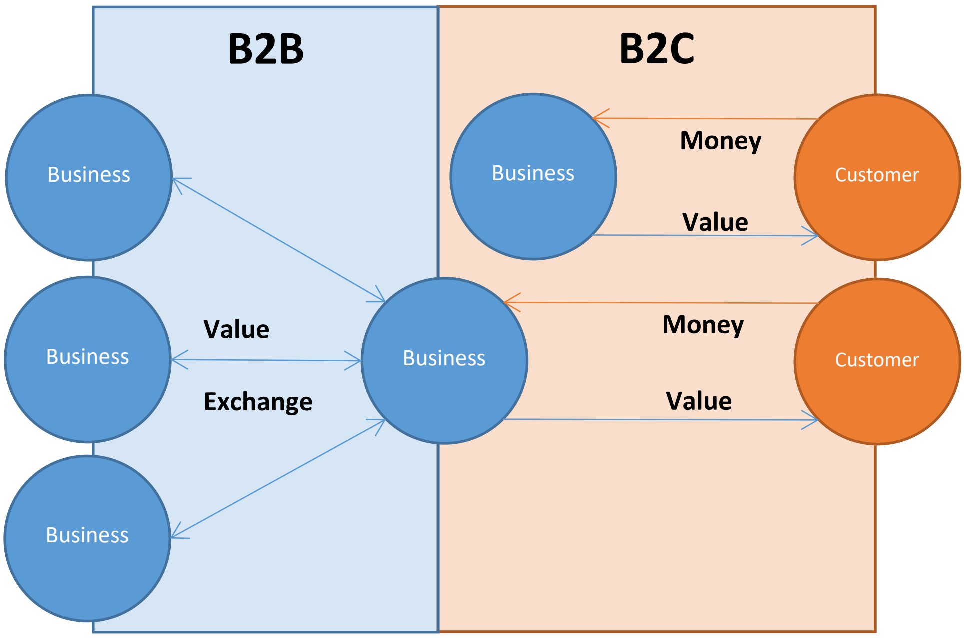

Figure 2 The B2B and B2C business model

As shown by Figure 2, B2B and B2C are different in many ways. According to Jeff (2010), there are seven aspects that are shared between B2B and B2C which the differences can be illustrated. (see Table 2)

Table 2 B2B vs B2C (Jeff 2010)

Aspect	B2C	B2B
Speed of Sale Process	Fast	Slow

Number of Decision Makers	1-2	Many
Simplicity of Buying Process	Simple	Complex
Quantity of Leads	More	Fewer
Role of Emotion	Involve emotion	Business decision
Value of Sale	Small	Large
Uniformity of Offer	Uniform	Customized

There is a point, however, which is worth mentioning that the role of emotion in B2B is not something to be overlooked. Certainly, decisions made in the B2B model are more significant and can affect the bottom-line greatly. However, it is worth mentioning that emotion can and will affect on the result of a negotiation, and the result can be catastrophic if emotion is misunderstood or poorly managed (Kelly & Kaminskienė 2016, 55). In some eastern cultures, such as Vietnam, some contracts are signed over drinks where the potential partner usually starts to have affection toward the negotiator. Thus, emotion is just as important in B2B as in B2C if not more, it depends on the scale of the impact.

According to Rebentisch, Schuh, Riesener, Gerlach and Zeller (2016, 83), the B2B and B2C models are different with regard to the demand of the market. Most, but not all, of the demand of B2B markets is the derivation of the demand from the B2C market, as already illustrated in the figure 2 above. Moreover, the demand of the B2B model is more rigid to price changes as a result of the derivation. The pricing methods of the two models is one of the differences as well. A simple example can be taken from manufacturing firms. If they operate according to the B2C model, prices are often determined by the cost-plus method, and profit will be added to the cost to determine the price (ibid. 83). In the case of B2B models, costs must be considered for a baseline of a price offer, but profit can be flexible depending on the value of the contract, or relationship. In addition, seller-customer relationships are relatively unique to the B2B models as there is more customer involvement and interaction in these markets.

However, B2C models are catching up with the trend. A typical example is IKEA that extends the relationships vertically toward the end customers and integrates their ideas into product development (Koniorczyk 2015, 107–120). IKEA collects simple ideas and insights from the customers such as the behavior of how they use their wardrobe, and provide solutions for them. The relationship with the customer is an aspect that the B2C model is lacking and should learn from the B2B model, and IKEA is the first widely known example showing that this is a good idea.

Another largely discussed difference between the B2B and B2C models is marketing. Marketing has attracted the interest of quite a number of scholars, and there are various studies on marketing differences between B2B and B2C. Iankova, Davies, Archer-Brown, Marder and Yau (2018, 1) discussed the different practices used in marketing through social media by the B2B and B2C business models. Candi and Kahn (2016, 177–184) mention that there is little research on the B2B context regarding customer satisfaction. In their study, Swani, Brown and Milne (2014, 873–881) raised quite a modern issue involving marketing on social media such as Twitter. They examined over 7000 tweets by Fortune 500 companies and created an overview of the differences in marketing strategies of B2B and B2C firms. They mentioned that B2C firms were more engaged in social media marketing and had a broader understanding of the platform, while the B2B firms were reluctant to use social media and lacked sufficient knowledge of using them.

Collectively, what these studies and scholars are really interested in might just be the interaction between the business and the customer regardless of the model. When carefully examined, marketing, a strong point of the B2C model, and relationship with the customer, an advantage of B2B, are really two aspects of the same problem: How to communicate with the customers? According to Michaelidou, Siamagka and Christodoulides, social network marketing is usually used when Small and Medium Sized Enterprises want to attract new customers (2011, 1153–1159), which is most probably applicable to larger firms as well. While a relationship is maintained after it has been established between a seller and a customer, it is understandable why these two are separated from each other. This is because marketing is a constant process in the B2C model where not all companies have a large community of loyal customers as, for example Apple has. Meanwhile, relationships are maintained strictly by the B2B model firms, as each individual relationship weighs heavily and needs to be taken care of.

In the end, customers are customers whether they are in the B2B or B2C model (Weeks 2001, 26). Regardless of the business model, the customer is still the heart of the business. In both of the questions Drucker (1954, 31) raised, customer is in the center. This means that one must identify the customer and the value provided for the customer. The question is how businesses manage their relationships with customers. Based on that, the next matter this thesis going to explore is the customer relationship management and how it is different for the two business models in question.

2.3 Customer Relationship Management

Customer relationship management, from this point onward referred to as CRM, is as complicated as the business model topic prior to it. The term CRM itself is relatively new in the business world. According to Buttle (2006, 4), the term can be dated back only to 1993 and to the company Siebel System Incorporation. Due to the relatively new nature of the term, there are various ways of understanding CRM. For example, Knox, Payne, Marklan, Peppard and Ryals (2002, 1), pointed at a surge of interest in CRM from the managerial world. From 1998 to 2000, only two years apart and seven years from the first use of the term, the number of articles concerning CRM in the Dow Jones' database hadincreased from 442 to 6048. Despite the overwhelming number of documents, CRM was, much like the business models, broadly defined and accepted. By 2000, the authors of the 6048 articles had written about practically all the transactions by suppliers and customers in the name of CRM. One definition, for example, included the software used by corporations to collect data and "manage" their customer relationship (Kristin & Kerr 2001, 2), which is interestingly a highly minimal definition.

According to Buttle (2006, 3), many others understand CRM as an abbreviation for Customer relationship marketing, which is far from a good definition. According to Kristin and Kerr (2001, 2), CRM is a method, a broad method spanning across an organization in order to establish, cultivate and widen the relationship between the organization and its customers. In this sense, saying ‘CRM as Customer relationship marketing is the same as Customer relationship management’ is an understatement. As already discussed in the previous chapter, the relationships with customers and marketing are just two aspects of a bigger concept, CRM. In the B2C business model, apart from sales, marketing is the most interactive element of the communication that an organization has with its customers. This would then result in the different abbreviation of CRM. Kristin and Kerr (ibid.) maintain that CRM should not be limited to only one department alone or the relationship with the customers will suffer.

Knox and colleagues (2002, 1) define CRM as a process which is widely adopted across an organization, to serve each customer uniquely in order to increase value to the customers and the organization in question. Much like Kristin and Kerr’s (2001, 2) definition, this definition sees the CRM process belonging to the whole organization instead of having a single department related directly or indirectly to its customers. Generally this agrees greatly with the definition of the business models discussed above, as Drucker (1954, 31) states that businesses create customers, which is a customer centric definition.

Alexander and Turner (2001, vi) defined CRM as an action of increasing value to the customer and the organization fueled by studying the organization’s customers. This definition appears to be similar to the wide definition provided by Knox and colleagues. It did also answer those ages old questions from Drucker and suggested a consumer-centric model. One different view from this version is at the long-term view of the definition, as it takes the future goals of an organization into account. Not only does it required organizations to learn about their customers today but also to study how they will value in the future. This point of view is also present in the definition provided by Robert-Phelps (see below). However, Roberts-Phelps has a different perspective, namely that of development and renunciation. In a way, this is necessary because the objective of CRM is materialized in the future in the forms of offensive and defensive mechanisms (Buttle 2006, 28).

Roberts-Phelps (2001, 2) defines CRM as a method for establishing and growing an organization in the market as well as for studying the perception of each customers. He supports this idea with a simple phrase that this methodology has to bear the whole process by which the value is created and delivered. According Robert-Phelps (2001, 2-3), there are three aspects that need to be considered for a successful CRM, and they are customer retention, potential customer development and customer renunciation. The first two are almost standard for any business, namely, keeping the customers and developing the potential ones to become strategic ones.. Renunciation, however, is hardly ever heard of despite the fact that it is happening constantly. Intentionally letting go of customers is not the way businesses gain profit but clinging on to the leaving ones is not healthy either. In the same book, Robert-Phelps mentions a 15 to 50 percent "leak" of customers annually for an average business and this alone is costly. However, holding on to the customers could do more harm than good as less attention and energy is directed toward the potential customers and letting go of some of the not-so-beneficial customers might just be the best course of action at some point.

At this point, we could come back to Buttle (2006, 3-10) as he has probably the most comprehensive definition for CRM in so far as he divides the definition itself to three different levels: strategic, operational and analytical. A summary in Table 3 below provides a short description of the levels.

Table 3 Levels of CRM (Buttle 2006, 3)

Level of CRM	Dominant characteristic
Strategic	A top–down perspective on CRM which views CRM as a core customer-centric business strategy that aims at winning and keeping profitable customers
Operational	A perspective on CRM which focuses on major automation projects such as service automation, sales force automation or marketing automation
Analytical	A bottom–up perspective on CRM which focuses on the intelligent mining of customer data for strategic or tactical purposes

In a way, this definition of his justifies the existence of the various understanding on CRM. Buttles defines the CRM as a collective definition from various fragments of the CRM from the other scholars. This definition only excludes the future aspect proposed by Alexander and Turner.

Next, CRM in the context of B2B and B2C should be discussed for the sake of this paper. As mentioned before, the real focus of this study was the customers in the B2B and B2C models. Organizations want the relationships with the customers mainly based on the economical aspect of the relationships (Buttle 2006, 16). However, economy is not only about the bottom-line but also about reducing costs, such as delivery cost and marketing costs, all of which will, in turn, be of benefit to the customers. However, how customers are buying as well as whether they want the relationships and what benefit they can gain from them is what differentiates the B2B from the B2C business model.

In B2C model, customers are much larger in quantity than in B2B because they are at the end of the supply chain. Customers in B2C are buying more frequently but much less in quantity. They make more decisions but their decisions are in much lesser scale and pose smaller impact (Alexander & Turner 2001, 38-39.) In the context of B2C model, customers are looking for benefits that are apart from the actual products or services they are physically purchasing. According to Buttle (2006, 26-27), these benefits are, namely, recognition, personalization, power, risk reduction, status and affiliation. In general, the end-customers are looking for intangible values because those are the values they cannot get from the functions of the products or services.

In the B2B model, the customers are slightly more complicated. The amount of customer in the B2B model is smaller than in the B2C model because the customers in the B2B model are usually the businesses in B2C model. Moreover, the values that they are searching in a relationship are also different. Unlike B2C model, the list of value from B2B relationships can be quite extended depends on the nature of the relationships. In terms of tangible values, B2B relationships should deliver some sort of reduction in cost, increase in efficiency or benefits to the financial states of the companies in the relationships (Alexander & Turner 2001). In additions, there are also risk reduction, value network, new business opportunity, etc.

The customers' life-cycle of the B2B and B2C models consists of the acquisition, retention and development of customers (Buttle 2006, 267-325). An additional step, the renunciation of customers, happens between the retention and the development or simultaneously with the retention (see Figure 3).

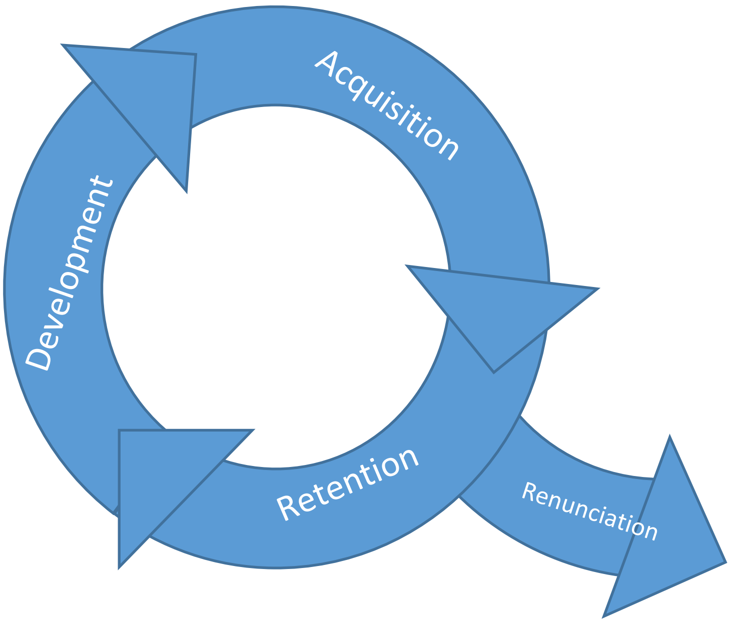

Figure 3 The customers' life-cycle

In B2C models, the acquisition of customers is quite external in a way that businesses are trying to create awareness of their existence in the customers' perspective. Various means are used in the B2C models such as advertising, sale promotions and merchandising (Buttle 2006, 280). Advertising is about creating awareness, getting the message over to the customers. Sale promotions are incentives, which are adopted by most of the companies without realizing the negative effect of them. In another way, customers gained by promotions such as discounts or sampling are rarely loyal customers and once the incentive is taken away, so are the customers. Then, there is the merchandising method that works on a psychological level of customers to capture their attention. Usually, the merchandising method can be seen in the flooring plan of a supermarket that manipulate the way customers do shopping to best benefit the store. In B2B models, there are also methods similar to those we can see in the B2C models and in various form such as campaigns, publicity and websites. Email blasts are used widely in B2B models, which are not so common in B2C but it is still a way in advertising. Referral from current customers is also a method use by many B2B and B2C companies, especially software producer. However, the real niche method that is used by the B2B companies is the networking method where partners from different companies are able to meet and establish new connections. Networking is defined as "the process of establishing and maintaining business-related personal relationships" by Buttle (2006, 276). Networking is very important in the B2B world as it provides opportunities outside the capability of any single business (Möller & Rajala 2007, 895–908). That means more value will be created for not only the direct customers but also end-customers and the business itself (Romero & Molina 2011, 447–472). In a sense, businesses are weak and alone as a singularity. Therefore businesses work together by the mean of networking, to become bigger and less vulnerable. However, businesses in a network are bounded by constrains and boundaries. It is also worth mentioning that B2C models can apply the networking method as well but they will play as the customers instead of the sellers.

After the acquisition of customer, the businesses have the choices of keeping and developing the customers or the renunciation of the customers because there will be customers which will not bring any further value to them. If the cost of keeping the customers is more than the receivable benefit from those customers then the renunciation should be considered. On the other hand, the method of retention and development are very similar to the methods in the acquisition phase. This is where the incentives, bonuses and promotions start to lose their effect on customers because the customers will start to become price sensitive again. On both the B2B and B2B models, methods such as adding more value, offering loyalty benefit and exceeding expectations (Buttle 2006, 303-315) are nothing more than the core business of these companies.

In B2C models, there is a concept of brand equity which can be viewed under both the customers' perspective and the companies' perspective. Especially, under the perspective of a customer, brand equity dictates the choice of that customer when facing a product. Whether the product wear the preferred brand name or not affects the choice of the customer very differently (Bristow, Schneider and Schuler 2002, 343–356). Keller (2013, 69) defines a positive customer-based brand equity as when a customer favour a brand over another without any significant different in features. Customer-based brand equity can be achieved through different methods. For example, Apple Inc. has not been praised so much since the release of the iPhone 8. However, Apple's products sales are still relatively high. One possible reason is that Apple has created an ecosystem to achieve brand equity (Markman 2017). In Apple's ecosystem, devices work together seamlessly and make it very hard for the customers to give up any of these devices. The customers are just less reluctant to buy more Apple products as they are promised with quality and they integrated well with other previously owned products. So, brand equity is one of the available methods to achieve customers retention.

In B2B, the financial methods, for example, discounts, can still be used but with a higher risk, especially when the customers have stronger negotiation power than the sellers. According to Grossman (2005, 32), bigger is not better in a sense that bigger buyers will be able to demand for lower prices and the sellers can only provide a certain amount of discounts before they go bankrupt. In additions, big companies usually have more than one backup options for purchasing so there is a risk of losing the customer if the sellers cannot satisfy the cost pressure from the buyers. In the end, trust is more important while doing business than financial. Much like B2C models, B2B companies are also yearning for loyalty. However they cannot gain loyalty in the way of brand equity like B2C. This is because decisions in B2B companies are usually made in favor of the companies. Networking is one of the methods which companies can use to gain trust. Networking build on a personal level (Buttle 2006, 276), this is where the emotion comes from. Human are social animal (Sinek 2013), direct contacts with other human being emerge trusts and create relationship. Hence, business relationships are also about personal relationship and not just financial. Networking is what make businesses strong as well as what makes the customer retention possible in B2B model.

2.4 Road transportation business in developing countries

After talking about the business models and the CRM, it is essential to mention transportation business as a part of the supply chain as well as what developing countries have to offer to the context of this study. Transportation, unlike the topics regarding businesses above, is defined very clearly. According to Cavinato (1990, 233), transportation is a commercial activity which involve moving products and/or people from one place to another. Transportation in supply chain takes up a very special place as it is the mean to connect resources. Due to the expansion of transportation, human has enabled themselves to the era of globalization where people can connect internationally to achieve greater goals faster (Collins 2015). Globalization enabled people to buy products and services from across the globe with the price of a fraction of what they have to pay at a local store. Globalization has enabled people from developing countries to produce products with lower price and enjoy profit by selling them thousands of kilometer away. All these were only achievable with the aid of transportation.

Transportation can be more complicated than what the definition suggested. According to Mohareb and Felix (2017, 319–329), there are two groups of transportation modes, formal and informal. These two are the ways transportation modes are grouped and not the actual transportation modes. The formal transportation modes includes the modes which are generally taken into account during city planing and design such as walking, road transportation, inland waterway transportation, aviation, etc. They are taken into the category of formal transportation modes. The informal transportation modes are referred to as transportation modes in the third-world countries, hence the informal branding (ibid.). These transportation modes are low-cost transport or transportation that utilize fairly primitive means to move such as animals. These transportation modes will not be a concern in this study as these are only private transportation and have very limited impact on the economy.

At business model level, transportation companies in the B2B models are companies that are working in contracts with other businesses such as retailers, or as internal transfer contractors of a production companies with several production sites. B2B transportation companies can also appear as the outsourced service of another business at the distribution level. For example, a postal service; although it serves several different customers, orders were actually passed down from another larger forwarding company. B2C transportation service can be found as spot-service or uber-type transportation companies. Uber is a transportation company similar to a taxi company which practically mean they serve individual customers. An uber-type transportation company serves individual customers in a similar way to how Uber operate, hence the name. Spot service transportation can be found at public truck yards which are more common at developing countries such as Vietnam and China. Basically, truckers stay at a certain yard while it is waiting for new shipments or just simply waiting. Customers can come to the yard and request service on the spot. Depends on the market situation, each of these models have certain advantages over the other. However, B2C transportation companies seem to have lower utilization rate because of the inefficient process of waiting for shipments.

E-commerce is a topic worth mentioning under transportation. E-commerce is a new concept which was fueled by, most importantly, the internet and transportation in the globalization age (Aydın & Savrul 2014, 1267–1276). According to Colecchia (2018, 13), e-commerce is defined as activities conducted by businesses through the means of electronics devices. Technically it is a new way of doing business now that the communication between parties no longer requires face-to-face interaction. The reason why this new business model is relevant in the context of transportation and this thesis is that it provides new opportunities for transportation sector as a support means. E-commerce nowadays can be seen in both the B2B and B2C models. In B2B model, there are e-contracts, business emails, shared information systems and e-invoice. In B2C model, there are Aliexpress, Amazon, Bestbuy, and a myriad of other online retailers. Transportation has become the connection between the physical storage places of the products, which are ordered virtually online, and the physical final location where the products need to be. E-commerce has opened a new door for both the B2B and B2C transportation companies. E-commerce has created a new demand for the transportation service in both the individual level and corporation level. There are many B2C firms entered the market recently and are growing steadily in Vietnam including Giaohangnhanh, Giaohangtietkiem and Lalamove (VnExpress 2018). These companies are called last-mile delivery companies, essentially transportation companies, mostly road transport. However, it is worth mentioning that these companies are relatively large and operate almost national wide in Vietnam so they are not in the scope of this study. Aside from that, transportation companies can be benefit from the e-commerce directly by utilizing the same method to reach new customers. Nowadays, companies have websites that contain their contact information and advertisement to attract new customers. The websites also are a quick way to refer others to find more about the companies.

Overall, the literature review on the topics concern this study including businesses in road transportation sector in developing countries. This chapter discussed business models in general and two business models in questions which were believed to have some effects on the succeed of these road transportation companies in the context of the developing countries and the rise of the e-commerce environment. This chapter also discussed which are the options of the businesses in gaining customers, retaining and developing obtained customers for both the B2B and B2C models. As of expectation, the B2B model is expected to prevail over the B2C model in the context of road transportation companies in developing countries. One of the reason for this expectation lies at the CRM part of the theory where B2C models have traditional marketing methods to reach, keep and develop their customers. Traditional marketing might be difficult to perform because of the nature of the sector. Meanwhile, the B2B models adopt networking in the CRM scheme for capturing, retaining and developing customers which works for any sector. But conclusions would not be drawn and at this point it is only an expectation. Further examination with methodology would be laid out in the next chapter.

3 Methodology

The objective of the study was to examine transportation business professionals' opinions on which of the two business models, B2B or B2C, would be more profitable in the transportation context. Considering the difficulty in quantifying opinions plus the difficulty of obtaining more firms to join the discussion, the qualitative research approach was chosen instead of the quantitative.

The qualitative approach was considered suitable for this type of study not only because of the small sample size but also due to the human dimension. Qualitative research looks at the human realities (Erlingsson & Brysiewicz 2013, 92–99), which is complicated at times. Moreover, this method seeks maximum variation in a sample so that a bigger picture can be painted.

Qualitative research is conducted in four steps. First, a sample of people who have experience in the topic and can shed light on the research topic are selected. Secondly, interviews are conducted with these people individually for maximum variety and minimum influences on the answers. Thirdly, the interviews are transcribed into text. Finally, based on the transcripts of the interviews, analysis is performed and hopefully some useful insight will be drawn.

Interviews are the primary data source in the qualitative method. Therefore, any mistakes or limitations should be noted before and not after the interviews are conducted. Some points should be taken into account with the interviews, namely, clarity and leading questions. During the interviews it is important not to assume that the interviewees fully understand the questions. It is worth to double-checking or confirming any uncertainty in meaning because interpretations take place, and the results can be different from person to person. Leading questions need to be avoided. Leading questions are questions that suggest their own answers (Leading Questions - FindLaw 2018). Usually, when an interviewer is too drowned in the expectation of receiving a certain answer, a leading question could be unintentionally used and the answer would be worth less than its original value. Due to this, the questions should be phrased appropriately and, if necessary, transcribed together with the answer for extra clarity.

For this study, ten case companies opoerating in the field of road transportation in Vietnam were selected. According to a 2017 report from the Ministry of International Trade of the Socialist Republic of Vietnam, 3157 companies were registered under logistics categories in Vietnam. Out of those 3157 companies, seven percents or 220 companies were providing road transportation services (BÁO CÁO LOGISTICS VIỆT

NAM 2017 [Vietnam Logistics Report] 2017, 91). Other unofficial sources state that there are currently nearly 800 road transportation companies in Vietnam, according to three different records from Yellowpage, a business information portal in Vietnam. The differences found here are mostly likely caused by the inactive companiesthat were founded a few years before and stopped working while still existing in the information archive of the Yellowpages.

This research relied on the official numbers provided by the government. In Vietnam, road transportation companies usually operate in big cities such as Hanoi (the capital city), Danang and Hochiminh because these are the hubs of economy in the country. The ten companies were chosen from these cities so that they could represent the majority of road transportation companies in Vietnam. They were categorized based on their number of employees. They all had a set of employees lower or equal to 250 peoples. According to the OECD Data, the Organization for Economic Co-operation and Development, these companies fits the description of SMEs (Entrepreneurship - Enterprises by business size - OECD Data 2018). These companies, however, refused to disclose their annual income, so sizing was based purely on the number of their employees.

Interviewees were people in such positions that they were able to answer the research questions and provide sufficient for expertise. The models that the companies adopted were shared by the interviewees during the interviews and the interviews were timed. A summary in Table 4 below presents an overview on the interviewees.

Table 4 Interviewees information summary

Company Number	**Number of participant**	**Role in organization**	**Size**	**Years in operation**	**Durations (Minutes)**
1	1	Managing Director	Medium	19	30
2	1	Managing Director	Small	6	45

3	1	Senior Manager	Small	10	30
4	2	Managing Director; Head of Sales	Medium	20	40
5	1	Managing Director	Small	12	30
6	1	Head of Marketing	Small	8	30
7	2	Director; Senior Manager	Small	11	35
8	1	Sale Executive	Small	15	30
9	1	Head of Marketing	Medium	6	30
10	1	Sale Executive	Small	14	30

All interviews were conducted over phone calls and similar means. As the request from the interviewees, the interviews were not recorded and instead were transcribed live. The interviews contents were described briefly to the interviewees one week prior to the actual interviews without completely stating the questions in advance. The interviews were in free form and the main topics were in regard of the daily businesses and the customers of each companies, including value stream, customer acquisitions, retention and development if applicable, personal and professional view on the business model and future plan regarding the model. All interviewees were a interviewed separately.

4 Results

In this part of the study, the results from the interviews would presented and discussed. The discussion would be focusing on the business models that each company has selected and their respected view upon the choices. The results in the Table 5 presents a one sided view on the matter of the business models in the long-run. Through out the period from establishment to the near future, there is a shift in the business model choices. At the beginning, there is a mixture between the B2B and B2C models among the companies. Gradually, the choices in business model changed toward the B2B model or an extension of it. At the beginning the choices consist of two options of B2B and B2C models. There were seven and three companies adopted the B2B and B2C models respectively. At the time this study was made, two companies switched their attentions toward a different direction for their business, one from B2B model and the other from B2C model. The term “relationships” were mentioned multiple times by the ten companies. Some challenges and advantages were mentioned in spread by these companies as well. A deeper discussion is provided below.

Table 5 Simplified results

Company number	**Size**	**Participants**	**Preferred start-off model**	**Current model**	**Future model**
1	Medium	Managing Director	B2B	B2B	B2B
2	Small	Managing Director	B2B	B2B	B2B
3	Small	Senior Manager	B2C	B2C	Mix
4	Medium	Managing Director; Head of Sales	B2B	Mix	Mix
5	Small	Managing Director	B2B	B2B	B2B

6	Small	Head of Marketing	B2B	B2B	B2B
7	Small	Director; Senior Manager	B2B	B2B	B2B
8	Small	Sale Executive	B2C	B2B	B2B
9	Medium	Head of Marketing	B2B	B2B	Mix
10	Small	Sale Executive	B2C	B2C	B2B

4.1 Discussion on the results

First company - A B2B company chose to stay as B2B

The director of this company came from a background of another transportation company and during his time there, he certainly picked up decent connections because his company was founded solely on one first contract which was brought by one of his contacts from the former company:

> "I drove for a company which drove for another retailer [...] I knew the manager on the retailer side and we were in good term so I geared up a bit and had a deal with him."

At first, it was uncertain that the interviewee's opinion is a good way to start a company. Instead, it sounded similarly to a gamble that is highly risky. However, the company succeeded. Moreover, the company basically worked on the network from the first contract and it was able to grow to a medium side company. In addition, not too far into the interview process, the interviewee suggested that networking is extremely important to the survival of a business. In this case of the first company, it was the matter of establishment rather than survival because the foundation of the whole company was built on this network alone:

> "[...] just find one firm contact and work from there."

In term of advantages and challenges for the company, it was stated that more revenue can be generated from a contract with another business than with a simple customer however there must be more effort put into the process of acquiring a business as a customer. One other challenge was also identified which is the problem of idle capacity. In his word:

> "I don't think you can get much money from outside [businesses] because big companies [...] have already done that. [The challenge is] the effort, I have to do so much begging at first because they are bigger [...] sometimes [the trucks] just sat there [...]"

In the future plan for the company, this company did not think B2C was a viable option and even a mixture of B2B and B2C did not worth an investment. As that said, the possibility of B2C was said to be considered in case there an investment had already been spent and there was spare capacity afterward:

> "Not worth it to invest just to go to B2C. Maybe if I can have a new big deal then yes"

It was clear that this company was preferring B2B model over B2C model, even from the start of its company, due to the strong network it had with its customers and was comfortable within its network. It is mentioned, however, B2C was in the consideration and had been used in past but briefly:

> "Sometimes I just let my trucks park at some truck yard along the road and pick up some shipments there as well."

Nevertheless, the problem of excess capacity was mentioned without the interviewee conscious thought about it. An element also appear in the equation which is the truck yard. Apparently the truck yard was one of the method for reaching customers in the B2C market which was used by this B2B company from time to time.

Second company - Another B2B company chose to stay as B2B

In this case, the company in question also had a strong position on the B2B model. Moreover, it seemed like this company had a very tight connection to other members in the network. This company relies almost fully on their "close customers" and neglecting marketing in the process while not having any plan on switching to B2C market:

> "My revenue comes mostly from very close customers [...] I would say 80% is from close customers [...] I only use my contact so mostly I don't have to do marketing [...] in any case B2C will not be my go-to customer"

Neglecting marketing is a very risky choice since marketing was discussed above as the main method for acquiring and retaining customers. On the other hand, the importance of the networking was recognized during the interview when asked about what is the element to success in this business:

> "You have to keep your contacts, you are small and vulnerable so the tighter the contacts, the better."

Selling capacity is a service in transportation that is not known to a lot of unprofessional. Different from the way the first company resolved the problem of idle trucks, this second company offered capacity service unknowingly:

> "Although sometimes I don't have enough job to run all my trucks [...] if [other companies] are short in trucks so that I can share capacity with them"

On the matter of advantages and challenges, the second company identified the same principle of B2B model as both an advantage and a challenge:

> "[...] I don't have to worry too much about monthly income [...] On the other hand I think sometimes I rely on them too much."

This was very important to recognized whether the company chose to act on this problem or not. The B2B companies are indeed dependent on their customers and their network which is good in term of invulnerability. However, they are needlessly be totally dependent on their customers to the turning point that they are vulnerable. It is the degree of dependence that matter.

Third company - A B2C company wants to integrate B2B model

This company identified their problem right at the beginning of the interview. A problem that is possibly very common for B2C transportation companies which is the problem of loyalty:

> "I have people come and go."

This short sentence summed up the state this company was in at the moment. However, despite having no loyal customers to provide a stable revenue stream, this company has been able to stay in the competition for ten years which is not a minor accomplishment. The "truck yard" which seemed to be an important element for this company. It was also mentioned before in the first company as the revenue stream from some end-customers and for this third company it was one of the two only revenue streams. The other was online marketing:

> "My office is at a big truck yard so [...] I leave my trucks there [...] people will bring their cargo to me [...]. I have also a website"

Unlike the previous company, this company pressed on the importance of marketing and especially online marketing. This interviewee also expressed that online marketing would be beneficial to the B2C companies in the transportation market:

> "[...] be more proactive online because nowadays it is very easy to find something online and being online would be beneficial"

While talking about the advantages of the B2C model over the B2B model, the interviewee interpreted that long-haul shipments were difficult to come across in the B2B market therefore it was less profitable in that market at the beginning. This interpretation might explained why this company has chosen B2C in the first place:

> "I think long-haul is more profitable, if you [work] for other company there is no telling where [your trucks] are going."

Nevertheless, the company is willing to be changed into a mixture between B2B and B2C model in order to solve the problem of loyalty. The only problem the interviewee identified as the weakness of B2C model.

Fourth company - A diverse company started from B2B model

This company is a very versatile company and very experienced company in the market with 20 years of experience. Hence, their revenue came from a variety of sources including end-customers, businesses and third-party logistics companies:

> "We have customers from other businesses, we have customers who order some single shipments, we have contracts with some 3PLs companies as well, like those forwarders"

However, on the interviewees' point of view, the B2C customers were less valuable and were harder to be in business with. This was because of a certain competitor and the effort it took to gain customers:

> "[the competitors] offer something call taxi-truck [...] they are easier to call, also cheaper price than we usually offer [...] when [the customers] call, it actually takes some time to explain to them what we do, same time talking to other companies, and we don't even know if we will have any shipment."

Despite the difficulties of getting a single B2C customer, keeping either one of the types is challenging. The B2B customers are hard to please and demanding while the B2C customers are easier to please but have few reasons to stay in business.

> "[...] individuals are easy to please [...] they stay if they want to stay, just don't break their things. But companies are a pain. [...] one mistake and they bail on you"

The interviewees' opinion on the B2B model was lacking the cooperation element although the evidence of a network and relationships were found. The company truly believed that their customers will leave them if they made mistake during shipments and the personal relationship was the sole reason for keep doing business:

> "I can say that most of our long-term customers already had drinks with us. Just come and have a beer and all is forgiven"

On one hand, the companies acknowledged the importance of personal relationships and networking in the business world. On the other hand, their view on relationships and networking was limited on the retention of customers and hardly on any other possibilities such as development, which requires mistakes.

Aside from that, the interviewees believed that B2B companies might be more profitable targeting small companies as their customers. According to them, small companies do not have the same toughness of the big corporation when it comes to negotiation. Moreover, their personal contact in the customers company could be a very important person and that helps. In return, some promotions in term of free services were provided as an enhancement to the connection between parties in the relationship:

> “I like small companies actually, because it's small, our contact with them go all the way to their CEO, that's where the sweet spot is. They don't negotiate as hard”

The same argument was used to clarify why they have some B2C customers as an alternative to the usual B2B customers. They said that, B2C customers behaved like a small company in some ways. Furthermore, the B2C customers helped them to be slightly independent from their network of the B2B customers. Apart from the first two B2B companies, this company found a way to solve the problem of dependence:

> “[...] companies amount more so we have to rely on them to pay the bill then earn some extra from individual customers to profit so we don't have to be dependence all the time on those companies.”

In the beginning, however, they remained firmly on their choice to be dependent in their customers. They suggested a B2B model for companies that had just started for a constant, a predictable stream of earning and a strong foundation before investing into more businesses:

> “[...] I think B2B is the way to go. Find a 3PL or something, last-mile deliver is okay too but do it for a 3PL, so you have constant job.”

Fifth company - A B2B company stays as B2B

Right at the beginning, the company made a statement that small companies should not target the B2C market unless it wished to be crushed by bigger companies on the same market:

> “[...] compare to the local post service and those express service out there, if I want to compete, it is necessary that I must commit fully to it and [...] with a huge investment. Just look at those company that are doing it, I don't think a company my side is going to succeed without struggling a lot.”

However, similar to one of the previous companies, they also offered their spare capacity for individual customers in low-seasons in order to increase the rate of usage. The interviewee said:

> “[...] sometimes I have spare capacity because other clients don't need all the capacities they paid for in low season, and someone call, then I'll happily answer.”

As the core service of this company is long-haul transportation service, they serve exclusively to other businesses such as the manufacturing companies. A new type of client were mentioned by the interviewee which was brokers. Brokers was one of the most important source of income for this company as the interviewee found they easier to approach than other manufacturing companies”

> “My customers are all businesses. I transport for companies, mostly production companies [...] I transport for farms [...] but I don't deal with farmer, I deal with brokers. [...] brokers are easy to approach, just approach the farms and they will point you to the guy”

This fifth company wants to serve only businesses and the interviewee made it clear during the interview. Moreover, the interviewee also stated that the B2C model is not suitable for transportation businesses whether at the start or in the long-run. In addition, the interviewee said that they had not considered adopting the B2C model at all. A valid point was made as the interviewee identified the customers they serve do not limited to only the businesses but also the customers of those businesses:

> “Obviously I would stay this way. I don't see any benefit changing to serve individual customers [...] When I do business with other companies, I do business with their customers, plural.”

To keep the customers, the interviewee pointed toward the personal level interaction with was mentioned by more than one company. Personal interaction is an important element that cannot be overlooked:

> “[...] in the effort of keeping them, more human knowledge is needed. It involves some personal level interaction. Sometimes even to the point that you know their sons' name, Asian [businessmen] like that.”

The interviewee emphasized the importance of B2B for small businesses. In his answer, he said that the stability of his company was much stronger than if he was doing business directly with end-customers. Because in that case, the volumes would be low, the rate of usage was not stable and it was not economically sensible for his company:

> "Sometimes I have a few shipments but they only try to give me like 1 ton or 2 tons or even less than that to begin with.[...] not cost effective. [...] as long as they are companies. They survive, I survive. They profit, I profit."

Sixth company - Another B2B company stays as B2B

Despite the small size this company, its truck fleet is rather extensive in types with a variety of trucks for different purposes. This company provides services both for long distance and short distance shipments. They actually are more profitable on the short distance shipments. The interviewee also clarified that the short distance services they provided was not the same as last-mile delivery as many would assume:

> "[...] small trucks operate in short distance nearby our office and our yard. Large trucks operates in longer distance like north and south transportation. We actually rely more on short distance shipment [...]. Short distance here is like a hundred or two hundreds kilometers

This sixth company is a B2B company and this time, the company has a specific planning strategy which has allowed them to reserve a certain percentage of their capacity in order to catch new business customer if needed. They also reserved that bit of capacity to the end-customers, occasionally. However, due to different level of market understanding, the end customers were never the main target of this company. Moreover, in order to serve the end customers, it requires a higher bargaining power from the company which the interviewee claimed only larger firms had:

> "We usually plan our capacity higher that what we need so sometimes new customers can come and request some test shipment. Occasionally we rent them out to some one-time customers as well but that rarely happen.[...] We have big

> companies taking care of that like [...] TNT and DHL. [...] In my own term [a marketer], dealing with customers like that is very frustrating because we have to explain to them why the cost is this way and so on."

Talking about the acquisition of customers, the interviewee mentioned e-marketing as one of the methods. E-marketing appeared not only on the official portal such as company own website but also other unofficial portal such as Facebook. Aside from that, personal contacts were heavily used as well and they were the key to the success of this company:

> "We put up advertisement on our website and some Facebook groups. [...] personal contacts. We work with clients in a business, professional way but we keep it during work time. Out of that, we keep it friendly to maintain the relationship. Each of our employees is a salesman in their own way. If they can find a contact or for some reason the customer contact them first and contracts were establish through that person then that person has the responsibility to maintain that relationship"

The personal relationships with customer were attained and retained by all members in the company, regardless of their position. Everyone in this company contributed themselves toward the success of the company. It is a way to increase responsibility of each individual employee as well.

At the end of the interview, the interviewee answered the questions of choosing a business model. Although the interviewee's answer was slightly personalised, that the interviewee highly suggested the B2B model at the start of the business and for the future development as well. Evidently, one good customer can even sustain the company enough for years:

> "As far as I know we only had business customers. [...] the longest relationship we have with a customer is the beverage company, it is as long as this company [...] it is not worth spending time reaching small time customers. Not small customers in general, our customers are not big companies but they are companies. They understand the struggle and they also struggle to profit. They are better customers."

Seventh company - Yet another B2B company stays B2B

Consistently with the previous pure B2B companie, their customers were almost all businesses. Although there was a disagreement between the two interviewees during the interview, they settled quickly and soundly agreed that their customers includes only businesses rather than end-customers. Also, one thing to note in this case was that they signed contracts that had durations based on the project's durations of the customers:

> "[...] it is not any single customer contact us for quote but it's actually contractor of the customer who ordered the service so you can say we are dealing with businesses. One thing I think you should know also that we sign contracts according to projects so each time, with a company, Project could last a year or more so our contract is accordingly."

Moreover, they raised a problem of fill-rate, which has yet been addressed before. The problem is that end-customers are small in size and volume so they are the source of low fill-rate and wasted capacities. The company was aware of the possibility of consolidated shipments but did not see much potential in it:

> "[...] how much can a person have to transport. And if we do not have enough customers then it is a problem for us because of the empty space. We are paying for that empty space and we are not getting anything back in return. Businesses on the other hand are great, we have the contract to fill the truck, if they don't use it, it's on them. But usually they use it and it's not bad for us either."

Also, not so different from other companies before this one, they rely a lot on the personal contacts for new businesses and contracts. They earned new contracts through past projects and also recommendations from their customers in the past as well. Not as open as the company prior to this one, however, this company did not think the online environment is a very reliable environment for new contacts and contracts:

> "[...] after a project, if we did good then usually they will call us again for new project, new contact. [...] We can be recommended to new customers by our

> old customers as well. Then there is also options that customers can call us from the number available online or through one of our cards but usually they are also sales people. Customers seem not trusting the internet here."

Personal contacts were the sole methods to retain customer of this company. In their view, the relationships were rather like friendships, since they are on personal level:

> "[...] some consulting with close customers about their options and discussing their difficulties from time to time"

Aside that, their idea of business model was similar to the two companies before this in the list. They wanted to start with a B2B model and, in the long term, to remain as a B2B company as well:

> "Normal customers come in second place, if I can spare some capacity"

Eighth company - A B2B company started off as a B2C

This company behaved like a distribution department for other fast-moving consumer good producers. They claimed to work with small retail stores to gain contacts with the manufacturing companies and use past shipments as leverage to earn the relationship:

> "we do sometimes work with the retail stores but it was to get to the provider afterward"

After they earned their contacts, they kept in touch and developed from there. They considered customers which were willing to provide reviews to their service as the potential customers for cooperation. Trust, as the interviewee mentioned, was an important factor. Also, they relied very much on the quality of the relationship rather than the quantity. When asked about this particular matter, the interviewee stated that they had some loyal customers which had been working with them for a very long time:

> "We do keep in touch with our customers, occasionally actually, only with customers which actually willing to keep in touch. [...] Also to build trust, trust is what we need in this kind of business, especially when you're small. You need

some strong connection. Not quantity but quality. [...] we have some regular customers we work with and the contract is renewed after each period."

However, their view on the establishment of a company was different from other cases which were shown in this study. They believed that working with companies at the start was not necessary a good thing. Rather they would start as a small comany and then grow bigger. They would work with small retail stores, be rather picky on their choices, and then work their way up to the producers along the way. In the end, they would stay as a B2B company:

> "So work with the stores, and then quickly work your way to their provider [...]. [In the future] we want customers which are businesses so we can stay in the business at least and grow more if needed or allowed."

Ninth company – A B2B company which uses sub-contractors

This company operates outside of their own capacity by hiring other companies, subcontractors, to fulfil orders that they cannot. By hiring sub-contractors, they were able to offer more services to their customers, in terms of capacity and capability. The interviewee gave an example on shipments for construction materials, on which he said, they would not use their own fleet to fulfil these kind of shipments unless there was a long-term contract for them to invest. Rather they would hire other companies to take care of it at first then decided whether to invest or not later:

> "We have very wide range of vehicles including cold-trucks and of course we have those standard box trucks so there are not restriction to our service actually. [...] except the likes of cements and those construction material. [..] we don't agree to transport that kind of goods without a long-term contract, to invest more. [...] We will use outside service providers to extend our range of service"

While doing this, they were able to appear as a large and reputable company in front of their customers while keeping their investment and head-count low. The interviewee said, it was easier to trust a small group of people than employees he was not acquainted with:

> “[…] we do not have enough own capacity to manage all the transport, but sub-contractor is one way to go. Also, it keeps our head-count low. This also involve trust, it's easier to trust a small amount of people you know”

They do not have much customers in quantity but rather customers who would order large shipments. They targeted large and strong customers, so they can have a fine financial state and grow from there. The interviewee also mentioned that they had earned other contracts from the recommendation of the first customer they had:

> “[...] the number of customers we have is not much. [...] Mostly companies that need transport service but do not want to invest in transportation department. [...] We got our first deal with a quite large retailer [...] we expanded quickly based on demands from new customers recommended by that first client.”

The interviewee also expressed that, the networking and relationships with customers were like a safety net. Which, from time to time, allows them to make mistakes and still be able to cooperate with the customers. The network has been weighted as more valuable than the financial figures of the company:

> “Networking is to build trust. As long as we can trust each other, we can work better with our customers and the other way around as well.”

On the questions regarding business model, the interviewee believed that B2B at the start of the journey would provide a stable financial state to the company through a constant demand. In the long-run, a mixed model would be appreciated by the interviewee as he wanted to target the other market as well. Moreover, it is a market that others have been profiting from as well, they just need an appropriate method, like uber-trucking:

> “I think choosing business over a single or even a few customers is rational to me since companies can provide me more constant demands […]. We could advertise ourselves on our website and other platform like Facebook or some uber-like platform for business-to-customer demands.”

Tenth company – A B2C company that is moving toward B2B

This company offers only long-haul shipments and considered last-mile delivery as an add-on service, a must have feature. And most important of all, they serve only end-customers and not businesses. The reason given for such a decision was that they believed the businesses would have unfair negotiation advantages over them as their size is small:

> “We don't have customers which are companies because we think we would be treated unfairly when we face other companies, considering our company size.”

Consolidations, apparently, is their way of choice to do business. They would wait at their truck yard with their trucks ready and customers would come to them. Their advertising was limited to just advertisement on their trucks and their own website. Their strategy for retaining customers was not complicated either, which they rely solely on the quality of their service as the selling factor. As the interviewee explained, they could not have forced their customers to use their service if their customers did not want to:

> “Customers can come to our warehouse, or yard you might call. We mostly do consolidation in our warehouse. […] we advertise our service on our own trucks. […] we [don’t have anything in place] because if they don't have shipment then why should they use our service. In case they do, I think our service is good enough”

The interviewee thought small businesses when first established should consider B2C instead because it was safer and did not require strong relationship and trust. While in the long-term, he would like to gradually change over to B2B for the same reason the other B2B companies provided before, stability, although he has not been successful at it:

> “[…] at the start no company would like to work with you because you are small and you have no trust from them. […] we want to work with companies, so our revenue would be more stable”

Nevertheless, the interviewee intention on changing the model is what important. Regardless whether he has been successful in achieving that, B2B model certainly has some elements or advantages which are very eye-catching to him.

4.2 Summary of the results

To summarize, the majority of the companies in this study favour the B2B model over B2C model or, furthermore, they favour a mixed model between B2B and B2C. However, the mixed model was only mentioned in the long-term, not at the start of the business. Company number three and nine were those preferred a mixed model while company number four had already established the mixed model at the point of this study. It is relevant to say that a mixed model is suitable for a long-term goal because the fourth company is already at its twentieth year. None of the interviewed companies chose to be a B2C company in the future regardless of which models they were currently operating at the time. The two B2C companies in the interview shared the same concerns when they both mentioned the loyalty of the customers. Each of the two B2C companies mentioned loyalty with different intentions in mind. One of them thought of the low loyalty as a negative trait because they had to constantly acquire new customer. On the other hand, the other company saw it as a good thing because low loyalty required market actually enabled them to stay in the business.

The beginnings of the businesses were actually more interesting than the long-run outcomes. Three out of the ten companies suggested to start off as a B2C company because it was easier, while the other seven enjoy their safety net, as one company put it, as a B2B from the start. Some valid points were made from both side. The B2B starters believed that they should have started under a stronger company to earn the relationship while staying dependence to the company. The first company actually built its whole network on a single relationship at the start. The similar behavior were caught also on company number six, seven and even on a B2C starter, number eight. On the other hand, probably due to the financial state of the company at the start, some B2C starters believed that they should start really small, in fact tiny, by working with just end-customers for some times before engaging into B2B world if they wanted to. By starting small, they might earn some reputation among a small community while not risking investing too much on another business customer which might not trust them entirely and could over-power them.

On the networking matter, the B2B firms agreed with each other that the relationships with customers are extremely important for the survival and development of the company and they need to be kept personal. Personal relationship are the key for B2B firms to succeed, especially for small and medium sized companies. The B2C companies were more complicated, partially because there were only two out of ten companies identified themselves as B2C companies. Assessing on those two companies alone, the only common between them was that they had to find ways to reveal themselves. The third and the tenth companies both had the method of waiting at a truck yard, which seems to be common in Vietnam. Moreover, the third company alone had adopted marketing as well to acquire new customers. Their networks are thin, unreliable and lack loyalty compare to those of the B2B companies.

The largest advantage of the B2B companies is probably the stability the relationships provided. The disadvantage B2B companies have to face are problems related to power and dependence. Because this study only concerns SME companies in the transportation service, it is understandable if power and dependency are the things they have struggles facing. The smaller companies do not have as much negotiation power over the bigger firms. Also the dependency is visible through out the interviews as the interview companies relied heavily on one or two of their contacts to prosper. This is very dangerous as it contributes to the negotiation power the other firms already had over the transportation companies when they realize it. This is where the relationships, personal relationships become an actual safety net. While doing business, there are boundaries and limits to relationships, some of the companies claimed that it was easier to be forgiven with a strong relationship supporting the company back.

B2C advantages and disadvantages are pretty much opposite of B2B. They do not require a relationship to prosper and they are not fully dependent on any one company. On the other hand, they are vulnerable to changes in demands due to low loyalty. One company said that in this kind of market, end-customers actually did not have the incentive to use their services again so new customers were constantly needed. Moreover, when the end-customers do need their service, the bigger firms are more convenient to approach. This explain why even B2C companies were trying to move over to B2B model to be more stable.

There are some niche points attained from the interviews that worth mentioning. First, the relationships were greatly appreciated. Second, B2B customers could come from other logistics service provider, including brokers, small businesses which do not have the capacity to establish their own transportation division. Third, subcontracting is very viable when needed to enter a new market segment or changing business model. Fourth, B2B companies should consider marketing more if they wanted to escape from the dependent state or integrate a mixed model. Fifth and last, truck yards are the place to start B2C businesses, whether they are newly established or integrated from B2B companies.

4.3 Reliability of the results

Although explained in the methodology chapter of this study that the companies were chosen to best represent the majority of transportation companies in Vietnam, the sheer amount of the interviewees were not enough. There were only ten companies chosen out of 220 companies in total, or 4.5 percents of the whole population. It was hard to say that this sample represent the SME transportation companies in Vietnam, much less developing countries. Statistical calculation on confidence interval of the sample size would be perform below before concluding whether the result above could be generalized for the whole population.

In this case, the population of companies in Vietnam is finite of 220 companies so a formula with a finite correction factor was needed. This study suggested that 70% of the population, the transportation companies in Vietnam would choose B2B model at the start of their businesses and at this point a confidence level of 95% would be used to calculate the confidence interval. According to Levine, Stephan and Szabat (2014, 314), confidence of interval for a proportion of a population could be calculated as follow:

CONFIDENCE INTERVAL ESTIMATE FOR THE PROPORTION

$$p \pm Z_{\alpha/2}\sqrt{\frac{p(1-p)}{n}}$$

or

$$p - Z_{\alpha/2}\sqrt{\frac{p(1-p)}{n}} \le \pi \le p + Z_{\alpha/2}\sqrt{\frac{p(1-p)}{n}}$$

Figure 4 Confidence interval formula

Where, p ias the proportion of the sample that behavior is being tested, in this case was 0.7 or 70%. Z is the Z value correspond to the confidence level of 95%, in this case was 1.96. The letter “n” is the sample size and “pi” is the population proportion which would be the interval. However, this formula was not enough, because of the finite and definable population provided by statistic from the government, the formula required a minor tweak with the correction factor provided below:

$$\textit{finite population correction factor} = \sqrt{\frac{N-n}{N-1}}$$

Figure 5 Finite population correction factor

Hence, they were combined to provide a formula as follow:

$$p \pm Z_{\alpha/2} \sqrt{\frac{p\,(1-p)}{n}} \sqrt{\frac{N-n}{N-1}}$$

Figure 6 Confidence interval with correction factor

Then the calculation was as follow:

$$p \pm Z_{\alpha/2} \sqrt{\frac{p\,(1-p)}{n}} \sqrt{\frac{N-n}{N-1}}$$

$$\leftrightarrow 0.7 \pm 1.96 \sqrt{\frac{0.7\,(1-0.7)}{10}} \sqrt{\frac{220-10}{220-1}}$$

$$= 0.7 \ \pm 0.278$$

Figure 7 Confidence interval calculation

Based on the calculation above, at the confidence level of 95%, if the question of B2B or B2C was asked, the answer B2B would have the portion between 42% to 97%. Which is not so useful for statistical purpose. Hence at this point, it was safe to say that, the results of the interview session should not be generalized for either Vietnam or developing countries. For these results to become useful, a bigger sample was needed.

5 Discussion

The research questions of this study were stated at the beginning in the objective part:

- What are the advantages and disadvantages of B2B and B2C models in the transportation service context?
- Should SME road transportation companies in developing countries choose B2B or B2C for their model?
- What should SME road transportation companies pay more attention to in order to successfully adopt the chosen model?

The research answers would only concern this particular group of companies with these exact characteristics. The answer would not represent either the transportation companies in Vietnam or the transportation companies in developing countries. For a better summary of advantages and disadvantages of the two models, Strengths - Weaknesses - Opportunities - Threats or SWOT analysis would be used for easy illustration. SWOT analysis was a method developed by Albert Humphrey as a tools to use in one of his projects back in the 1960s at Stanford University (Thamrin & Pamungkas 2017, 144–150). The method consists of two dimensions, the environment and the impact which bred into the four aspect of SWOT analysis (Nazarko, Ejdys, Halicka, Magruk, Nazarko and Skorek 2017, 482–490). The environment is divided into internal environment, which was created by the business itself and external environment, which created by other actors in the market. The impact simply has two side, positive and negative, or helpful and harmful. There are more advance SWOT analysis than just four aspect but at this point, a standard SWOT analysis will suffice. The B2B model will be presented first in the Table 6 and follow by the B2C model in the Table 7.

Table 6 B2B SWOT analysis

	Positive	*Negative*
Internal	**Strength** ● Highly loyal customers ● Stable income	**Weakness** ● Insensitive supply to demand ● Low negotiation power
External	**Opportunity** ● Customers' extensive network	**Threat** ● Dependency on customers

As presented on the Table 6 above, the B2B companies would be able to enjoy stability while working with other businesses. Although in exchange for that stability is the dependency on the customers and the lack of negotiation power. According to Rebecca Price, Head of Branding at Radley Yeldar, in an interview published by Brand Strategy in London (B2B MARKETING: Reaching out to the B2B world 2005, 48–51), the B2B model is about the personal level, personal relationship. However, she also mentions that B2B firms should not be too reliant on their relationships with customers. Customer loyalty is a strength that the B2B firms need to exploit because, especially in this transportation market, they have it over the B2C companies. Opportunities are available to the B2B companies through these loyal customers as well. In the same interview, Michael Dent, General Manager Marketing at DHL Express UK, also said mistakes might be forgiven with strong relationships. That is the B2B strengths and opportunities. However, The companies in this study fell right for the trap Price mentioned above, the Power and Dependency. In this case, the power these companies have is inconsequential compare to their customers because of the size of these firms. Moreover, these companies depend solely on their first or main contacts for stable income and having no control or contingency plan aside from said contacts is dangerous for a company. While being dependent on customers, it also makes a company very rigid to changes in demand hence the insensitive supply. It is as Grossman (2005, 32) said, bigger was not better.

Table 7 B2C SWOT analysis

	Positive	*Negative*
Internal	**Strength** ● Flexible supply ● Price sensitive ● High negotiation power	**Weakness** ● Low income ● Low loyal customer
External	**Opportunity** ● Other third party logistics providers	**Threat** ● Large variance in demand

While the B2B firms are great with customers and depend too much on them, the B2C companies do not depend highly on other businesses for their incomes. They are highly flexible because they are not tied down to anyone customers and have higher negotiation power due to their sensitivity in price changes and market knowledge over their common customers. Their opportunities in this case are in the abilities to change to the B2B model and the opportunities are dependent on other logistics service providers. Their weaknesses lay at the lack of loyal customers. In this market of transportation services, the SME B2C companies are relatively low in loyal customers, which results greatly in the variance of their demand, hence the low income.

6 Conclusions

Based on the chapter above, the question of starting off a new business with B2B or B2C is rather hard to answer. In the context of this study alone, B2C seems to have a weaker side and are more vulnerable at the start. A newly established firm would appreciate a stable income rather than a fluctuating one. The same argument could be made for the relationships with customers. There are exceptions, of course, and the B2C companies could prospect by innovative ideas which is a rare thing at this point in Vietnam in transportation sector. However, in common terms of the companies participated in the interview, the B2B model is still a better choice at the start of the business to build a good foundation while the business is small. In the long-run, the B2C model could be integrated into the current B2B model and vice verse. However, a B2B model can still stand alone while a pure B2C model is not suggested.

Furthermore, after choosing the model, companies should pay attention on the relationships with their customers regardless of being a B2B company or a B2C company. Although, the B2B model has a problem with being too dependent on their customers, at first the dependency could be the key of survival. For the case of the B2C model, as mentioned above that the lack of loyal customers is the biggest weak point of a B2C firm, gaining a firm loyal customer base is the way for the B2C companies to overcome said weak spot. For individual model, the B2B companies could expand their marketing strategy to more than just relationships and the company website. This would solve, not only the problem of marketing but also the problem of dependence as the networks of the companies would grow outside of the network of their customers. The B2C companies do not receive a lot of useful advice in this study as there were only three companies started with B2C and one of them changed quickly to B2B model. Should the B2C companies want to succeed, they need to find their niche in innovation or they should move toward B2B model eventually.

As already mentioned before that due to the small sample size selected at the beginning of this study, the results cannot be generalized for a larger population. Therefore, future studies could increase the population from which already done by this study in order to generalize the results. It is also welcomed that, future studies are not done in Vietnam because a variety in information sources could be more useful than some few studies done in a small developing country. And if future studies should be done, a sample size should be at least twenty companies to begin with for it to make any significant results.

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