



# An assessment of Lynk & Co features and brand-fit to uncover entry possibilities at the Danish market

HD(IB) Final project  
Spring 2019

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Pages: 135  
Page keystrokes: 129.297

## Executive summery

The technological development in the world is changing the way automotive companies approach markets. The automotive industry has been evolving slowly compared to other BTC industries and in the light of digitalization and powertrain technology, companies are now seeing the possibilities of harvesting the benefits derived from digitalization.

The thesis will explore areas within business modelling, technological development, innovation management and further explore, based on research whether the Danish market/consumer is ready for a change in the fundamental way of thinking cars with reference to Lynk & Co as case company. In other words, an assessment of the possibilities to enter the Danish market based on the three mentioned topics.

In order to gain relevant insight into the industry, several expert interviews have been conducted. Qualified knowledge of market and trends derived from experts, have been used to support findings from a conducted online consumer survey.

Primary data combined with academic literature have been used to explore the opportunities at the Danish market.

The Danish market is dominated by traditional gasoline cars from respectively VW, Peugeot and Toyota (Top 3). EV's and PHEV's are sold on a limited basis and are still in the introductory phase. Nevertheless, an increased focus on environmental awareness in Denmark drive a trend toward EV's/PHEV's.

It has been identified that the industry has an increasing focus on four topline areas:

- 1) More Fuel-Efficient Rides = Hybrids and EV's
- 2) Predictive Vehicle Technology = Artificial Intelligence, IoT and data
- 3) Cars-as-a-Service (CaaS) = Car-sharing
- 4) Self-Driving Technology = Autonomous driving

For the Danish market 1-3 are true, whereas autonomous driving is experienced as yet to come. The "connected car" car market is projected to be a \$141 billion market in 2020 and new entrants can be expected within the nearest future.

Lynk & Co and Tesla can be considered first-movers due to the fact that they embrace a fully digital and connected car strategy.

Lynk & Co have an untraditional approach compared to traditional-thinking automotive companies. Several business elements and product features are in line with the consumer demands at the Danish market. It has been identified that the Danish consumer are early adopter of technology and are keen to explore digital solutions. As well as in cars. The Danish market is affected by a transformation toward flexible solutions. The need for flexibility and ease of use seen from e.g. Mobilepay, Uber, Airbnb etc. are driving the consumer demands in Denmark. Consumers are now used to these types of businesses and companies need to adapt. Hence, an increasing need for digitalization and/or subscription solutions.

The Danish market are characterized by many substituting products/solutions.

The need for a car in urban areas is low, and bikes and mobility solutions seem to cover the need of easy and on-demand pay-as you-go solutions.

Furthermore, new entrants from rental companies are coming to the Danish market as seen with Sixt/BMW (DriveNow) and Europcar (MovOn).

The author estimates that the subscription model has a more sustainable future compared to private ownership. The conducted survey shows that even the consumers that already own a car, would be keen to subscribe instead of owning.

Based on an in-depth analysis of Lynk & Co's business model and core competences, the author is able to assess its competitive acumen.

Competing on technology alone has been identified as a less sustainable strategy and have to be combined with a business model that are customer-centric and offers flexible solutions.

Lynk & Co have acted on the increasingly use of internet-shopping and are therefore offering online sales with the option to see/feel the car at a wholly owned showroom.

It is though estimated that Lynk & Co takes up too much risk by investing in a wholly owned showroom in a country that is less likely to earn the ROI due to its small market size. Therefore, the entry form of a franchise agreement is seen as beneficial in the short run in order to lower risk.

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# 1. Introduction

The automotive market has been synonymous with traditional thinking for years and is now forced to think more creatively.

An industry in stagnation for years is now affected by the technological development in the world and forced to make changes to its core business in order to keep up with consumer demands.

Digital integration into products in general has driven a lot of the growth in companies worldwide which both is an effect of consumer demands and internal efficiency goals. Trends toward “connected cars” are on the rise and a growing number of suppliers and manufacturing companies are investing heavily to increase their core competences to match this.

A personal interest in Lynk & Co is the driving factor for initiating this research due to the fact that the company is taking a different and more innovative approach to competing on the automotive market. An effect of lacking consumer-centric approaches and outdated business models is of interest and Lynk & Co are approaching this in their own way. The thesis will explore areas within business modelling, technological development, innovation management and further explore, based on research whether the Danish market/consumer is ready for a change in the fundamental way of thinking cars with reference to Lynk & Co as case company.

## 1.1 Establishing Lynk & Co on Volvo and Geely ground pillars

Lynk & Co was founded in 2016 as a joint venture with Chinese “Geely” and Swedish “Volvo”. The mix of Chinese and Swedish expertise is linked within Lynk & Co. and is a derived effect of a Sino-Euro agreement that included sharing of technology and the establishment of Lynk & Co, with technological exploration and innovation as the centre of focus.

Background information on the two participating entities in the joint venture is being described with the purpose of giving the reader an overview of what the two companies bring to the table.

### 1.1.1 Geely (officially Zhejiang Geely Holding Group Co., Ltd)

Geely Auto Group is a global automotive manufacturer that develops and manufactures cars like Lynk & Co, Geely Auto, PROTON, and Lotus. (Geely.com, 2019)

Brands like these take advantage of Geely's commitment to sustainability and innovation by its tremendous investments above industry average in R&D and green initiatives. Geely also manages five other sub-businesses which include Volvo Car Group, Geely New Energy Commercial Vehicle Group, Geely Group (New Business) and Mitime Group that develop, manufacture and sell cars, motorcycles engines, lithium battery technology, flying cars, powertrains, investments in education and more. Geely saw a 63% increase in sales volume from 2016-2017 (1,244,000 units) whereas the new sales target was set to 1,580,000 million units for 2018.

This research will only focus on the joint venture establishment of Lynk & Co, but for the sake of the reader, this background information is in its place to picture Geely's significant size, know-how and power to the collaboration between Geely and Volvo.

### 1.1.2 Volvo Car Group

Volvo Car Group includes two car brands such as Volvo and Polestar. Volvo is known for its well-known and respected luxury cars. Polestar became an independent car brand in 2017 that focused on high performance electrified cars. Volvo Car Group has suffered from internal changes for the last 10 years, whereas the ownership turned to Geely, bought from Ford Motors back in 2010.

In recent years the internal focus has been centred around electrification, innovation and sustainability. In 2025 Volvo expects to have half of its global sales coming from fully electric cars. Volvo has a focus on making life easier, safer and better with the use of cutting-edge technology.

### 1.1.3 Lynk & Co

Lynk & Co is established to both explore the market for connected cars whereas digital integration grants multiple possibilities that need exploration and further to

provide economies of scale that will allow them to more rapidly develop next generation hybrids and electrified vehicle technology (media.volvocars.com, n.d.). Hence the focus of connectivity and collaboration, the name "Lynk & Co" is a synonym that pictures the focus of the company. Lynk & Co aims at being the most connected car in the world, due to the fact that it is a brand that is born digital without any internal transformation needed. In other words, the focus has been digitalization from day one.

The purpose of many joint-ventures is *"to harvest and pool resources and furthermore coordinate efforts to gain competitive advantages that was not obtainable outside of a strategic partnership"* (Bartlett, Beamish, 2011). Volvo and Geely both have specific capabilities that they master, which will be further exploited within the new constellation of Lynk & Co.

The automotive market is changing towards taking new risks compared to traditional automotive market-thinking. This requires automotive companies to think out of the box and create either new competences through own inventions or to enter into strategic partnerships/joint ventures like the one between Geely and Volvo (Elias N.V. Poulsen, 2019). Like for instance, The CMA platform (Compact Modular Architecture) were invented by Volvo and can be seen as an example of utilizing know-how and competences between the parties. Furthermore, the production facilities at Geely in China function as the production plant for the Chinese market and the Volvo plant in Belgium serves the European market, hence Lynk & Co is exploring economies of scale/reduction of risk and access to China as the biggest and fast-moving car market in the industry (Bartlett, Beamish, 2011).

*"A new car brand will catch up with the new digital customers who do not necessarily want to own the car"*, as written on (Theverge.com, 2016).

Lynk & Co will manage its operations from the headquarter in Goteborg, Sweden. The site is called CEVT ("The China-Euro Vehicle Technology Centre") and is employing around 2.000 people, both upstream and downstream in the value chain. A considerable size of the employed engineers comes from Volvo and Saab (fdm.dk, 2016).

The brand and its communication are very vibrant, urban and target the young tech savvy consumers that are born digital and in theory have lower barriers for technological products.



## 1.2 Lynk & Co philosophy:

In order for the reader to get a sense of all the new car features and philosophies of Lynk & Co, a presentation of each new innovative attribute is needed.

The impact on the consumer and the world will be analysed in the later sections regarding business modelling and the use of technology.

Due to the brands innovative approach to serving the consumer, Lynk & Co have developed various new business approaches and features that are developed based on deep research within consumer behaviours.

Based on a statement from Lynk & Co Marketing Manager, Sebastian Hammer; *"the Lynk & Co philosophy/features serve a gap in the demographic marked who values connectivity and are participants in the sharing economy"* (Elias N.V. Poulsen, 2018).

Lynk & Co will offer a different approach to buying cars compared to the traditional retail model of having physical stores to reach consumers.

Lynk & Co will focus on selling the cars online, due to the fact that the target audience (young millennials) see significant more value in buying online (Salesforce.com, 2015).

This is also due to the trend of "convenience" (7-Eleven, pre-maid food, door-to-door delivery). Similar to Tesla, Lynk and Co will launch minor manufacture-owned showrooms throughout European cities like London, Amsterdam, Brussels, Berlin and Barcelona in order to supplement the online sales (Motor1.com, 2018).

Using Volvo dealerships in regard to servicing and maintenance, will generate substantial savings in comparison to the old retail model of fully-owned shops.

Another consumer insight is that many consumers value other transportation possibilities like "pay-as-you-go" options throughout a city. In other words, the trend of owning a car has declined within the young segment (Motoringresearch.com, 2016). Lynk & Co are reacting to this insight by offering supplementary options in the form of subscriptions and shared membership services.

Furthermore, due to the rise of the sharing economy, Lynk & Co is the first car brand to provide a "digital sharing key" that can be used to lend out the car to family members or

even produce income by renting the Lynk & Co car out to whoever they want. (Ibid)

Whereas all of this is operated on Lynk & Co own smartphone app. Lynk & Co aspire to become the most connected car brand in the world whereas this is also a statement that is being used in external communications.

Having connectivity build into cars grants multiple new product features that elevate the consumer experience. Based on a report from the global consultancy McKinsey, 1 in 5 cars will likely be connected to the internet in 2020 (McKinsey rapport, 2013).

Being first mover and developing features is of essence.

One essential and very important feature is the app store of Lynk & Co.

Developers can make apps within the open source system that Lynk & Co is providing. The consumer then has the option to select apps from a wider and more personalized selection. The old way of thinking with closed systems are about to shift to a more collaborative minded setup, where companies can initiate partnerships to elevate the consumer experience (Elias N.V. Poulsen, 2018).

It's important to mention that Lynk & Co are first movers on various features, but nevertheless also have features included that other brands themselves have incorporated.

“We are building what we believe should be the new normal today – a sharable, on demand, smartphone on wheels”. Lynk & Co

## 2. Problem identification and problem statement

The global landscape has changed significantly over the years and especially technology have managed to play a major part with its exponential growth since the 90's. *"New inventions have fuelled fantasies and shaped human society"*, as written in a recent Google Blog post (Blog.google, 2019). All from envisioning and dreaming about creations to implementing these through the use of human hand and mind. (Ibid)

Terminology like incremental and disruptive innovation are popping up all over the business landscape with new ground-breaking solutions to either ease the everyday lives of consumers or to optimize businesses through the use of technology.

The car industry has likewise changed over the years but have had a late start of its exploitation of digital technology. Automotive companies have been focusing on design, performance and lately on sustainable alternatives to fuel, hence the huge increase in electrified vehicles. Whereas the digitalization is in its early stages within the automotive industry but are maturing fast in line with the technologies available. On top of the digitalization within the automotive industry, carmakers have to adjust to the new consumers that are used to the conveniences that digitalization derives. New business models and new digital solutions within the automotive industry are all effects of the technological development but are consumers necessarily in need of these solutions and are their everyday patterns in regard to using a car ready to be challenged by the new solutions created from digitalization?

The Nordic region, including Denmark have been known for being strong adapters of technology, but is it furthermore profitable to introduce a new car brand to the Danish consumers without assessing the market potential and fit between car brand and consumer. Most likely not, therefore this research is set out to study the market fit of Lynk & Co with the Danish market by assessing the Danish willingness to receive the benefits of digitalization and whether or not an entry could be profitable.

## 2.1 Problem statement

Based on the above problem identification, the problem statement created explore the following question:

**How can Lynk & Co enter the Danish market, based on technological advantage and Business model innovation?**

Based on the above, the following research questions will be answered:

- What external factors should Lynk & Co be aware of in order to enter the Danish market?
- How is the technological development in the automotive industry?
- How can Lynk & Co exploit its existing business model for future growth on the DK market?
- Which entry form is best suited for entering Denmark with the current business setup?

By considering and answering the research questions the main problem statement will be answered as well. They function as guiding questions in order for the researcher to make sure to study relevant areas of the topic.

## 2.2 Delimitation

In order for this research to be as concrete and relevant as possible the researcher has to set up delimitations. This is further in order to secure a coherent answering of the above questions.

Firstly, the main objective for this research is to study whether there is a fit between the Lynk & Co philosophy and the Danish market, therefore this research delaminates itself from all other countries than Denmark. The focus is the Danish market as a potential business opportunity as well as a study of the Danish consumer in relation to Lynk & Co. Secondly, a segmentation analysis will not be conducted. The aim is not to come up with a marketing strategy. The thesis is focused upon researching the market in relation to technology and business modelling and the fit of Lynk & Co hereof on the Danish market. Hence, the focus is on Internationalization theory although a description of the target audience is included.

Thirdly, competitors at the Danish market will be touched upon, but not as an individual analysis. Therefore, the researcher delimitates itself from an in-depth analysis of each present competitor and keeps the analysis at an industry level through the use of Porters Five Forces (M. Porter, *Competitive Strategy*, The free press, 1980). The restriction is due to the page limitations of the thesis.

### 3. Literature review

The purpose of the literature review is to present and relate the existing academic research that has been conducted in recent years within the topics of entry to foreign country, technology and business modelling. Various research work will have its focus on the global landscape and contribute with a general phenomenon within the above topics, whereas others will have focus on Denmark specifically. Over the years in relation to the exploration of the use of technology, it seems that academic literature covering this have expanded into related topics like; the development of sustainable fuel sources within the automotive industry, carsharing technology and the consumers' willingness thereof, whether technological change brings organizational change, the need for adjusting the business model, new product innovations, readiness of consumer in new technology, cultural use of car and more.

Wells and Nieuwenhuis (2012) argue that in general on the topic of technological forecasting and social change, research conducted have a tendency to focus on the consequences of change at the expense of understanding the reasons and significance of continuity (Wells & Nieuwenhuis, 2012) This point of view is analysed in depth within the automotive industry and especially the view of continuity and gaining an sustainable advantage through the use of technology and innovation business modelling are direct relatable to this research.

Wells and Nieuwenhuis furthermore argue that there is a need for change and especially in the car industry, due to consumer demands and substituting competitors/solutions. Furthermore, Oltra and Saint Jean (Oltra & Saint Jean, 2009) argue based on a case study within the French automotive industry, that three elements are of importance for future car companies to consider; technology, demand conditions and environmental & innovation policy. This is in line with the author's point of view in regard to this thesis which



is why, among others, these elements will be studied and put in the context of entry to Denmark. Whereas this point of view lacks to include business modelling, other literature including Wells and Nieuwenhuis (2012), N. Abdelkafi, S. Makhotin & T. Posselt (2013) and E. Giesen, E. Riddleberger, R. Christner & R. Bell (2010) are arguing of the importance of considering a new approach to business modelling both in general and especially for the car industry due to digitalization.

On the matter of carsharing, Shaheen & Cohen (2012) argue that the future will consist of more and more carsharing due to the positive gain of consumers lowering their living costs and gain mobility. This is already seen with the pop up of many independent carsharing services, whereas the automotive companies have yet to enter this space. (Shaheen & Cohen, 2012)

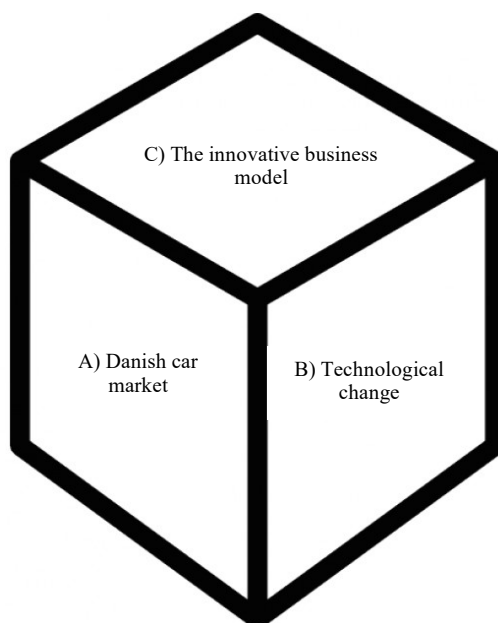
## 4. Theories and models

In the following theories used to answer the research questions and, in the end, contribute to understanding factors impacting the business environment through academic literature will be examined. Theories will be accompanied by primary and secondary data in order to create a solid empirical foundation and further to be able to make a conclusive thesis that incapsulates main areas of the researched topic.

As written prior in the thesis, the analysis section follows a cube approach whereas literature in each section of the cube will be discussed.

On the next page, a full easy-to-read overview of applied theories and models are visualized. By doing so, the reader is able to get a clear overview with respect to theories and models used in each section.

The conducted overview is followed by a description of how theories and models are applied in order to create the mot value for the development of this thesis.



## 4.1 Overview of theories & models

Theories		Models
Gert Hofstede cultural dimensions	Section A The Danish automotive	PESTEL analyses  Porters Five forces (Porter, M. 1979)
Core competences (Prahalad, C. K., Hamel, 1990)  Open innovation (Chesbrough, 2003)	Section B The technological change	PLC curve (Morley, 1960)  Innovation adaption curve (E. Rogers, 1962)  Product-to-market possibilities based on the innovation potential. (Loch and Kavadias, 2010)
First mover advantage (Lieberman & Montgomery, 1998)	Section C Business model innovation	Business model canvas (Alexander Osterwalder 2010)
Disruptive innovation (C. Christensen, 1995)  Capturing value from business model innovation (Chesbrough & Rosenbloom, 2002)  Commonalities (Williams & Grégoire, 2015)  Mental distance and risk (Johanson & Valhne  Gravity model (Walter Isard, 1954)  Internationalization motives (J. Dunning, 1993)  Generic strategies (M. Porter, 1960)  Growth strategy (I. Ansoff, 1957)	Section D Strategy development	Value chain analysis (M. Porter, 1985)      SWOT analysis (A. Humphrey, 1960)    TOWS analysis (H. Weirich 1960)

## 4.2 A) The Danish automotive market

In order to assess whether or not Denmark is suitable for entry, it is necessary to analyse structures and factors impacting the business environment and specifically being able to map out factors that characterize Denmark as a market. In other words, to estimate the market potential and fit between brand (and hereby its philosophy), country and consumer.

To succeed with the above it is considered relevant to conduct a PESTEL analysis (F. Aguilar, 1967) as main element in this section, in order to provide an overview of relevant factors that have the potential to influence the company and its value creation at the Danish market. Furthermore, in order to assess cultural differences and/or more specifically pin-point Danish cultural dimensions, Gert Hofstede and the five cultural dimensions will be analysed.

When entering into a new market it is furthermore crucial to understand the competitive situation. Therefore, the theory of Porter's Five Forces will form the basis of the researcher's competitive awareness (Porter, Michael, E. 1979).

## 4.3 B) The Technological change

This section of the thesis will cover the technological change seen in recent time in the world and furthermore how its development can be utilized by firms in general and specifically how Lynk & Co can exploit this with respect to the Danish market.

The approach of an outside-in view with a mix of global phenomenon's and the behaviour of the Danish consumer will derive value drivers that are helpful in the assessment of Lynk & Co's possibilities within the use of technology.

The theory of core competences (Prahalad, C. K., Hamel, 1990) and how to leverage this to Lynk & Co's advantage are assessed and function in collaboration with the outlook of the technological advancement in the world as strategic guidance for entry strategy assessment.

In relation to the use of technology and the Danish consumer, the theory of the PLC curve (Morley, 1960) and the innovation adaption curve also referred to as "Multi-step-flow-

theory" or "Diffusion of Innovations theory" (E. Rogers, 1962) are applied. This is furthermore to demonstrate the maturity of product and the technological fit with the consumer. Innovation theory such as the paradigm of "Open innovation" and hereby the impact of collaborations and ultimately how a technology strategy can affect the market fit of Lynk & Co will be applied by looking at licensing and intellectual property management (Chesbrough, 2003). Furthermore, classification of Lynk & Co innovation level will be assessed through the use of Clayton Christensen theories about disruptive innovations.

#### 4.4 C) Business model innovation

In the following, theories and models will be described in order to highlight important theoretical literature in the context of business modelling.

The purpose of this section is to evaluate the existing business model of Lynk & Co and whether or not the Danish consumer/market are receptive to this approach.

Academic research and literature will be included like theories developed by Chesbrough & Rosenbloom, Johnson, Christensen & Kagermann (Harvard Business Review, 2008). Through this, the author looks at the importance and techniques of securing the continued development of business models.

The business model canvas developed by Osterwalder, Yves Pigneur et al. (2010) will be created in order to get an overview of the full model and furthermore to better evaluate the fit between Lynk & Co and Denmark as a potential market for entry.



#### 4.5 D) Strategy development

Through the use of a SWOT, value drivers from each side of the cube will be put into this model in order to assess strengths, weaknesses, opportunities and threats.

Based on the above analyse, several theories will be included to address the best possible entry strategy.

This will be analysed through theory that explains possible internationalization strategy of Lynk & Co to Denmark. This includes theory about commonalities by Williams and Grégoire (2015) theory by Johanson & Valhne (2009) about mental distance and risk and last but not least theory about entry-modes.

### 5. Structure and methodology

#### 5.1 Structure of thesis

In the following section the structure of the entire research will be described in order for the reader early on to get an overview and for the researcher to maintain the red thread throughout the entire thesis.

As seen in the previous section, an **introduction** to the company manages to provide a clear understanding of the company incl. features, philosophy, company constellation and a quick topline look into the challenges that the automotive industry are facing. Next section is where **problem identification and problem statement** are being defined and elaborated. By answering research questions, the reader will be taken through the thesis and by doing so, the researcher has managed to answer the main problem statement.

Next up is the **literature review** where the researcher is selecting relevant academic theories and point-of views that will be discussed and compared with the research conducted in this thesis. The desired outcome is to view the problem statement from different angles and derive qualified insights from the researched topics.

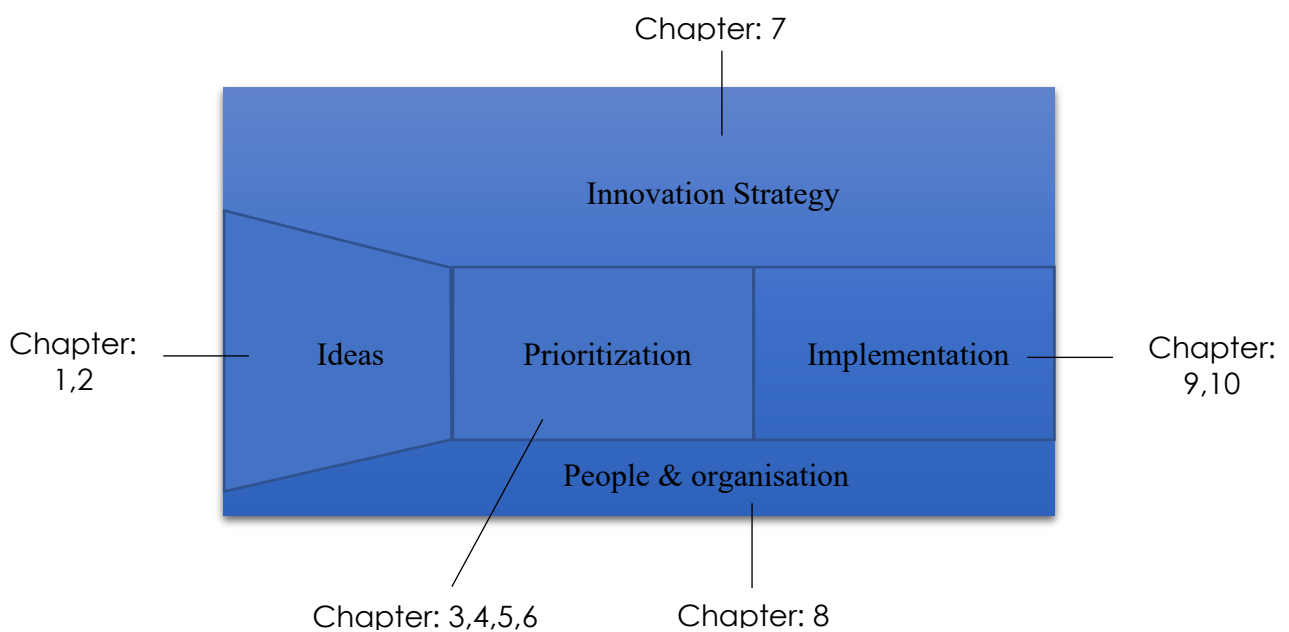
Having a strong and streamlined **structure** and **methodology** is important in order for the researcher to uphold an academically strong foundation of the conducted research.

Furthermore, the methodology section provides an understanding of the reasoning of selected and deselection of approaches, views and more.

**The analysis** will follow a cube approach, where the researcher is assessing each area independently, with no or minor links to each other. After each section value drivers will be extracted and later inserted into a SWOT.

**Assessment** and a possible entry strategy based on the above analyses and academic literature, will be presented together with a forecasting of the sales potential of DK as a market.

As seen below the structure can be visualized through the use of the Pentathlon framework. Each section of the research is distributed within the framework.



*Figure 1- Structure overview using Pentathlon framework*

Ideas: Introduction (1), Problem identification and statement (2).

Prioritization: Literature review (3), theories & models (4), structure & methodology (5), The Danish market (6)

Innovation Strategy: The technological change and its impact on the automotive industry (7).

People & Organisation: Business Model Innovation (8).

Implementation: Identification of value drivers (9), Market entry strategy considerations (10).

## 5.2 Research philosophy

The following section contains both the scientific and theoretical approach of the thesis. In the process of answering the problem statement and to ensure solid methodology, the research onion by Mark Saunders (2007) is applied. Furthermore, in order for the reader to get a better understanding and overview of the entire research, a research path is showcased in figure 1.

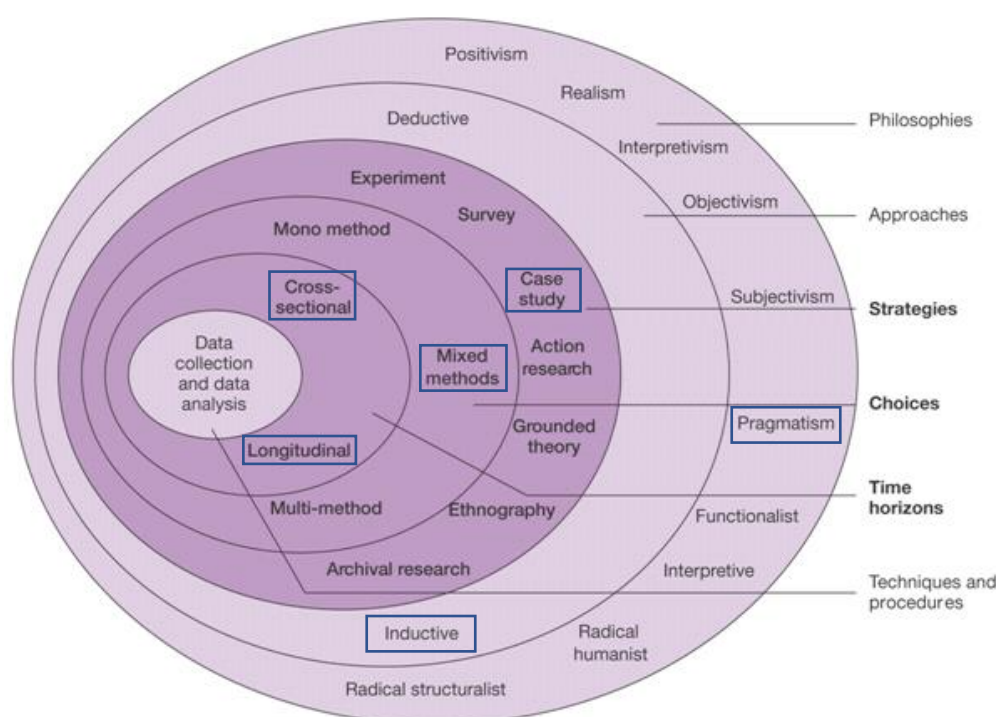


Figure 2: The Research Onion by Mark Saunders (2007)

Saunders (2007) suggests different research philosophies, whereas they all cover different point of views on the world around us and how this affects the researcher. The view of Epistemology is the most suitable for this research due to the fact that it taps into how you as a researcher manage to figure out how the world works, and furthermore how society impacts its surroundings. Phenomenon's and trends have a huge say on the direction of consumer demand and are directly related to how society impacts its surroundings. It can furthermore be connected to B) The

technological change and C) development of business model innovations with the impact of digitalization.

When using this philosophy, the researcher acknowledges that how you as a researcher see and interpret acceptable knowledge within a field of study, is centre of focus. Similar point of view is also true for the pragmatic philosophy and the investigation of the "how". It serves the purpose of seeing various angles in order to answer the "how". As a researcher you normally see multiple research methods used in this relation, whereas they also often complement each other. This is also true for this research. The pragmatic philosophy furthermore argues that when the research questions do not have a specific philosophy that it should adopt and the fact that it is possible to have different philosophical positions, then it matches the pragmatist philosophy. It is important for the researcher of this thesis to state that there is no single way of interpreting the world and no single point of view that are able to give the full picture due to the fact that multiple realities may exist.

In relation to this specific philosophy, the thesis focus on a problem and the aim is to deliver a practical solution that provides a strategic assessment and recommendation.

### 5.3 Research approach

When doing a research, the approach of how you obtain knowledge is of importance. It can be characterized by the fact that it is the relationship between the actual research conducted and the theory applied.

The research approach selected for this thesis is based on an inductive research approach. Due to the fact that the purpose of this research is to uncover patterns found in data and observations in order to broaden generalizations and theories, it is estimated that this approach will answer the research questions in the most effective way. (Saunders et al., 2009, pp. 124-126). The researcher will be able to test real life issues with existing theory. Based on the findings the researcher will then be able to formulate a recommendation and a plausible explanation of the researched topic.

## 5.4 Research strategy

Several research strategies can be leveraged when obtaining knowledge and data, whereas this thesis take advantage of multiple strategies that complement each other. Within this thesis the single-case study strategy with a main focus on Lynk & Co will be used in combination with a survey and archival research strategy. The focus will be to explain and investigate situations concerning specific factors like market fit based on technology and business modelling. Perspectivation and inclusion of case study articles on related topics are included to create a generalisation, and furthermore to be able to specify and answer the specific research questions. In the enrichment process of obtaining relevant knowledge, one can consider this as an empirical study. Hence, multiple information sources are included in order to answer the research questions (Andersen, 2008, p. 118). By following these strategies, it is the aim of the researcher to gain insight on the entry considerations and factors affecting it.

## 5.5 Methodical choice

When conducting the research, the methodical choice is of importance due to the fact that the output determines how valid your findings will be.

The mix of numerical data and non-numeric data are characterized as quantitative and qualitative data. This will be used to test theoretical findings and to clarify and understand consumer preferences. Referring to the “research onion”, the methodical choice appropriate for gaining the most value in this context is by using the mixed method research design. (Saunders et al., 2016, p. 170) Furthermore using both explorative and descriptive research contribute to the fact that the validity is elevated, and the researcher manages to see the research questions from multiple angles. The market-fit can be put in relation to exploring sales potential, hence the explorative study. Whereas in collaboration with the descriptive study, the researcher can investigate prior phenomena to explain causes of events. It is acknowledged that in order to avoid method-bias, the mixed method research design is favoured. This is another reason for choosing a mix of primary and secondary data to enrich findings (Saunders et al., 2009, p. 151).



The developed consumer survey will explore the behaviour and need of Lynk & Co features/philosophy and furthermore establish a reasoning of the willingness to buy the cars of Lynk & Co based on the attributes it offers.

Expert interviews are used to explain and verify development on the Danish automotive market and further to comment on the general experienced consumer needs in the industry.

## 5.6 Time horizon

Depending on the choice of methods in thesis and the availability of data, one can choose between different time horizons. Due to the fact that the researcher is trying to capture present and historical findings to create new theories, the chosen time horizon will be a mix between cross-sectional and longitudinal study. By doing so, the researcher is picturing the factors contributing to answering the research questions and the long-term development and trends (Saunders et al., 2009, p. 155). Qualitative inputs such as the consumer survey and expert interviews are included as the cross-sectional study, whereas analysing of available data to explore market trends will be included as longitudinal studies.

## 5.7 Data collection

In the following, the data collection methods will be presented and specified in detail. It will be based on the above-mentioned mix method approach and combine both qualitative and quantitative collection methods. The applied use of these will be outlined and specified (Andersen, 2008, p. 149).

All data collection including Interviews and survey have been conducted in English to avoid errors in a possible translation process.

### 5.7.1 Interview – Primary data

The researcher conducts multiple interviews during the research process, which all aspire to attribute with qualified knowledge of market and trends in order to answer research questions. Interviewees will mainly comprise of external experts and will be interviewed over the phone.

It is considered positive that interviewees cover different areas of the business market, due to the fact that this will contribute with different angles and perspectives on each topic.

### **External experts**

Output derived from interviews will add specific market, technological and business model knowledge that will be added to each section of the cube approach. The interviewees are:

- Torben Kudsk, Department director, FDM
- Jan Walsøe, Former Sales Director, Semler distribution (Porsche)
- Kristian Mehlsen, Consultant, Copenhagen Institute for future studies,

### **Internal expert**

- Sebastian Hammer, Marketing Manager, Lynk & Co

### **Interview approach**

An essential prerequisite for making a good interview is that the topic of the interview is something that the interviewer himself and others want to gain additional knowledge upon. To have good interview projects one must have pragmatic and communicative validity - It is valid because interviews teach us something about the human's perspective on the world and because it affects the development of theories within specific areas (S. Brinkman, L. Tanggaard, 2013). Therefore, in order to gain the maximum effect of an interview, the researcher have prepared preliminary research on the subject of the Danish automotive market, the technological change and innovation business modelling.

The actual interview will be conducted with a briefing, interview and debriefing (Kvale, 2009, pp. 148-150).

The interview initially starts with a briefing consisting of an introduction to the project and to what purpose the interview will serve.

Concerning the actual interview, the researcher follows a semi-structured interview approach. The guide will be constructed with questions divided in themes in order to gain an overview over questions and its substance. This split leads to more clear

and precise answers. The questions should promote a positive interaction with the subject and motivate the interviewees to talk about their experiences and feelings. (Kvale & Brinkman, 2009)

After the interview, a debriefing containing a full summary of the interview, split in themes will be send by email to the interviewee in order to give the interviewee the option to elaborate specific answers if needed.

### 5.7.2 Consumer survey – Primary data

The consumer survey has several links to the development of a paper survey. However, the web-based survey has several additional options that both elevates the visual expression of the survey, but also limits the errors within answers, due to response controls such as avoiding the interviewee to answer several times, when only one answer is allowed (Jelke Bethlehem, 2009, p. 191). Such controls will be installed and ensure lower error-rate.

When developing the actual web-survey, a focus on short questions, avoiding combined questions and furthermore a focus on avoiding double negative questions are required in order to ensure lower error-rate. The latter creates more confusion and doesn't add additional value by doing so. (ibid) The web survey will follow the structure below:

- Instructions and Introduction
- Questions regarding the Danish consumer in relation to Lynk & Co.
  - o Willingness to buy environmentally friendly cars
  - o Whether or not Lynk & Co features are suitable for Danish consumers
- Questions about the willingness to use attributes in cars derived from technology.
- Questions about the Danish consumer and whether or not they accept the new way of buying cars (subscription based and less physical stores)?

The target audience of the survey will be the Danish consumer between 18 and 45 years old. It is preferred that the majority of respondents will include young

millennials between 23 and 38 years old, due to the fact that these, at the time of the research, have lowest barriers when addressing technology.

This survey will function as a sample of the market and act as guidance to the researcher in regard to the preferences and state of mind of the Danish consumer. The web-based survey can reach several respondents through the use of digital medias like email and social media (Bethlehem, 2009, p. 23). The conducted consumer survey can be seen in appendix 8.

### 5.7.3 Validity and reliability

For a research project, inputs used to create findings and recommendations have to have some kind of quality in order for the research to be reliable and valid and furthermore accepted by the public. Therefore, both process and approach need to be centre of focus in order to maintain the needed level of quality. High quality and credibility of inputs elevate the credibility of outputs after conducted research.

**Validity** – The focus here, is to make sure that the researcher measures what he wants to measure and uses the right tools for accurate measuring (Saunders et all, 2016, p.193). Within this thesis, a high focus has been put into the optimization of the process and making it as accurate as possible in relation to what is wanted to be measured. Validity is furthermore a measure of the researcher's ability to extract relevant knowledge and experiences from participants in the research to enrich findings and create a valid foundation from where the researcher makes his recommendations. Interviewees within this thesis have been carefully selected with a focus on relatability and expertise in relation to the subject. Through the conducted expert interviews the researcher manages to explore the interviewees' reality and gain relevant input in order to draw qualified conclusions. The expert interviews are used for verification purposes in relation to the conducted online survey.

Furthermore, relevant and respected academic literature is included to gain other researchers' input on similar topics of this thesis. By doing so, the researcher creates a more solid foundation and, in the end, elevates the general validity of the thesis.

In order to quantify and relate findings/value drivers, a 5-level scoring system is conducted. This scoring attributes to the validity of the project and furthermore acts as an overview of value drivers after each conducted analysis.

Level of importance				
5. Very important	4. Important	3. Relevant	2. Not as important	1. Not important

*Figure 3 - Assessment of validity*

**Reliability** – By having a high reliability, other researchers would be able to replicate or repeat research based on the consistency in findings through the use of data collection methods and techniques.

The reliability of this thesis has been approached with transparency in mind.

The researcher has tried to outline the various stages of the methodology to accommodate the possibility of other researchers to repeat the same study.

It is acknowledged that within a semi-structured interview, findings would be difficult to replicate due to the fact that it reflects reality at a specific period. Additionally, the world situation would likely not look the same at a later period in time (Saunders et al p. 382).

However, an extensive description of the methodology is present and other researchers would easily be able to replicate the project with this at hand.

## 6. The Danish market (Section A)

The following sections will follow the cube approach whereas the structure follows each side of the cube; A) The Danish market, B) The technological change, C) Business model innovation.

First section will include an assessment of the Danish market and what external factors Lynk & Co have to consider when doing a possible entry.

The first sub-question will be answered through an analysis based on a mix of primary and secondary data.

The aim of this section is to establish sufficient knowledge of the Danish market in order for Lynk & Co to evaluate and consider if Denmark would be a match for brand and consumer.

The Danish market will be analysed through the use of PESTEL, theory about culture and also an assessment of the competitive landscape in Denmark will be made through the use of Porter's Five Forces.

## 6.1 Macro analysis

### 6.1.1 Political environment

Denmark is not a presidential democracy, but rather a parliamentary system with various parties and ideologies. The Danish government has the Liberal Party led by "Lars Løkke Rasmussen" in office as Prime Minister. The centre-right coalition are backed by the Liberal Alliance and the Conservative Party, whereas this government have had its power since 2016 (Economist Intelligence Unit, 2019).

The current government affects activities in various industry sectors including the automotive industry. The government gives priority to the use of state finances and at the same time sets the direction for the country's political framework. As early as June 2019, an upcoming election arises, and sources are estimating that Social Democrats (red bloc) wants to rule alone due to tensions internally in the party. This is considered highly unstable and would potentially not last the four-year legislative term (Ibid). This may affect the automotive industry, due to potential changes in the taxation regulation.

The acting government has invested 110 billion DKK in developing a well-functioning infrastructure due to its importance for prosperity, cohesion and continued growth in Denmark. An infrastructure that supports efficient transport for both citizens and business is a key element for effective production (Transport, Bygning og boligministeriet, 2019). A large number of infrastructure projects will be launched in the period from 2021 to 2030, whereas developing new roads and expansion of existing roads will create more space for cars. By doing so it shows a picture of the government's confidence in a larger use of automobiles in Denmark.

The Liberal Alliance Party has tried for years to lower the enormous taxation on cars with moderate success. The current taxation is 150% going down from 180%. *"Last year, Samuelsen told the press that his party supported the complete removal of the 180 percent tax rate, calling it "completely senseless" (The Local, 2016).*

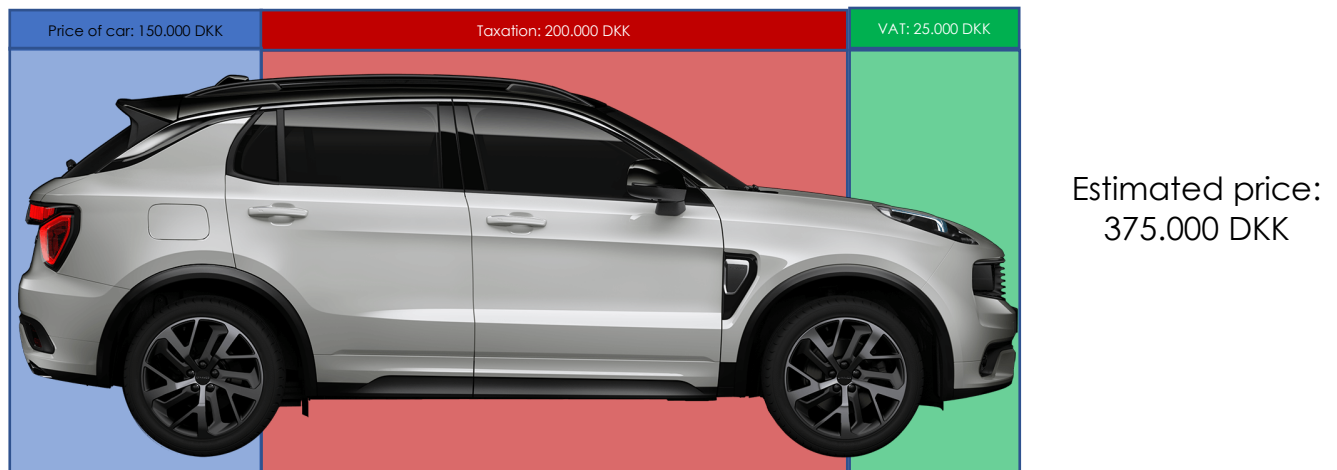


Figure 4 - Taxation example based on Chinese price of 25.000 Euros outside DK.

The Danish Government is in general pro sustainability and is giving several incentives for starting/change businesses that seek to take sustainable initiatives.

The whole world has to go through a green energy transformation, either for climate reasons or because of a lack of fossil energy. The Danish market has great options and flexibility to develop relevant policies to accommodate this.

In terms of electrical use of cars (EV's), the Danish government created a 20% deduction of the full taxation in order to reward EV owners (Motor magasinet, 2019). Back in 2014 an even greater discount was given to EV owners, and due to that legislation, the sales of EVs saw a significant boost in sales in Denmark.

The boost in sales shows a demand for EV's in Denmark, but the automotive industry was not ready to favour EVs over gasoline cars just yet (FMD, 2019).

The legislation was overturned and just now from 1st of January 2019, the above-mentioned deduction of 20% was applied. Industry experts are expecting increased sales of EVs due to this new legislation (Ibid).

Compared to Norway with a 49% of its car fleet being EVs, Denmark only has 2% EVs on the Danish roads (Avto-wow.com, 2019).

### 6.1.2 Economic and demographic environment

The economic landscape of Denmark has relations to the established finance policies and legal conditions whereas this affects the economic development.

The infrastructure investment mentioned earlier will contribute with a derived efficiency and increase in company productivity.

The Danish economic foundation is considered strong with a dynamic labour market and a record high employment rate (Economist Intelligence Unit, 2019).

As Hans Peter Kay, Commercial Director says; *“One of the major qualities of doing business in Denmark is our flexible and competent labour market which minimise risk and cost for companies. When establishing a business in Denmark, a foreign company will experience competitive labour costs and high productivity levels, making the Danish workforce one of the most efficient in Europe”* (Ministry of foreign affairs in Denmark, 2018). A commentary on the fact that Denmark is on a 10<sup>th</sup> place on World Economic Forum's competitiveness scoring of countries (Weforum.org, 2018).

Investments are estimated to increase to 6% within 2019 which is considered strong (ibid). Denmark were, as well as the entire European union, hit by the financial crisis in 2007. Nevertheless, in the post-crisis period of 2010-2016 real GDP managed to have a steady growth of 1.2% per year on average. The economy managed to increase its growth to include a 2.3% growth on average per year.

The Danish household income was DKK 501,471 before tax last year, which is an increase based on the past few years. Nevertheless, households have not increased their consumption accordingly, which means the Danish consumers are saving more money, than they spend (2018). Nevertheless, economists are estimating consumption will grow by 2.5 per cent in 2019 and 2.4 per cent in 2020 (Confederation of Danish Industry, 2018). Denmark's International relations and foreign policy aim at an active EU and NATO membership and a close transatlantic relationship (Economist Intelligence Unit, 2019). Whereas relationships between US and EU have experienced tensions due to an agreement on eliminating barriers to bilateral trade on non-automotive industrial goods (ibid). This will ease the trade and furthermore boost trades between US and the common market.

China and Denmark have experienced increased trade over the last 20 years, which is why China has become the 7<sup>th</sup> biggest export destination, whereas China is now the 4<sup>th</sup> biggest source of imports to Denmark (ibid). Relationships are strong and based on mutual gain (Confederation of Danish Industry, 2018).

Danish automotive import from Belgium holds a 2<sup>nd</sup> place of the total imports within this industry. Due to the fact that Lynk & Co uses the Belgian Volvo production facility to serve the European market, relationships between Denmark and Belgium are relevant to



mention (Worldrichestcountries.com, 2016).

Lower barriers and free movement of goods within EU, and in this relation Denmark to Belgium, increase competitiveness compared to imports from China or US. Hence products from outside the EU would experience tariffs and add costs to products, which in the end derives more expensive products for the consumer.

Denmark has a population of 5.8 million people, whereas 602.481 live in the capital of Copenhagen. Denmark's Statistics most recent population-projection shows that the population is expected to grow by 279,000 or 4.8 per cent over the next ten years. It is primarily the oldest population that will increase significantly. The group of over 80s alone is expected to grow by 150,000 over the next ten years, corresponding to 58 per cent more than today. The elderly population above 65+ are taking up 19.3% of the full population of Denmark. A very small change in age towards the younger segment is present within the capital of Copenhagen. (Denmark Statistics, 2019)

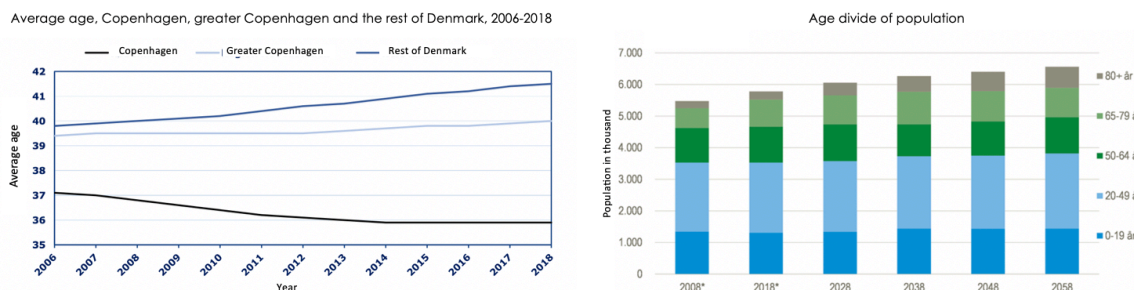


Figure 5 - Source: Denmark Statistics, 2019

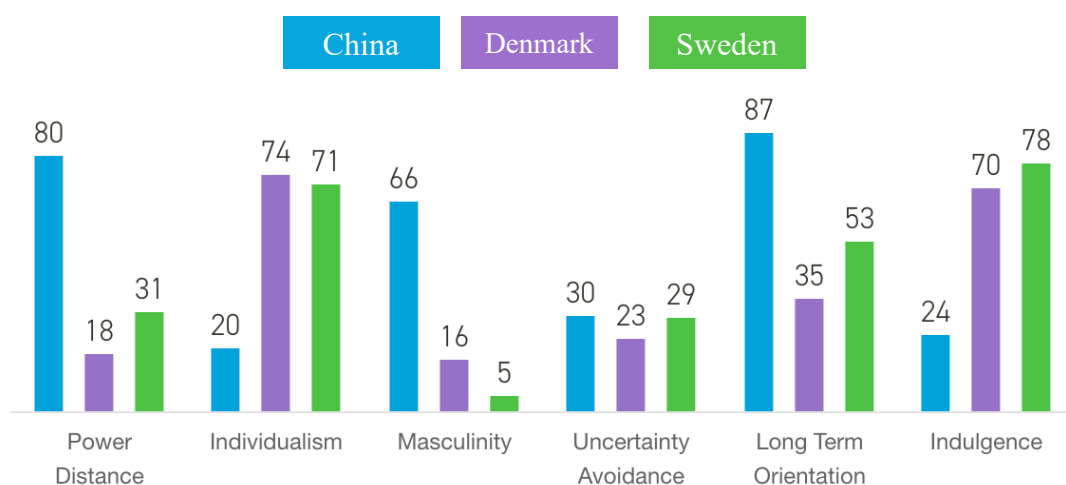
### 6.1.3 Social and Cultural environment

There is a tendency in Denmark toward small changes within the gender distribution in the labour market. It is a bit of a paradox that it moves so slowly, but we can observe that there is an inertness and that Denmark has one of the most gender-segregated labour markets in the Nordic region. Although there are plenty of choices for the individual (DR, 2019). Danish people still choose industry based on what is grounded unconsciously in their minds (ibid). In other words, according to gender researcher, Stine Thidemann Faber; *"it reflects the social norms that we encounter through childhood and up to the school's educational guidance, where we make the first crucial choices about what we want to work with"*.

In Denmark, equality is a large topic within the parliament and within the society in general. It has been so since the late 18 hundred. Denmark has a welfare state in place where all citizens have certain basic social rights/welfare benefits guaranteed by the state. One could say that a welfare state provides the things that the market cannot provide satisfactorily. This provides basic needs to everyone, even though you have a low social status. This is managed by having one of the highest taxation systems in the world. Partly due to this, the equality remains and based on the OECD listing of countries, Denmark is the 6<sup>th</sup> equal country in the world (OECD, 2018). In other words, this system makes it attractive to work and live in Denmark and may grant Lynk & Co with easy access to a qualified employer base.

The Danish consumers are getting more and more environmental/ethical aware and act as “the political consumer” where e.g. politically incorrect companies get boycotted, due to their lack of environmental/ethical correct initiatives (International Markedsføring, 2009). By looking at the conducted survey about the Danish consumer, 80% of respondents value sustainable and environmentally friendly products like Lynk & Co (Conducted survey, appendix 8, Q23).

Lastly, by looking at the culture behaviours of Danish consumers/companies through Gert Hofstede Five culture dimensions, the researcher sees almost similar scoring when comparing Denmark and Sweden with only minor differences (hofstede-insights.com, 2019). Danish consumers are more masculine compared to Swedish consumers. By having a moderate score on “long term orientation”, means that Danish/Swedish consumers encourage thrift and efforts in modern education as a way to prepare for the



future (Gert Hofstede, 1973). This finding can shed light on the fact that Danish/Swedish consumers are ready for the future and encourage various elements that can be derived from preparing for the future. Hence, technological and digitalization may have lower barriers when looking at the Danish market (Ibid).

Since the Chairman of Geely have left main decisions in Goteborg, Chinese culture won't muddle too much with the company.

*"Management style differs and e.g. managers in Sweden trust their colleagues, discussions with team members are expected, and there exists an informal culture, whereas this is not the case for China - Power distance."* (Elias N.V. Poulsen, 2019).

#### 6.1.4 The technological environment

The Danish ability to adopt new technology and innovate is a strong advocate for doing business in Denmark as seen with the ranking of Denmark as 10<sup>th</sup> best place to do business. (World Economic Forum, 2019)

Danes are in general first movers on digitalization, but as Torben Lund Kudsk, FDM Director says in a conducted interview: *"The Danes are quite conservative within the car industry. Even though digitalization is present, cars might be an exception. Tesla was the first car maker to introduce a full digital solution, but the success could mainly be attributed by a low pricing due to taxation benefits of having an EV"* (Appendix 3, Q5). When looking at the conducted survey, the Danish acceptance of digitalization in cars, argue that the consumers ARE ready for harvesting the benefits derived from adding digitalization in cars (Conducted survey, appendix 8, Q19, Q20 & 25). Furthermore, use of sharing economy and accepting the change in traditional habits, do apply to Danish consumers, which therefore contribute to the thought that Lynk & Co features have lower barriers in order to get adopted (Ibid).

#### 6.1.5 Environmental environment

Concerns in relation to the environment have increased, which has led to an increased focus from both government and companies. Companies with CSR or environmental initiatives will more likely be preferable for a Danish consumer (CSR.dk, 2016).

Furthermore, the focus of minimizing the carbon footprint and many other environmental

factors are of increasing importance for the Danish Consumer (Ibid).

The environmental awareness from the government and the consumer contribute to the fact that Danes value the environment and want to preserve it.

Lynk & Co's EVs (electric vehicles) can potentially be a great substitution for regular gasoline driven cars. This serves as an indication of a match between Lynk & Co electric cars and Denmark's focus on sustainable energy/fuel sources.

The World Bank published a new report concluding that Denmark is the leading nation in the world when it comes to access to energy, energy efficiency and renewable energy (Altinget, 2017). In 2015, Denmark exported energy technology for a total of DKK 71.4 billion and energy exports accounted for 11.1 per cent of total Danish goods exports for 2015 (ibid). Access to electricity is an important factor to consider for Lynk & Co.

The domestic prices of electricity are lower when a country has overproduction of electricity as seen with Denmark. The consumer would need recharging stations for the EVs and for this reason, the author estimates this finding to be of importance to Lynk & Co.

#### 6.1.6 Legal environment

Any company has to comply with the newly established GDPR regulations (Datatilsynet, 2019). This new regulation can potentially create barriers for acceptance of Lynk & Co features. The regulations contain restrains on data collection and could cause problems in relation to the collection of consumer-related data (Kristian Mehlsen, appendix 4). Lynk & Co are currently present at the Chinese market with its digital attributes in cars, but for the entry to Europe and hereby Denmark, data-regulations have to be considered in order to asses if product/features need to be adjusted.

The technological development in general is going forward in a fast pace and the transformation of the legal system to adjust to the new possibilities is an ongoing challenge. Denmark though, encourages technology and particularly on the sustainable energy area, like e.g. electrifying cars, Denmark makes regulations that benefit EV owners.

#### 6.2 Competition within the Danish car market

The following sections contain an analysis of the Danish car market with a focus on the competitive situation within the industry. The analysis will follow the framework developed

by Michael E. Porter named "Porters Five Forces" (M. Porter, Competitive Strategy, The free press, 1980).

### 6.2.1 Competitive situation within the car industry

#### Introduction to the Danish car market

Denmark has approximately 3 million cars driving on the Danish roads, whereas 2.5 million are passenger cars (FDM, 2018).

*"The ratio of cars is one of the lowest in Europe, but this should not be a sign of Danish people being less fond of their cars compared to their European compatriots",* says cars expert Christian Grau (DR.dk, 2018).

Cars are expensive due to the high taxation, which is one of the reasons why some Danes might choose other alternative transportation options like biking, public transportation, car-sharing and alike (ibid).

Denmark is characterized by having a wide range of available car brands, whereas VW have the most cars on Danish roads (FMD, 2018).

Looking at the Danish consumers assessment of their car experiences, the list includes which brands they like the most: 1. BMW 2. Volvo 3. Mercedes-Benz 4. Audi... 8. VW (Autoindex, 2018) Approximately 58.6% of Danish car purchases are between 100,000 and 400,000 DKK, of which sales of the mini, middle and SUV class account for 64.9% (Bilbasen report, 2018).

1. VW - 364.955
2. Peugeot - 272.389
3. Toyota - 264.424
4. Ford - 242.599
5. Citroën - 194.067
6. Opel - 163.075
7. Skoda - 148.038
8. Renault - 133.160
9. Suzuki - 132.316
10. Mercedes-Benz - 120.355

*Figure 6 - Top 10 of the most popular car brands on Danish roads (Total amount) 2018*

The Danish sale of cars experienced a small decrease of -0,3% from 2017-2019 (Danmark statistik, 2019). On average, 133.000 private cars (mix of purchase and leasing) have been sold each year over the last two years (ibid) and 88.100 cars have been sold for commercial use. Totalling 221.200 cars sold from 2018-2019. (ibid)

#### Dealer network

The current dealer network is characterized by a mix of fully owned subsidiaries and licensing agreements. The traditional setup is based on an importer/middleman that gets exclusive rights to sell to dealers, whereas dealers sell to the end-costumer (C. Hangaard, 2019). This can be characterized as the traditional way car brands distribute cars in

Denmark. The five biggest car importers based on revenue include; Semler holding (VW, Audi, Porsche, SEAT, Skoda, Lamborghini, Bentley, Lotus), Interdan holding (Peugeot, Citroen, Mitsubishi, DS), B. Christiansen holding (Hyundai, BMW, Land Rover, Jaguar), Ejner Hessel holding (Mercedes, Renault, Dacia) and Mercedes-Benz Danmark A/S (Mercedes) (Finans.dk, 2018).

### 6.2.3 Rivalry in the industry

The rivalry in the industry takes place between providers offering the same product, hence categorized as narrow competition. The rivalry within the industry are based on various focus-points including price-competition, brand profile and innovation capabilities. Differentiation among the various segments exists. In recent years the Danish market has had a significant increase in micro and mini segment with models like, VW Up, Toyota Aygo and Skoda CityGo. This is due to the fact that the Danish consumer are very price sensitive derived from the high taxation. (Interview with Torben Kudsk, FDM, 2019)

But for the first time, SUV (including "crossover") have gained market and is now the most desired type of car in Denmark. (FDM, 2018).

Lynk & Co's main car model is a SUV, whereas this development fits perfectly into Lynk & Co's strategy of entering with a SUV.

Price is of importance, not only on smaller car models, but on all cars in Denmark. The Danish consumer is looking for a good bargain and expects high consumer service levels, but on the other hand, it is also of importance to the consumers that cars have the new technological options, which normally wouldn't exist in the "mini cars" mentioned above (Conducted survey, 2019, appendix 8, Q25). Brands like Peugeot, Toyota, Skoda, Ford, Citroen, Renault, Opel, Nissan, Suzuki, Hyundai, Kia, Mazda, SEAT, Fiat, Dacia and Honda are all having an intensive price strategy and are mainly competing with this in mind (ibid). Whereas brands like BMW, Volvo, Mercedes-Benz, Audi, Tesla, Porsche and VW are competing on both their brand profile and their innovation capabilities (ibid). Hence, monopolistic competition.

Sale by type (%)		
	2017	2018
<b>SUV</b>	17,3 %	26,8%
<b>Mini</b>	27,1%	25,7%
<b>Middle</b>	19,1%	17,2%
<b>Big</b>	9,5%	10,6%
<b>Micro</b>	17,2%	10,1%
<b>MVP</b>	6,3%	6,1%
<b>Premium</b>	2,2%	2,4%

Figure 7 - 2018 sales figures of cars by type (%). Source: FDM.dk

VW and Peugeot dominate the Danish market as seen from the tables below.

Top 3 of cars sold in 2018		
	Model	Amount
<b>1</b>	Peugeot 208	8.800
<b>2</b>	Nissan Qashqai	7.742
<b>3</b>	VW Golf	6.209

Figure 8 - Top 3 of cars sold in 2018. Extracted from a list of top 25 cars. Source: <https://fdm.dk/nyheder/nyt-om-biler/2018-12-her-er-danskernes-favoritbiler-2018>

VW	PEUGEOT	TOYOTA	FORD	CITROEN	SKODA	RENAULT	MERCEDES-BENZ	OPEL	NISSAN
14.6 %	9.4 %	7.4 %	6.4 %	6.1 %	5.9 %	5.7 %	5.3 %	4.9 %	4.6 %

Figure 9 - Top 10 brands based on market share, 2018, source: <https://www.bilimp.dk/Statistik>

Lynk & Co does not have a wide range of models like many other competing brands. Lynk & Co is focusing on a very small array of cars with only two types currently in production. The SUV model "01" and sedan "03". This limits the "coverage" of consumers and may potentially decrease the pool of potential buyers. Although, when said that, the looks and features DO approach a wider selection of consumers. This can be backed up by the conducted survey, where the likeability and willingness to buy a Lynk & Co were distributed between a wide range of age groups (Conducted survey, 2019, appendix 8, Q12). This attributes positively to the fact that Lynk & Co still needs to compete with other rivals in the industry, but consumers are willing to consider the brand even though promotional efforts not necessarily will be targeted them.

▼ Tesla	78,85%
▼ BMW	23,08%
▼ Volvo	23,08%
▼ Mercedes-Benz	19,23%
▼ Audi	15,38%
▼ VW	9,62%
▼ Porsche	9,62%

Figure 10 - Top 7 car brands based on consumers view on which brand that has the most technological capabilities. Source: Conducted survey, Q26, 2019

Based on technological competences, Lynk & Co has several direct competitors. It is therefore estimated that Lynk & Co's direct competitors would include Tesla (0,6% market share), BMW (2,9% market share), Volvo (2,1% market share), Mercedes-Benz (5,3% market share), Audi (3,5% market share), VW (14,6% market share) and Porsche (0,1% market share) (De danske bilimportører, 2018).

Respondents also see these brands as the brands with the most technological capabilities (Conducted survey, 2019, appendix 8, Q26).

#### 6.2.4 Buyers' bargaining power

At the Danish market, Lynk & Co would be included in a narrow competition, due to the fact that technological capabilities will work as the brand's Unique selling point (USP). In extension, this will contribute to the bargaining power of the brand.

Looking at the buyers' bargaining power, the Danish market as mentioned prior, has been affected by a "small car" trend, that would cover the basics of transporting the consumer from A-B in a not technological focused car.

If Lynk & Co is easy to substitute with other car brands, the consumer has a high bargaining power. Looking at competing car brands, it is easy to substitute, but due to Lynk & Co's USP and focus on digitalization, this would in the short run, be valued. Compared to the long run and sustainable advantage theory (Barney, 1991), it is estimated that competitors soon will offer same focus. When examining academic literature and industry focused literature, a trend toward adding technological capabilities arises (KPMG, Global Automotive Executive Survey 2017). Hence the buyers bargaining power will rise and Lynk & Co's core competence of innovating digitalized solutions will seize to be sustainable (ibid).

#### 6.2.5 Competition from substituting products

Both Kristian Mehlsen, Futurist & Consultant from the Institute of Future Studies in Denmark and Torben Kudsk, Director of FDM argue that the car industry is forced to think differently due to the rise of trends derived from technological use (Appendices 3-4).

Findings from literature argue that three aspects play a role when addressing competition from substituting products (Andersen et al, 2009).



- The relative price of the substituting products
- Switching costs
- Substitution from new innovations and technologies

The threats from alternative options to transportation are very high in Denmark. Alternatives like train transportation in Denmark though, would not compile much threat due to DSB's lack of providing a stable solution that also have cheap tickets. It is acknowledged that the alternative is present, but other alternatives have arisen and represent a much bigger threat.

Infrastructure in Denmark toward bike-use is very well established, which is one of the reasons why Denmark is called "a nation of cyclists" (Denmark.dk, 2019).

9/10 people in Denmark own a bike and cycling furthermore accounts for a quarter of all personal transport in Denmark for distances of less than five kilometres (ibid).

This means Lynk & Co would compete with cycling as alternative to driving.

An aspect of this is also the consumers attitude toward the environmental impact cars have in general. In theory, the fact that Lynk & Co will offer hybrid or fully electrified cars, lower the barriers of switching to a Lynk & Co car. Based on the conducted survey, the author is able to state that the Danish consumers value that Lynk & Co offers an alternative solution to fuel consumption (Conducted survey, appendix 8).

In the light of technology and its growth, new options within the transportation industry have arisen. These act as substituting options for consumers. In this relation pay-as-you-go solutions like DriveNow and Green Mobility are acting on the fact that consumers in Copenhagen that do not have the money for buying a car, or do not need it in their everyday life, now can drive a car on-demand. Ever since Netflix disrupted the industry with an on-demand convenient solution, companies have copied and added this to their business model (CFO.com, 2017).

The threat from companies like this is estimated to be big. In addition, both Torben Kudsk, FDM and Kristian Mehlsen, Futurist/Consultant at the Institute of Future Studies in Denmark, argue that pay-as-you-go/mobility solutions will play a major role within the future landscape of the car industry. They furthermore comment on the estimation that consumers in the future will not own a car, but rather use alternative solutions like pay-as-you-go or car-sharing options (Torben Kudsk, FDM, appendix 3).

Additionally, Torben Kudsk comments that private car ownership will not disappear instantly, but gradually transform within a decade (ibid).

### 6.2.7 Bargaining power of suppliers

Lynk & Co has a high bargaining power, due to the size of the owning companies (Volvo & Geely). In this sense Lynk & Co has a lot of purchasing power and suppliers would therefore do extended work to keep a relationship to respectively Lynk & Co, Volvo and Geely.

Lynk & Co has made a strategic partnership with Google concerning the use of Google maps and other software integrations. Google is a global supplier and has various sources of income. In other words, Google is not dependent on Lynk & Co, but Lynk & Co is to some extent dependent on Google. The main digital solutions would cease to work if Google set unrealistic demands to the partnership.

Also, the risk of adjusting the data collection methods is present due to Danish regulation (GDPR). In this relation Google's willingness and abilities to adjust would pose a high bargaining power.

Depending on the choice of entry, importers/franchisee's or alike have a high degree of bargaining power. If a number of car dealers have accumulated significant sales over a number of years, one could conclude that a risk of contract determination is present, due to the individual dealer's newly gained bargaining power. This would pose a threat and indicates that car brands benefit from having various car dealers in place and in that sense distribute the bargaining power on multiple players and create a more equal relationship. Literature argue that *"(1) equal power and integrative bargaining issues increase the frequency of exchange between actors, (2) frequent exchange generates positive emotions that are attributed to the focal relation"* (Lawler et al, 2017). In other words, if this equality is maintained, suppliers are more likely to comply with the relationship.

In this relation, another alternative is wholly owned subsidiaries. If this entry mode is present the previously mentioned issue of importers/franchisee's having bargaining power, would cease to be present.

### 6.2.8 The threat from new providers

If a car brand has a high price-point prior to entering Denmark, the car will be even more expensive when adding the 150% taxation and this may lower competition due to the fact that competitors may avoid Denmark as market due to the taxation. The high registration tax is furthermore in favour of smaller cars, which gives an uneven taxation of cars and in the end aspire new entrants due to competitive advantage over larger cars (Jan Walsøe, appendix 2). The new approach that both Lynk & Co and Tesla are applying in regard to the combination of online sales and physical showrooms, will lower the barriers of entry if proven successful. In addition, if this distribution model gets accepted within the industry in general, new competitors will take advantage of this (Second-mover advantage). Lynk & Co and Tesla can be considered first movers on this.

Automotive companies that have not invested intensively in technology will have difficulties in entering and maintaining relevant for the consumer in the future (Kristian Mehlsen, Appendix 3). Although, academic literature and industry articles are indicating an increased focus on technology within the automotive industry, new business constellations like e.g. rental companies teaming up with automakers, to enter a new market with focus on mobility solutions, pose a threat (Susan A. Shaheen & Adam P. Cohen, 2013). Like the established rental/automotive cooperation of Sixt and BMW to form DriveNow (ibid,) on the Danish market. A similar constellation is present through the subscription based "Movon" (<https://movon.dk/>, 2019). Movon is an Europcar company that tries to tap in to the private car market by offering a flexible subscription solution.

### 6.3 Sub conclusion

Denmark as a market has many variables that need to be assessed, in order for Lynk & Co to establish enough knowledge to make well-grounded potential entry decisions.

The author evaluates and score the value drivers on a scale from 1-5.

The reader should consider each scoring as an indication of the importance to Lynk & Co.

The Danish car market is characterized by a big, micro and medium sized segment. Nevertheless, the SUV segment has increased significantly and is now the segment with the largest increase in sales in 2018.

Danes are very price sensitive and have been dominated by car brands that offer this

type of segment. The heavy presence of VW poses a great threat to Lynk & Co. Competitors with technological features are already present but may not have this as their main focus like Lynk & Co do. One can argue that competing on technology is not a sustainable advantage, due to the increasing focus on technology in cars. As a first sub-conclusion it is estimated that the combination of technologically superior features and a relatively cheap price for a SUV (375.000 DKK) compared to Tesla, BMW or Mercedes, is suitable for the Danish consumer and act as an opportunity.

Looking at competition from substituting products, the competition is high. The need for a car in urban areas is low, and bikes and mobility solutions seem to cover the need of easy and on-demand pay-as you-go solutions.

Consumers are technologically aware and are typical first-movers when it comes to digitalization. This finding shows barriers are low in terms of consumers' acceptance of technology in general, and specifically in cars, as seen from the conducted survey. Furthermore, experts are reluctant to the new form of distributing through online sales.

The high registration tax of 150% applied to cars will elevate the price and might end up too expensive. On the other hand, the fact that hybrid- and EV owners gain financial benefits contribute to the finding of Danes being environmental aware.

Level of importance				
5. Very important	4. Important	3. Relevant	2. Not as important	1. Not important

Value drivers					
Opportunities	Description	Rating	Threats	Description	Rating
O <sub>1.1</sub>	Consumers are early adopters of tech	<b>5</b>	T <sub>1.1</sub>	GDPR legislation	<b>4</b>
O <sub>1.2</sub>	Pro sustainability policies	<b>3</b>	T <sub>1.2</sub>	Registration tax of 150% on cars	<b>5</b>
O <sub>1.3</sub>	Stable economy	<b>3</b>	T <sub>1.3</sub>	Increasing competition from substituting products	<b>4</b>
O <sub>1.4</sub>	Free movement of goods due to EU	<b>3</b>	T <sub>1.4</sub>	Increasing elderly segment	<b>4</b>
O <sub>1.5</sub>	Consumers get financial benefits by choosing hybrid or EV's	<b>3</b>	T <sub>1.5</sub>	Rental companies offering flexible subscription solutions with a large car-fleet.	<b>5</b>
O <sub>1.6</sub>	Commonalities between DK/Sweden	X	T <sub>1.6</sub>	Competitors start to compete on technology	<b>4</b>
O <sub>1.7</sub>	Increased sales of SUV's	X	T <sub>1.7</sub>	Small population	<b>3</b>
O <sub>1.8</sub>	X	X	T <sub>1.8</sub>	Consumers are reluctant to online sales	<b>4</b>
O <sub>1.9</sub>	X	X	T <sub>1.9</sub>	Tesla increase their market share	<b>4</b>

## 7. The technological change and its impact on the automotive industry (Section B)

The following section will analyse the technological development and its impact on the car industry seen from a global and Danish point of view. Followed by an analysis of Lynk & Co's core competences and core products to assess its sustainability and importance to the Danish consumer.

### 7.1 The technological progress within the automotive industry

The Intel co-founder Gordon E. Moore demonstrated in 1965 the exponential growth, also known as Moore's law, within the use of transistors on circuits. Similar phenomenon has been present within technology and its excelled use within products (Ourworldindata, 2018).

The industrial revolutions seen throughout the years have all aspired growth and efficiency in various areas of the market.

The Fourth Industrial Revolution describes the exponential changes to the way we live, work and relate to one another due to the adoption of the Internet of Things and the Internet of Systems. (Forbes, 2018)

Implementation of technology in products/services is estimated to drive future growth for several businesses across industries, including the automotive industry (Conducted interview with futurist, Kristian Mehlsen).





Navigating the next industrial revolution			
Revolution	Year	What happened?	
	1	1784	Steam, water, mechanical production equipment
	2	1870	Division of labour, electricity, mass production
	3	1969	The computer, electronics and the internet
	4	?	The barriers between man and machine dissolve

Figure 11 - Industrial revolution levels. Source: World Economic Forum, 2018

The technological development within the car industry has been relatively modest compared to other industries and affected by traditional thinking which restrained the

development (Ibid). But during the past years, technology has had a priority within the industry, and this drove a tremendous progress toward mainly four identified trends (Utermohlen, 2018):

- 1) More Fuel-Efficient Rides = Hybrids and EV's
- 2) Predictive Vehicle Technology = Artificial Intelligence, IoT and data
- 3) Self-Driving Technology = Autonomous driving
- 4) Cars-as-a-Service (CaaS) = Car-sharing

The inclusion of technology in cars has over the years advanced to such a level where connected cars will be the new normal (Ignite report, Novosilska, 2018).

The connected car enables the driver to connect with online platforms, thereby facilitating real-time communication. Rise in consumer demand for connectivity solutions, increase in need for constant connectivity, dependency on technology, and increase in tech-savvy population are the key factors that contribute toward the growth of the global connected cars market (Connected cars report, Akshay Jadhav & Anvay Sonpimple, 2018). By 2020, analysts estimate the global connected car industry to be a \$141 billion market (Ignite report, Novosilska, 2018).

Not all automotive brands are mastering the previous mentioned trends, but a few have invested heavily in technology. These include VW, BMW, Audi, Volvo, Tesla and Mercedes-Benz. However, both interviewed experts, Torben Kudsk, FDM director and Kristian Mehlsen, Futurist at CIFS, argue that Tesla and Lynk & Co are the two companies with the most technological focused positioning at the automotive market currently based on the external communication coming from the industry (Appendices 3-4).

But as earlier specified, the threat from new providers and substituting products is present at the automotive market due to technological advancements. A focus on direct competition is not enough anymore as stated by Kristian Mehlsen, Institute of future studies (Appendix 5, Kristian Mehlsen, Copenhagen Institute of future studies).



Figure 12 – Appendix 5, Kristian Mehlsen, Copenhagen Institute of future studies

The culture we live in can be explained by the term "liquid expectations".

"Each new and amazing experience becomes the standard to which all others are compared" (Fjord, 2016). E.g. *"if I can pay seamlessly when I take an Uber, why isn't it the same when I purchase groceries"*. With experiential and perceptual competition, broad competition becomes the norm. Hence the term liquid expectations. (ibid)

These new market conditions and expectations fuels the need for innovation and new ways of doing things. Both in terms of business and product features.

The following section touch upon this subject by analysing innovation theory in respects to Lynk & Co.

## 7.2 Innovation based on technology

In the following, the analyses of innovation theory will include:

1) an assessment of whether Lynk & Co follow a pull or push strategy 2) Evaluation of level of disruption 3) Evaluation of innovation level 4) Product bundling 5) Identification of process innovation elements.

1. As previously analysed, technology in general and within the car industry have excelled in past years and companies are adding new technological features on a continuous basis. The relationship between whether there exists a demand or, if the technological innovation is pushed by companies can be difficult to determine. C.K. Prahalad (1990) determine within his research that *"management within any organization are facing the critical task of creating an organization capable of infusing products with irresistible functionality or, better yet, creating products that customers need but have not yet even imagined"* (C.K. Prahalad, 1990). Various trends within technological use and mobility have inspired Lynk & Co to create the specific combination of digital features used on the cars (Appendix 1). The consumer interacts with technology in many constellations and is therefore used to dealing with some sort of technology every day (hackernoon.com, 2018). Consumers are moreover also getting used to the convenient



effects, technology has on the every-day life (ibid).

To bring perspective to the automotive industry, performance elements of a car such as traction-control and ABS brakes are innovations driven by the racing industry. Whereas digital elements within a Lynk & Co car are driven by a customer-centric approach and in that relation a pull from the masses (appendix 1).

**2.** The theory about “disruptive innovation” developed by Clayton Christensen (1995) characterizes Lynk & Co technological features as sustaining innovations where a series of improvements and how to utilize the use of digital in cars are in place (C. Christensen, 1995). The use of technology in cars is not new, but the way Lynk & Co is using it is new and may be a series of revolutionary sustaining innovations.

The core element is the setup of a digital ecosystem that includes:

- Appstore in car
- Smartphone being a core focal point to the convenience of the consumer
- Connected to the internet 24/7
- Digital sharing key

Especially the digital sharing key can be thought of as an unexpected innovation and therefore matches the criteria of revolutionary sustaining innovations (ibid).

**3.** The digital ecosystem can furthermore give birth to new revenue streams based on data gathering. The technology used within Lynk & Co cars is not disruptive in the sense Christensen (1995) describes it, but Lynk & Co is adding continuing modification to a product on existing markets (the car market), hence figure 13 on the next page.

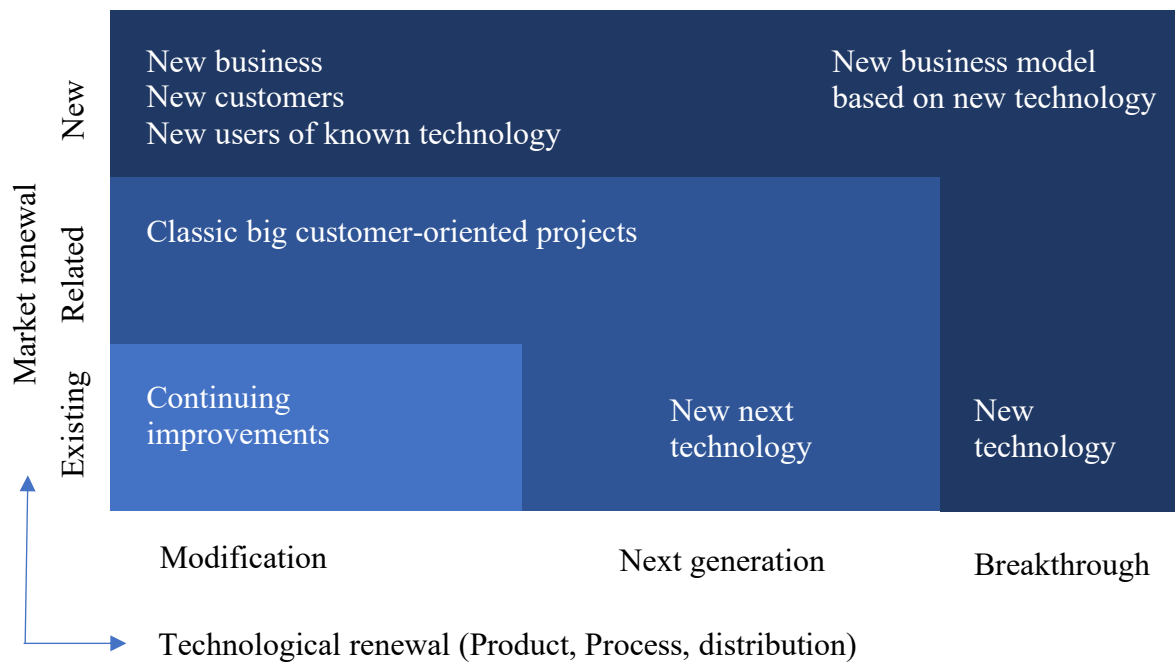


Figure 13 - Prioritization of projects product-to-market possibilities based on the innovation potential. Source: Loch and Kavadias, 2010)

**4.** The theory of product bundling can to some extent be applied in order to concretize the Lynk & Co philosophy and features.

The Danish consumer values the agility in options, but on the other hand, consumers also value simplicity and convenience as seen from the conducted expert interviews and survey (Appendix 2-4).

The traditional approach to additional sales in the automotive industry is driven by offering various equipment options like the size of the motor, size of rims, navigation etc.

Lynk & Co is bundling their features into ONE pure bundling, where the digital features and the technical dimensions are all included in one option (Autoexpress.co.uk, 2018).

It is estimated that some Danish consumers may be reluctant to only have one option which may pose as a barrier for a purchase.

As identified within the conducted survey, Danish consumers will not buy the car based on the technological features alone (Conducted survey, appendix 8).

This could to some extent indicate that consumers want a bundling of products (all technological features together with the entire car, as opposed to selling the technological features on the side as additional equipment).

**5)** It is furthermore identified that product innovations are not the only innovation types Lynk & Co has exploited. Lynk & Co has approached the development of the core features in a different way, with a focus on process innovation (Tidd & Bessant, 2009).

Including open innovation, crowdsourcing of ideas (Jeff Hove, 2006) and business model innovation to fit the ever-changing consumer demands.

It is considered rare to build a car company and products features on a purely customer-centric approach. Studies show that automotive companies are doing a poor job in listening to the customer and adjusting attributes thereof. (abduzeedo.com, 2019).

With this in mind, the providing of technological features that are centred around consumer demands differentiates Lynk & Co compared to its competitors.

It is estimated that this collaborative approach will strengthen the chances of a positive market entry to Denmark, due to the Danish willingness to adopt technological solutions and the Lynk & Co's willingness to listen to consumers (pull).

**We are just living up to our brand's philosophy of being open and challenging in every element. We have always been customer-centric. Our overriding aim is to listen. This is the best way to provide better products and more innovative ownership experience. The consumers know what they want, we need to deliver and elevate to generate that genuine "Wow!"**

Figure 14 - CEO of Lynk & Co Alain Visser.  
Source: <https://abduzeedo.com/lynk-cos-stake-mobility-tomorrow-abdzinshanghai-interview>

### 7.3 Core competences

Based on the view of Prahalad et al. (1990) regarding core competences, it is the management's ability to create core competences that is of importance for future competitiveness (Prahalad, C. K., Hamel, 1990). Core competencies are furthermore the collective learning in the organization, especially how to coordinate diverse production skills and integrate multiple streams of technologies (ibid). The ability to obtain know-how and develop this in order to create efficient core products like power trains or digital eco-systems, work as a prerequisite for creating core competences in relation to Lynk & Co (ibid).

Core competences
Internal/external innovation capabilities
Managing strategic alliances
Power train R&D
Shareability of know-how between Geely Group car brands

Core products
Digital eco-systems
Power train batteries

In another study named "Collaborate with Your Competitors—and Win" by the same authors, it is emphasized that engaging in "competitive collaborations" may pose great value to a company if managed correctly (Prahalad, C. K., Hamel, Yves L. Doz, 1989). In comparison, this collaborative mindset is also applied to Lynk & Co and their ability to increase the technological superiority through strategic alliances with e.g. Google (technology), Ericsson (technology) and Daimler (power trains).

Another example is the Co:lab by Lynk & Co. This is the innovation heartbeat of Lynk & Co and this is where both internal and external ideas come to life. External, in the sense that consumers can submit their ideas through an online portal and the ideas gets judged by other consumers and if reaching enough votes, Lynk & Co can make it happen. This core competence of facilitation innovative ideas and exploring them and in addition engage in strategic alliances, contribute great value to Lynk & Co. It is likely that entering Denmark may bring Lynk & Co more, other than just market shares when thinking technology and innovation.

The contributing factor of the Danish people is furthermore backed up by the statement from Hans Peter Kay, Commercial Director, Ministry of Foreign affairs Denmark that says; *"The Danish marked has an ability to innovate and welcome new technology"* (Ministry of foreign affairs in Denmark, 2018).

## 7.4 First-mover advantage

Taking advantage of the technology and the additional car-features it brings, is in that sense not new. Nevertheless, Lynk & Co are first-movers with various new features to cars, such as; Digital sharing key, estimation of optimal speed to reach green lights from the traffic lights, digital eco-system in the sense of the world's first Appstore for cars and in extension of that engage in a full-on digital strategy toward connected cars (Lieberman and Montgomery, 1988).

Being a first-mover contributes to the fact that Lynk & Co will at any given time have an advantage over the successor, due to being deeper into the learning curve (ibid). Miller & Folta (2002) pinpoint that a window of opportunity exists, when e.g. a company like Lynk & Co has a first-mover advantage (Miller og Folta, 2002). This argument furthermore underlines the importance of being first and harvest the largest share of market. The conducted survey indicates that the Danish consumer thinks Tesla is the most technological advanced car brand to date (78%), excluding Lynk & Co.

Their early presence at the Danish market with a focus on digitalization is likely to have paved the way for this point of view compared to other competing brands. This finding furthermore underlines the fact that Tesla is a direct competitor that competes on the same parameters as Lynk & Co.

Literature states that firms with strong comparative capabilities within innovation and product development have more to gain from being first to market, compared to companies with strong capabilities in marketing and manufacturing (Bartlett & Beamish, 2011).

Bringing new products to market based on untraditional processes and methods like the fully adopted mindset of collaboration between consumers and companies, strengthen the first-mover advantage of Lynk & Co, due to competitors' difficulties of imitating the processes (Lieberman, Montgomery, 1988).

As seen from the conducted survey, the function of a sharing key is well accepted by the Danish consumer (64%) and work as main differentiator compared to competing car brands at the Danish market (Conducted survey, appendix 8, Q20). In other words, the Danish consumer is not afraid of trying new technology and in that sense would categorise as being an early adopter (E. Rogers, 1962). Due to the fact that price still remains a factor for Danish consumers, it is estimated that being an "Innovator" would not comply with the real behaviour of a Danish consumer, since they are estimated to be more reluctant, if price is considered a barrier for them (Appendix 3). Hence, early adopter (ibid).

## 7.5 Sustainability of competing on technology

Including technology in consumer solutions has become a new normal.

As Greg O 'Daniel, general manager and owner of O 'Daniel Automotive Group says;

*"The availability for technology in cars is exploding now. Sometimes consumers are overwhelmed with the number of options, but these are things people are using on a daily basis somewhere else anyway, whether it be on their iPhone or computer"* (Gerbers, Deborah C., 2018).

In other words, this statement indicates an increased acceptance of technology and the fact that this also is exploited in the car industry. When said that, competitors are more likely to compete on the same parameters as Lynk & Co and may potentially pose a treat

for the sustainability of the brand on the Danish market (Ignite, Novosilka, 2018).

When examining the sustainability of Lynk & Co on the Danish market, the theory of Product Life Cycle by Raymond Vernon states that products/sales follow a certain trajectory throughout their lifetime (R. Vernon 1966). Following this theory, Lynk & Co is a new product to a relative new market (connected cars), which means it is considered to be in the introduction phase. At this stage Lynk & Co has an advantage over its competitors, but due to the fast growth within technology and connected cars, competitors will most likely adopt various features and in that sense eliminate the competitive advantage (Akshay Jadhav & Anvay Sonpimple, 2018).

Torben Kudsk, FDM director, additionally comments; *"reducing competition through connectivity is not a sustainable strategy. Transformation will likely happen within the next 10 years"* (Appendix 3). Moreover, Torben Kudsk indicates that business model transformation within the automotive industry is an unavoidable manoeuvre in order to stay relevant (ibid).

Literature states that competing on technology alone would not be a sustainable competitive advantage (Chaharbaghi, Richard Lynch, 1999). Consumers will require additional attributes in the near future, which makes it crucial to have a pipeline of new innovations in order to avoid a decline in sales or being surpassed by substituting products (R. Vernon 1966). The proximity of the innovation and R&D facilities in Goteborg is likely to have a good feeling of the Nordic countries due to low mental distance (Johanson & Valhne, 1977;2009). This theory is normally used, when explaining why companies enter foreign countries and the fact that companies have a tendency to enter countries with low mental distance (ibid). In other words, this means Lynk & Co is more likely to respond fast to trends identified in Denmark due to their ability to recognize patterns in culture and consumer behaviour, based on the fact that these in theory are similar to the patterns in Sweden (ibid.) This, in combination with the Co:Lab initiative, sheds light on Lynk & Co's awareness and focus on bringing new features to market in order to avoid decline phase as seen from the product-life-cycle model (Vernon 1966).

As an outside example, the Nokia vs. Apple situation can shed light on the importance of innovation and optimal use of technology (Cuthbertson R., Furseth P.I., Ezell S.J., 2015). And not just on the technical part, but also on creating superior product-service ecosystems. The essential difference between the two companies can be identified as Apple's hunger to innovate. Particularly by introducing new innovations in technology,

business models and customer experiences (ibid)

Based on this example, it is essential to acknowledge the importance of digital ecosystems and their ability to create loyal customers (D. Dilger, 2018). In fear of making the same mistake as Nokia, the value of the digital ecosystem should be emphasized. The Lynk & Co app store can be seen as a sustainable competitive advantage. A continuous development of this critical element can potentially pose as factor for successful entry into Denmark with a differentiation strategy other than just focusing on the technical aspect of the car (ibid). This is furthermore supported by the conducted survey findings and the fact that consumers like the innovative approach with digital integration (Conducted survey, appendix 8, Q16).

### 7.6 The influence of technology derives a mobility/flexibility demand

The rise of mobile solutions (apps), the change in consumer behaviour toward increased use of smartphone and the need for flexible consumption of products, have created a market for mobility solutions like Green Mobility and DriveNow (Cuthbertson R., Furseth P.I., Ezell S.J., 2015). As seen from the conducted survey, 72% of Danish consumers are likely to not own a car, but rather subscribe or alike (Conducted survey, appendix 8, Q22). This finding indicates a paradigm shift and put traditional-thinking car brands in a predicament, due to the fact that the business models in the car industry gets challenged (Wells & Nieuwenhuis, 2012). Research conducted in 2017 even shows the criteria for purchasing decisions may evolve into factors like availability, comfort, ease of use, reliability ratings and pricing, when getting a ride from a mobility provider (Randy Miller, EY, 2017). Whereas in comparison the previous purchasing decisions when buying cars were influenced by brand perception, driving experience and total cost of ownership (ibid). This is all due to the increasing demand for flexible on-demand solutions, which is also true for the Danish market (Conducted survey, appendix 8, Q7).

Based on various academic articles and statements from car experts, it is estimated that the technological change seen in the world and the Danish car industry, points in a direction where new thinking is needed to match the consumer behaviour (E. Giesen et al, 2010).

## 7.7 Data is king

In the light of the digitalization in the car industry, data gathering becomes increasingly vital for business continuity (Randy Miller, EY, 2017). Danish consumers want convenience and customer tailored solutions which enhance the overall product experience (Conducted survey, appendix 8). This trend is also true for the global market (Randy Miller, EY, 2017).

Even though Danish consumers are likely to quickly adopt new technology, findings from both expert interviews and the conducted survey indicate that Danish consumers may have concerns about the security of data gathered (Conducted survey, appendix 8, Q17). Furthermore, elderly Danes that are used to the analogue world are not comfortable with companies obtaining information about them due to data gathering (ibid).



## 7.8 Sub conclusion

Value drivers					
Opportunities	Description	Rating	Threats	Description	Rating
O <sub>2.1</sub>	Consumers are early adopters of tech	<b>5</b>	T <sub>2.1</sub>	Not sustainable to compete on technology	<b>5</b>
O <sub>2.2</sub>	Liquid expectations foster opportunities	<b>4</b>	T <sub>2.2</sub>	Consumers have concerns about data collection	<b>5</b>
O <sub>2.3</sub>	Competing on technology can be seen as a “first mover” move alongside Tesla	<b>3</b>	T <sub>2.3</sub>	X	<b>X</b>
O <sub>2.4</sub>	Technology derives a flexibility demand	<b>5</b>	T <sub>2.4</sub>	X	<b>X</b>
O <sub>2.5</sub>	Sharing-economy is a trend that emerge into the automotive industry	<b>5</b>	T <sub>2.5</sub>	X	<b>X</b>
O <sub>2.6</sub>	Data gathering from consumers offers personalized solutions	<b>3</b>	T <sub>2.6</sub>	X	<b>X</b>
O <sub>2.7</sub>	Consumers are used to being looped into a digital eco-system	<b>4</b>	T <sub>2.7</sub>	X	<b>X</b>
O <sub>2.8</sub>	Consumers show willingness to subscribe	<b>5</b>	T <sub>2.8</sub>	X	<b>X</b>

The analysis indicates that “connected car” is a trend that competitors will pick up, and in that relation compete on the same parameters as Lynk & Co. This means Lynk & Co would need to compete on other parameters than just technology. It is estimated that on the

short run, Lynk & Co will have a first-mover advantage together with Tesla on the Danish market, but on the long run, competitors will catch up and a technological focused approach alone, will not be considered a sustainable advantage.

The extensive research within R&D in relation to power trains and the development of digital eco-systems pose as great core competences. Especially the digital eco-system and the developed Appstore can be seen as a sustainable advantage that potentially yield new innovations and functionalities.

In comparison with the Apple/Nokia example, Lynk & Co possess the hunger to innovate. Particularly by introducing new innovations in technology, business models and customer experiences. The endless need for innovating new products and features is of importance to Lynk & Co and poses as a great foundation to meet the needs of the Danish consumer. Furthermore, the collaborative mindset of Lynk & Co with both consumers and strategic alliances is estimated to strengthen the positioning toward Danish consumers in regard to being considered technological advanced.

When examining the technological features, the digital sharing-key that invites for sharing economy etc. and the subscription option were well accepted by respondents in the conducted survey.

A trend toward mobility providers like DriveNow and Green Mobility is on the rise, and Danish consumers are slowly adopting this new form of transportation that in the first place originated from the combination of improvements within smartphone technology and digital integration into cars. Findings from the conducted survey indicates that the Danish consumer values flexibility and on-demand environmentally friendly solutions.

## 8. Business model innovation (Section C)

The following section will include an analysis of the existing business model of Lynk & Co and whether or not the Danish consumer/market are receptive to this approach based on academic literature and primary data sources.

## 8.1 What is a business model and why is it important

A business model is crucial to have in place in order to create value in the marketplace (Henry Chesbrough and Richard S. Rosenbloom, 2002).

The ultimate goal is to develop a business model that fits the end users and through this see the value proposition that a company is offering.

It is the unique combination of products, services, profit structure, utilization of resources and distribution that a company carries forward in order to come up with a value proposition to consumers. Furthermore, it includes the setup of people and processes and how this is contributing to the overall value creation (ibid).

A study published in American Management Association determined that no more than 10% of innovation investment at global companies is focused on developing new business models (Mark W. Johnson, Clayton M. Christensen, and Henning Kagermann, 2008).

In other words, companies spend most of their money on adding new products to the product line instead of innovating on the business model; and with good reason. As an example, as seen with Gillette, sustaining innovation have contributed with year-on-year of stable revenue for years (Razor and blades model).

But over time competitors like "Dollar Shave Club" managed to disrupt the industry by re-inventing the business model within shaving and offered lower priced subscription based shaving tools that opened up for a segment that were not reached otherwise (vox.com, Kaitlyn Tiffany, 2018). Consumers were thrilled, and Dollar Shave Club managed to take up 163.5 million \$ of revenue that otherwise likely would have gone to the market leader (Gillette) (ibid).

This is just an example of the need to keep up with consumer trends and the likelihood that your business model is not a static plan, but rather a plan that should be re-evaluated continuously (Mark W. Johnson, Clayton M. Christensen, and Henning Kagermann, 2008).

*"Significant opportunities can arise when doing business model innovation. Both through times of rapid economic growth and at times of turmoil. Its furthermore important to select the right type of business model given the economic environment and to address the set of internal factors that affect the organization's ability to pursue the required change"* (E. Giesen, E. Riddleberger, R. Christner, R. Bell, 2010).

To bring perspective to the automotive industry, the industry has been used to traditional thinking and its business model has remained the same for many years (Appendix 4, Q9). The business model has been centred around selling additional equipment at the point of sale and after sale services where the margin was biggest (Appendix 2, Q1). Purchasing options have had minor development, hence leasing, but nothing spectacular.

As previously stated in this research, the increasing use of technology within the automotive industry has brought new features and possibilities of reaching and serving consumers more efficiently.

As an extension of that thinking, Lynk & Co has developed its brand with a focus on serving the customer with a customer-centric approach to reach consumers who value connectivity and are participants in the sharing economy (Appendix 1, Q4). Lynk & Co could in theory have limited their thinking to only adding new technological features to the product as an extension of sustainable innovation, but due to trends arising which point in a direction of EVs, connected cars, mobility and automated driving, the necessity of rethinking the business model is crucial for future survival within the industry (Appendices 2-4).

Based on the theory of business model innovation developed by Jason Hwang and Clayton M. Christensen (2015), business models can be categorized into three types: Solution shops, value-adding process businesses, and facilitated user networks. Lynk & Co can be categorized as value-adding process business, where the business transform inputs of resources, such as people, equipment, raw materials, energy, and capital, into outputs of greater value (ibid).

## 8.2 Assessment of Lynk & Co business model to fit the Danish consumer

The author has developed a Business Model Canvas in order to visualize the current business model to better assess the fit toward the Danish consumer (A. Osterwalder and Y. Pigneur, 2010).

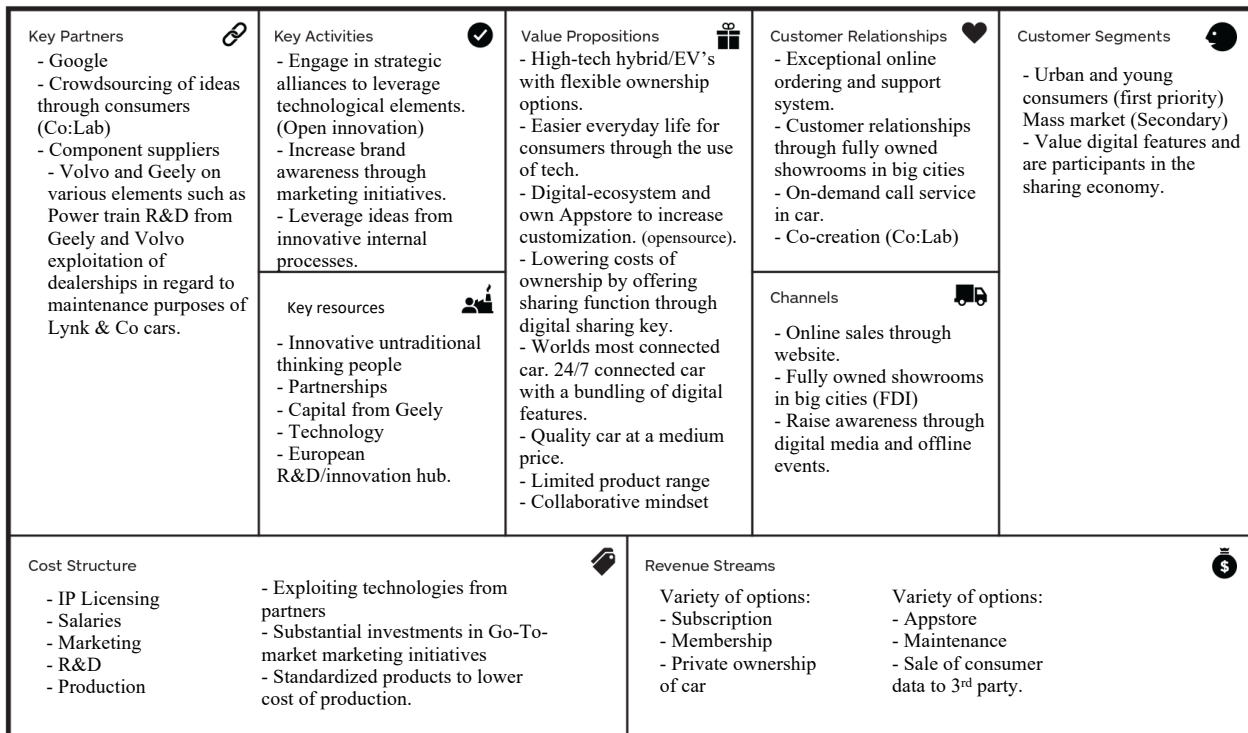


Figure 14 - Business model canvas of Lynk & Co. Source: Own visualization based on Alexander Osterwalder og Yves Pigneur theory, 2010

The above visualization of the existing business model of Lynk & Co should provide the reader with an overview of how Lynk & Co aspires to create and capture value at markets.

As previously stated the traditional thinking in the automotive industry has been by distributing the cars through importers at markets and they would sell the car with a narrow margin. Aftersales services were often where the most revenue could be earned (Appendix 2, Interview with Jan Walsøe).

Lynk & Co wants full ownership and share of revenue by owning the full distribution through online sale and wholly owned showrooms in big cities, including Copenhagen, Denmark.

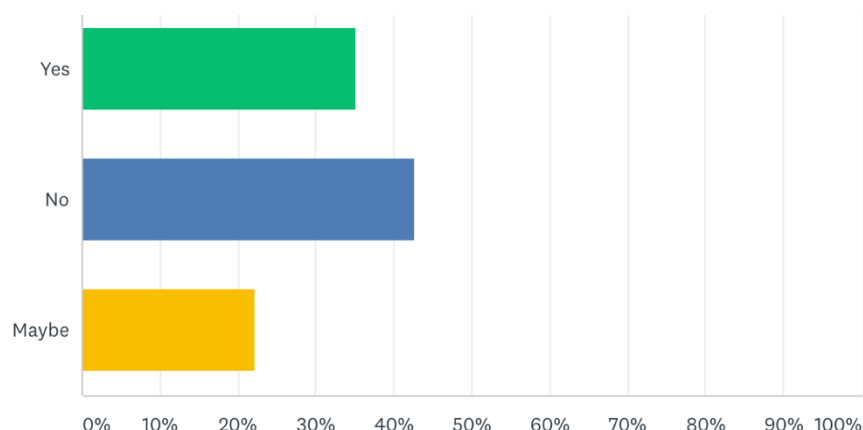


Figure 15 – “Can you imagine buying a car online” - Appendix 8, Q18

Findings from desk research, interviews and an online survey, show that the Danish consumers may be reluctant to buy cars online. 43% of respondents from the conducted survey cannot imagine buying a car online.

On the other hand, having a showroom may ease the uncertainty coupled with buying online (Appendix 4, Kristian Mehlsen).

In regard to the revenue stream of Lynk & Co, the untraditional approach offering a full-on digital strategy is backed up by FDM Director Torben Kudsk; *“Heading for a future with less revenue to gain in the aftermarket, connectivity and data will be the future cash cow for the car industry”* (Appendix 3, Torben Kudsk, Q3).

The fact that Danish consumers are used to dealing with Appstores in general and digital solutions, indicate lower barriers for the consumer, when Lynk & Co aims to gain revenue through these new channels.

Lynk & Co has managed to act on the increasing mobility and sharing trend by offering the digital sharing-key and the previously mentioned subscription/membership model.

The chart on the next page underlines the trend of Danish consumers' willingness to engage in a subscription-based model and not owning a car themselves (Conducted survey, appendix 8, Q22).

By taking a closer look, the second lower green bar, show respondents that do not own a car, are willing to engage with a car brand that offers subscriptions (ibid). New consumer segments that were out of reach due to various reasons such as e.g. too expensive,

problems with parking and alike, can now be reached without the consumer having high costs of ownership compared to privately owning a car.

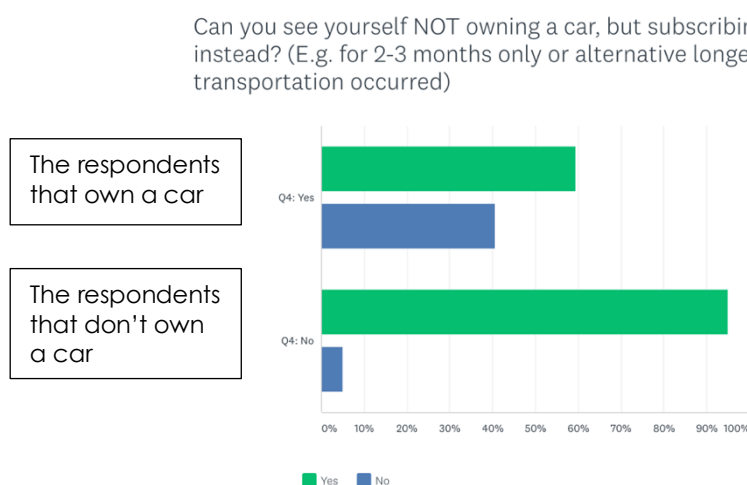


Figure 14 - Question 22 of conducted survey, 2019, appendix 8.

This chart also shows that existing car owners have a willingness to engage in this kind of subscriptions. In other words, by offering a subscription solution and being first to market as a car brand, Lynk & Co is likely to gain competitor market share.

As one Danish consumer says; "Compliance with European GDPR and the sharing of my driving data with third party could cause a problem in term of government regulations. But I am very intrigued" (Conducted survey, appendix 8, Q17). Findings across primary data gathering indicate that GDPR may pose as a threat to Lynk & Co's digital offerings. Lynk & Co's emphasis on "digital first" has aspired a digital ecosystem that acts as the centre of Lynk & Co's features besides transportation. Therefore, it is crucial to investigate the GDPR implications to Lynk & co.

Having a strong internal innovation culture and process in place may provide Lynk & Co with fast consumer derived feedback through its idea hub named Co: Lab (Appendix 1, Q6). This type of feedback process is rarely seen in the automotive industry in Denmark. Lynk & Co can use this process to get a feeling of local demands and due to that potentially develop a Global strategy in the future (Kotler, 2009).

Sources close to Lynk & Co indicate; *“Volvo aims to compete with premium German brands, whereas Lynk & Co will aim slightly lower. We will have the same quality, more tech, but the price will be lower”* (autoexpress.co.uk, 2018).

The fact that Lynk & Co brings a car brand to the Danish market offering a quality car at medium price (SUV at 375.000 DKK price point), although still cheap for a SUV, may be a good valuation due to Danish consumers' willingness to pay up to 500.000 DKK for a car (Conducted survey, Q24).

Lynk & Co has a collaborative approach when bringing new improvements to the product. It is estimated that this will be valuable for Danish consumers, since consumers are interested in getting the best possible products with the newest technology.

As Marketing Manager, Sebastian Hammer, Lynk & Co states; *“We believe there is coming a shift from an industrial competition-minded market to a collaborative-minded postmodern paradigm. No company is an island, and we want to invite the best-in-class in and empower them to do great things with us”* (Appendix 1, Q11).

Furthermore, the collaborative mindset affects the time-to-market positively, which means Lynk & Co can offer technological features and innovations faster.

### 8.3 Identifying value elements through value chain analysis of Lynk & Co

In order to assess Lynk & Co's internal strengths and weaknesses and further to determine its foundation to develop a business model, the analysis of the existing value chain will be conducted through the use of theory developed by M. Porter. The visualization of this can be seen at appendix 7.

By analysing the company's value chain, the author is able to better identify and assess the activities that contribute to ensuring the necessary competitive advantages.

By analysing the visualized value chain it is identified that Lynk & Co creates value across multiple business units (Green colour). The gained value from the primary activities comes from the alternative approach applied. Lynk & Co differs compared to other typical companies within the same industry. It includes a different approach both upstream and downstream. Especially the native mindset of collaborating and engaging in strategic partnerships creates value both to products and limiting the time to market.



Online sales and a showroom minimize cost per unit and keep the price at a desirable price level.

The support activities of technological development and the human resource management contribute to creating value for Lynk & Co. The focus of attracting an innovative and digital native workforce derives strong consumer-centric solutions based on technological.

#### 8.4 Sub conclusion

Automotive companies are experiencing a need to do business model innovation, due to the fact that consumer trends and behaviours have changed. This coupled with the increasing use of technology in cars aspire new business models.

Lynk & Co has developed a business model with a focus on a customer-centric approach to reach consumers who value connectivity and are participants in the sharing economy. Willingness toward engaging in subscriptions and use of the added technological attributes indicate a business model match.

By having an alternative approach to selling cars, hence subscription and membership, Lynk & Co unlocks new segments without the consumer having high costs of ownership compared to privately owning a car. The flexibility with this solution fits the Danish consumer and may be a differentiating element compared to competitors.

In addition, the new revenue possibilities gained from digitalization are seen as alternative revenue streams compared to a traditional revenue stream of selling cars. Competing on a new business model setup can potentially differentiate Lynk & Co compared to traditional car brands.

Value drivers					
Strengths	Description	Rating	Weaknesses	Description	Rating
S <sub>1.1</sub>	Exploring economies of scale by using Volvo facilities/production	<b>3</b>	W <sub>1.1</sub>	Low product range	<b>3</b>
S <sub>1.2</sub>	Strong innovative employee base	<b>5</b>	W <sub>1.2</sub>	Limited focus on self-driving technology	<b>3</b>
S <sub>1.3</sub>	Collaborative mindset & strategic alliances (Open innovation)	<b>4</b>	W <sub>1.3</sub>	Limited awareness in Europe and DK	<b>4</b>
S <sub>1.4</sub>	Financial support from Geely	<b>3</b>	W <sub>1.4</sub>	Consumers are reluctant to online sales	<b>4</b>
S <sub>1.5</sub>	Established new revenue streams compared to competitors (Subscription, Appstore, data, digital sharing key)	<b>4</b>	W <sub>1.5</sub>	X	<b>X</b>
S <sub>1.6</sub>	Shared R&D with Volvo and Geely	<b>4</b>	W <sub>1.6</sub>	X	<b>X</b>
S <sub>1.7</sub>	Alternative options to ownership, hence subscriptions	<b>5</b>	W <sub>1.7</sub>	X	<b>X</b>
S <sub>1.8</sub>	Innovation skills are better utilized through cross-functional, cross-department project teams.	<b>5</b>	W <sub>1.8</sub>	X	<b>X</b>
S <sub>1.9</sub>	Relative cheap pricing of car.	<b>4</b>	W <sub>1.9</sub>	X	<b>X</b>
S <sub>1.10</sub>	Lower cost of serving each customer due to online sale and one wholly owned showroom.	<b>5</b>	W <sub>1.10</sub>	X	<b>X</b>

## 9. Identification of value drivers

The following section will include a sum-up of the value drivers extracted from each section incorporated into a SWOT.

By doing so, the researcher is able to estimate Lynk & Co's strengths, weaknesses, opportunities and threats. These findings are valuable to know when developing an entry strategy later on in the research.

SWOT	
Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- Exploiting economies of scale by using existing Volvo production facility and Volvo dealerships for maintenance purposes. (S<sub>1.1</sub>)</li> <li>- Lower cost of serving each customer due to online sale and one wholly owned showroom. (S<sub>1.10</sub>)</li> <li>- Strong innovative employee base. (S<sub>1.2</sub>)</li> <li>- Collaborative mindset and strategic alliances. (Open innovation) (S<sub>1.3</sub>)</li> <li>- Innovation skills are better utilized through cross-functional, cross-department project teams. (S<sub>1.8</sub>)</li> <li>- Flexible purchasing options. (S<sub>1.7</sub>)</li> <li>- Financial support from Geely. (S<sub>1.4</sub>)</li> <li>- Shared R&amp;D with Volvo and Geely (S<sub>1.6</sub>)</li> <li>- Established new revenue streams compared to competitors (subscription, Appstore, data, digital sharing key) (S<sub>1.5</sub>)</li> <li>- Relative cheap pricing of car. (S<sub>1.9</sub>)</li> </ul>	<ul style="list-style-type: none"> <li>- Low product range. (W<sub>1.1</sub>)</li> <li>- Limited focus on self-driving technology in its external communication. (W<sub>1.2</sub>)</li> <li>- Limited awareness in Europe and DK (W<sub>1.3</sub>)</li> <li>- Consumers are reluctant to online sales. (W<sub>1.4</sub>)</li> <li>- Consumers are not able to test drive the car. (W<sub>1.5</sub>)</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>- Consumers are early adopters of tech (O<sub>1.1</sub>)</li> <li>- Government legislation toward environmentally friendly cars. (O<sub>1.2</sub>)</li> <li>- Stable economy. (O<sub>1.3</sub>)</li> <li>- Free movement of goods due to EU membership. (O<sub>1.4</sub>)</li> <li>- Limited competition competing only on tech and digitalization. (O<sub>2.3</sub>)</li> <li>- Willingness to subscribe to cars. (O<sub>2.8</sub>)</li> <li>- Consumers demand flexible solutions. (O<sub>2.4</sub>)</li> <li>- Commonalities between cultures SE/DK. (O<sub>1.6</sub>)</li> <li>- Increased sales of SUV's (O<sub>1.7</sub>)</li> </ul>	<ul style="list-style-type: none"> <li>- Competitors start to compete on technology. (T<sub>1.6</sub>)</li> <li>- Tesla increase their market share in DK. (T<sub>1.9</sub>)</li> <li>- GDPR restrictions affects the use of data in general and in cars. (T<sub>1.1</sub>)</li> <li>- Increasing elderly segment. (T<sub>1.4</sub>)</li> <li>- Increasing competition from substituting products. (T<sub>1.3</sub>)</li> <li>- Rental companies offering flexible subscription solutions with a large car-fleet. (T<sub>1.5</sub>)</li> <li>- Consumers are reluctant to online sales (T<sub>1.8</sub>)</li> <li>- Registration tax of 150% on cars. (T<sub>1.2</sub>)</li> <li>- Consumers have concerns about data collection. (T<sub>2.2</sub>)</li> </ul>

## 9.1 Assessment of value drivers to form actionable issues

By using a TOWS-matrix, the author is able to generate strategic initiatives based on a combination of the company's strengths, weaknesses, opportunities and threats.

### TOWS- matrix

		Internal	
		Strengths	Weaknesses
External	Opportunities	<b>Strengths - Opportunities</b> A) More focus on flexible solutions like e.g. subscription. (S <sub>1.7</sub> & O <sub>2.8</sub> ) B) Promote digital features that ease the everyday life. Incl. a digital eco-system focus. (S <sub>1.5</sub> & O <sub>1.1</sub> )	<b>Weaknesses - Opportunities</b> F) Increase awareness on DK market by offering innovative and reliable connected cars. (W <sub>1.3</sub> & O <sub>2.3</sub> )
	Threats	<b>Strengths - Threats</b> C) Keep exploring economies of scale in order to lower cost pr. unit. (S <sub>1.9</sub> & T <sub>1.2</sub> ) D) Explore its USP of being the most connected car in the world. (S <sub>1.5</sub> & T <sub>1.6</sub> ) E) Explore new ideas through open innovation/strategic partnerships in order to minimize the risk from competing companies. (S <sub>1.3</sub> & T <sub>1.6</sub> )	<b>Weaknesses - Threats</b> G) Provide outstanding customer service in showroom in order to minimize hassle of buying online. (T <sub>1.8</sub> & W <sub>1.5</sub> )

Figure 15 - TOWS matrix in relation to Lynk & Co

## 10. Market entry strategy considerations

In the following the development of an entry strategy based on the market research conducted prior within this thesis will be discussed.

Internationalization theory will form the basis for the following section and support the argumentation for the selected entry form.

### 10.1 Argumentation for internationalization in relation to Lynk & Co

Lynk & Co's first market were China, as this is the fastest growing market in the world within the automotive industry. Sales in China have exploded, and Lynk & Co became the fastest selling car brand in the world (sgcarmart.com, 2019).

The facts that Lynk & Co's owners are Chinese (Geely) and Geely's existing operations and production facilities already were in place, contribute to the fact that China became the first market. China can be described as the home market.

The decision of entering the European market can be backed up by four topline factors:

1. High sales potential
2. Heritage of Volvo
3. Already established CEVT location in Goteborg, Sweden ("The China-Euro Vehicle Technology center")
4. Economy of scale by utilization of Volvo production facility in Belgium

By adding a theoretical lens toward these factors, motives and argumentation for the decision can help argue for Lynk & Co's possible entry to Denmark.

Taking advantage of the common market (EU) and its benefits including the four freedoms of EU contribute to the attractiveness of entering European markets.

Motives for entering Europe as the first action of internationalization can be described as market seeking motives based on the view developed by J. Dunning (J. Dunning, 1979).

The internationalization process of Lynk & Co within Europe follows the gravity model. (Walter Isard, 1954) Lynk & Co approach markets of economic sizes and within an acceptable distance to CEVT location, e.g. markets like DE, UK, NL, SE and ES.

## 10.2 Entering Denmark as new market

As proven prior within this research several elements of the Danish market and consumer fit the Lynk & Co features and business model.

Denmark is geographical a close market to the CEVT location and Denmark and Sweden have several commonalities that can argue for the entry toward Denmark. As an example, factors including culture, somewhat similar language, market structure, individualism and indulgence in relation to Gert Hofstede cultural dimensions, are factors that are similar to Swedish culture.

A study by Williams and Gregoire (2015) supports the above finding when they try to analyse the effect of distance on internationalization, and as an outcome, commonalities were often the factor executives looked for when selecting markets. In extension of this, the theory of mental distance by Johanson and Vahlne (1977; 2009), argue that companies are more likely to enter markets with a lower mental distance as seen with Denmark/Sweden (Johanson & Vahlne, 2009).

On the other hand, Denmark cannot be seen as a sizable market compared to DE, UK, NL, SE or ES. And this goes against the existing internationalization process model of Lynk & Co. Being a small market could be interesting to approach if Lynk & Co were on the lookout for a test country. The willingness to engage with technology is present and Lynk & Co could gain knowledge of proof of concept by entering Denmark.

Proof of concept has been proven in China, but it would be naive to transfer experiences from China to Europe 1:1, which therefore indicates that a test market could be advantageous for the European market. This is an option, but not a recommendation. Additionally, due to the fact that Denmark has the highest taxation on cars in the world, margins may be limited, and Denmark would act as a standalone example. Due to this, having Denmark as a test market based on profitability as KPI, would not be advantageous. Basing KPI's on gaining experience with consumers engaging with the technology, could on the other hand be valuable to investigate.

Based on the desired goal to enter European markets and having a standardised product, the theory of growth strategies developed by Ansoff can be applied (H. Ansoff 1965). The present growth strategy of Lynk & Co can be described as a market development strategy where Lynk & Co seeks to expand to new geographical areas.

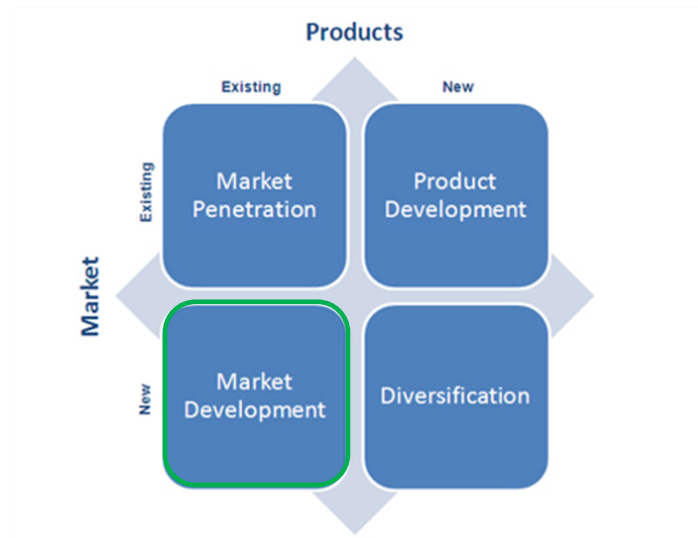


Figure 16 - I. H. Ansoff growth matrix. source: *Corporate strategy*, McGraw-Hill, 1965

Taking the findings from the conducted analysis into consideration, a market development strategy is still the right path to choose for entry to Denmark. Succeeding in China can be seen as proof of concept which is why Lynk & Co seeks to expand its global market shares by engaging in internationalization initiatives.

The reason why Lynk & Co should not pursue a market penetration strategy is due to Lynk & Co's global mindset and fit of philosophy with the European markets. Time to market has been proven an important factor when competing on technology, hence the expanding initiatives. The executive decision of having a narrow product range excludes a product development strategy, due to the fact that this strategy would seek to grow the business through product improvements, product line extensions or entirely new products to existing segments. Lynk & Co thinks global.

### 10.3. How to enter Denmark

More and more companies nowadays decide to expand their business by crossing domestic borders. There is a broad variation of entry-mode strategies and all have their own pros and cons (business-to-you.com, 2016).

Entry to Denmark should be for the purpose of looking for new customers and to expand business and sell more products as seen with the market development strategy mentioned earlier in the research.



# Entry-mode strategies

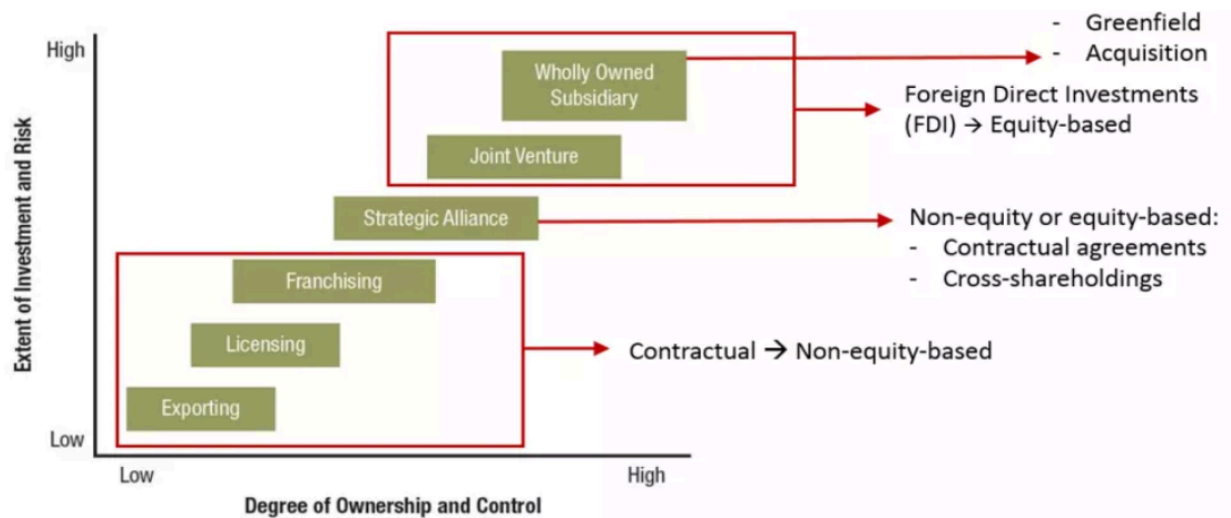


Figure 17 - Source: Root (1994) entry strategies for international markets.

Lynk & Co has an approach of doing FDI in foreign markets. Wholly owned showrooms act as greenfield investments and are in traditional theory linked with control at the expense of a high degree of investment and risk (Root, 1994).

Competitors at the Danish market are likely to engage in either licensing or greenfield investments. The latter is rarely seen whereas Importers with licensing agreements sell to dealerships in Denmark. As an effect margins are low for the selling car manufacture and the risk of higher prices toward the end-customer arise. On the other hand, strategic flexibility is greatest at licensing/franchising compared to wholly owned showrooms. Licensing/franchising has to bear most of the costs of opening up and serving a foreign market (Hill, C.W.L., Hwang, P. & Kim, W. C., 1990).

In the event that Lynk & Co sees opportunities in Denmark, a greenfield investment will most likely NOT be the best suitable entry form when considering traditional internationalization theory. Lynk & Co is interested in gaining control of the whole supply chain, but at the same time limit the cost and risk of failing.

In order to avoid the risk of failing and limit the cost of the initiative, the current internationalization strategy by Lynk & Co may need a change when considering Denmark and all its elements.



A theory developed by (Johanson & Vahlne, 1977, 1990) showcases that a company will gradually intensify its commitment to a specific market, moving from contractual entry like exporting, licensing or franchise to Joint venture or to wholly owned subsidiary as it gains experience from its current activities conducted in the host market (J. Hennart, 2009). Therefore, based on the available theory, a commitment like a wholly owned showroom, is linked with high risk and a lower commitment is advantageous to do. The entry form of licensing/franchising may be advantageous to initiate in the specific case of entry to Denmark.

One can argue that Lynk & Co has experience of the European market through knowledge sharing from when Volvo initially engaged in internalization. But due to Lynk & Co's limited transferable firm-specific advantages and country-specific advantages, it is best off by investing small and later increase the investment.

In addition, the Danish market is not a large market and with this in mind, investing big with wholly owned showrooms or for that sake a 50/50 joint venture can be seen as a big risk to take when the ROI<sup>1</sup> might be limited. In a joint venture, profits are shared as well as risk. Both parties in a joint venture should bring competences to a collaboration other than just a split in costs. Denmark shares various commonalities with Sweden (where the CEVT location is located) and due to this, Lynk & Co would not need a local partner that could provide country-specific knowledge.

A franchise agreement is estimated to be the best suitable entry form when considering a market like Denmark.

A potential franchisee is given the right to distribute, sell and market Lynk & Co cars in Denmark. By entering with a franchise agreement, Lynk & Co avoids investing any capital into the Danish market and through this lower the risk of failing and having sunk costs.



Figure 18 – Lynk & Co store example from China

<sup>1</sup> ROI = Return on investment

Who bears what costs	
Lynk & Co	Franchisee
Product development	Physical showroom
Procurement	Warehouse + distribution
Production	Service
Maintaining online sales platform	Training of sales personnel
-	Sale & Marketing

As seen above, the franchisee bears all the costs of down-stream activities.

Lynk & Co revenue is gained by commission and royalties sent by the franchisee.

Lynk & Co would supply the Danish franchisee with cars from its Belgian production facility. The Danish franchisee would furthermore carry the marketing cost. A degree of marketing control has to be incorporated into the contract in terms of how the product will be marketed in Denmark. The product is standardized, and marketing initiatives should to some extent comply with guidelines promoted by the HQ in Goteborg.

Lynk & Co needs to collaborate with the franchisee on educating the sales personnel in Denmark. The presentation and knowledge of the car/brand is crucial to deliver with an absolute precise and customer-oriented approach. Due to the fact that sales are online, showrooms must be packed with competent workforce that have the best interest of the company at any time and thereby are able to generate outstanding customer service and ultimately create leads.

Entering with a franchise agreement still has minor disadvantages such as:

- Maintaining control over franchisee may be difficult.
- Protecting Lynk & Co image may be challenging.
- Monitoring and evaluating of performance are required, in order to provide ongoing assistance for the franchisee.

Lynk & Co has a proven concept that the franchisee buys. The concept has to be followed and processes and image has to be in line with the guidelines set from HQ in Sweden.

The most important argument for NOT putting Lynk & Co in a difficult position, by taking up too much risk, is that Denmark is too small of a country in order to risk a wholly owned investment. Hence, a franchise agreement can serve its purpose for x amount of years, until (if) Lynk & Co sees potential to increase its investments and take up another form with higher levels of control and potential profits.

#### 10.4 Competing on differentiation

Lynk & Co follows a “differentiation strategy”. (M. Porter, 1990)

Both in terms of product features and approach to markets, hence its online sale with wholly owned showrooms.

The core competences analysed previously within this research indicate a focus on internal and external innovation, whereas this support a “differentiation strategy”.

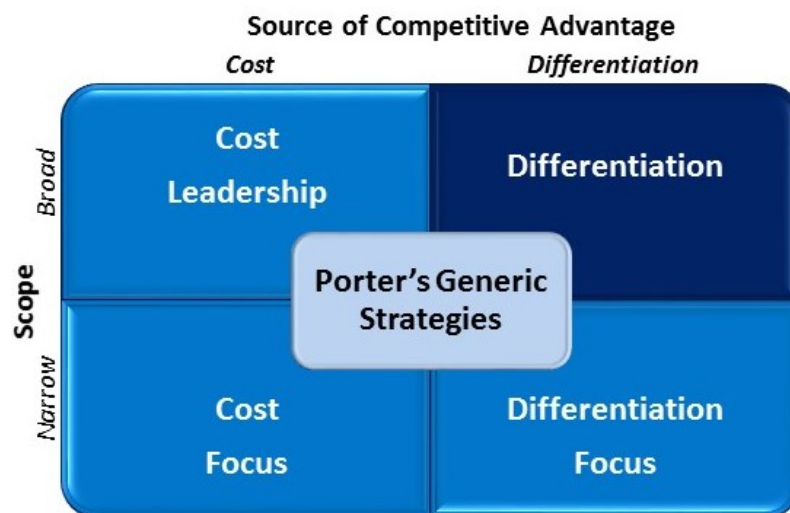


Figure 19 - Porters generic strategies. Source: M. Porter, *The competitive advantage of nations*, MacMillan, 1990

When competing on differentiation, companies need to be geared to think differently and sustain the differentiating factor. It is estimated that Lynk & Co is able to compete on technology in the short run, but as the analysis shows, competing on technology alone is not a sustainable strategy in the long run. Connected cars become the new normal and for now, the first mover advantage of competing on technology differentiate Lynk & Co compared to its competitors.

Furthermore, branding initiatives are crucial to have in place to support the differentiation strategy. Branding enables Lynk & Co to be perceived in the right way in the minds of the target audience. Acting on the first-mover advantage should be leverage.

## 10.5 Sales potential

On the European market, the trend is toward shorter product life cycles, varying demand and constant pressure from competitors. This is also true for the Danish market and at present times there is a larger number of cars going out of market, than going into the Danish market. This is equivalent to 3.4 new cars for the car fleet to grow with one car (Danmarks statistik, 2019).

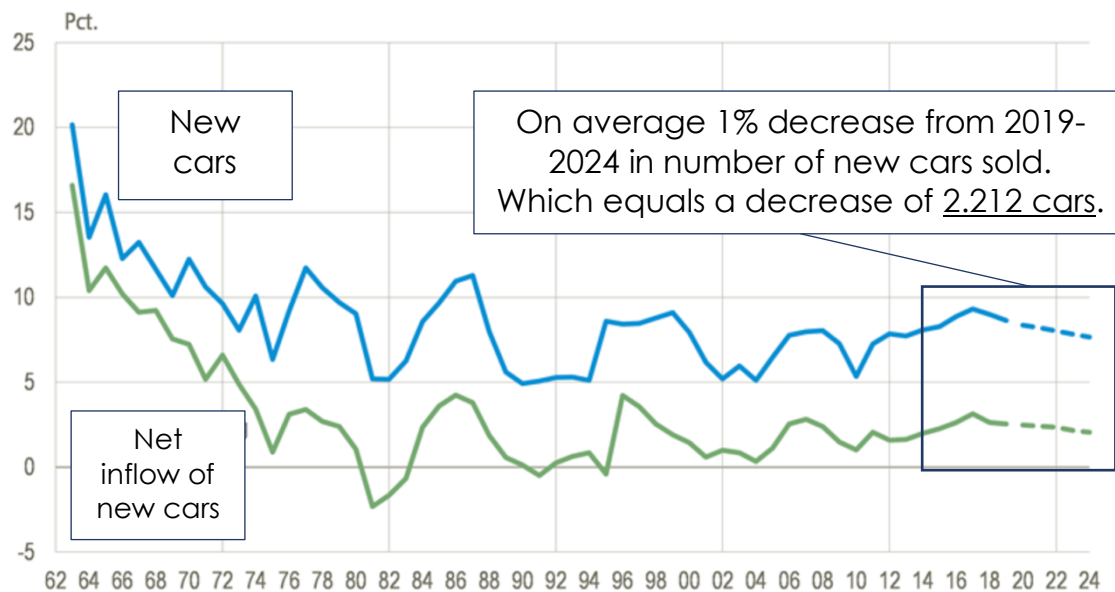


Figure 20 - Chart of percentage increase/decrease of car-fleet on the Danish market. Source: Danmarks Statistik, 2019.

The total market consists of 4.4 million people between 18-80 years old (Danmarks Statistik, 2019). The desired customer range is between the age of 18-50 and comprises of 1.2 million people (ibid).

A Forecasting conducted by Danmarks Statistik of the sale of cars, shows a total decrease of 1% until the year of 2024 (Danmarks Statistik, 2019) which means 0.2% decrease each year and does in that extend follow the current trend seen between 2017-2018.

By taking the top 3 best-selling EVs and PHEVS, the author is able to benchmark and estimate the potential forecasting figures for the next 5 years for Lynk & Co.

EV's (Top 3 best-selling electrical vehicles)			
2018	Tesla	Hyundai	Nissan
Per quarter	413	255	90
Per year	1652	1020	360
Total average	1.010 EV's per year		

Figure 21 – Top 3 best-selling EV and PHEV brands, 2019. Source: <https://www.guide-billig-billeje.dk/nyheder-billeje/bilsalg-2019-statistik-danmark-mest-solgte-biler/>

PHEV's (Top 3 best-selling rechargeable gasoline cars)			
2018	KIA	Hyundai	Mitsubishi
Per quarter	798	142	98
Per year	3192	568	392
Total average	1.384 PHEV's per year		

Figure 22 - It's important to notice that these numbers are not absolute numbers and are included as forecasting figures.

Lynk & Co has a desire to penetrate the Danish market and gain a market-share of 1,5% within the next 5 years. The below formula calculates the market-share based on the numbers seen in figure 25.

$$\frac{\text{Lynk \& Co sales in volume}}{\text{Total sales for industry in volume}} \times 100 = \text{Market-share}$$

	2020	2021	2022	2023	2024
Total sales in industry	220.757	220.315	219.872	219.430	218.988
Estimated sales of Lynk & Co	400 cars sold	600 cars sold	700 cars sold	750 cars sold	700 cars sold
Lynk & Co market-share	0,18%	0,27%	0,32%	0,34%	0,32%

Figure 23 - Five-year forecasting of sales on the Danish market

Based on the previous illustrated sales figures of competing EV and PHEV brands, the author estimates that Lynk & Co is able to sell around 400 cars within the first year. Within the category of EV & PHEVs, it is an aggressive estimation. But due to the fact that Danes are a tech savvy nation and that they have shown interest in Tesla (that is the closest competitor with similar features), the author estimates the forecasting to be reachable.

When considering the increase in pay-as-you-go and Lynk & Co's own subscription solution, the author estimates a stagnation in cars sold. Hence the subtle sales figures in year 2024. It may be that the stagnation occurs earlier depending on the Danes acceptance of the new trend of pay-as-you-go solution. Several indications of a transformation are already present as presented earlier within the analysis.

The calculation of how many consumers that would use the subscription solution is difficult to calculate and is excluded from this table. Although, taking Green Mobility as an example, they have gained a customer-base of 35.000 people in the city of Copenhagen over a three-year period. Customers took 320.657 trips in 2018. This is equivalent to 876 trips a day (Greenm.dk, 2018). The forecasting for 2019 includes a customer increase to a total number of 55.000 customers. This is just one example of proof of concept of the subscription-based model and the fact that there is a market for offering subscriptions within transportation.

It is though important to mention that the "latent market" of consumers that were not in the market for buying a car, can now be reached with the subscription solution which opens up for the possibilities of gaining an even larger market-share.

On top of that, it is estimated that competitors would not be agile enough to adjust in the short run which would give Lynk & Co a competitive advantage.

The analyses within this research underline the fact that hybrids and EVs are the future and consumers request this form of energy source for their cars. In the short run diesel fuel is estimated to go out of market and car brands will focus solely on hybrid and in the end transform into a fully EV fleet.

This finding, in combination with the large number of cars going out of market, indicates that consumers are more likely to buy a hybrid/EV for their next purchase. This finding is included in the forecasting and indicates a rise in cars sold.

But due to the fact that Lynk & Co is unknown in Denmark and for that sake the entire European market, the number of cars sold is estimated to be in the low end compared to traditional gasoline cars. By comparing the forecasting with the number of EV/PHEV sold on average in 2018, the numbers are high and aggressive.

On the other hand, as Jan Walsøe comments in an email; *"I think an entry to Denmark will require at least 5,000 sold cars a year to cover the establishment costs"*, of a franchisee. It has not been possible to calculate the overall costs of operating with such a franchise agreement due to insufficient internal available information.

Considering the level of potential sales, the author estimates that the likelihood of gaining profits when entering Denmark is low and may not be worth the time spend on arranging and servicing the franchise agreement.

Lynk & Co could with a franchise agreement serve the market in a subtle way. But for the entry on European markets in 2020, sales figures and elements within the analysis indicate that Lynk & Co may benefit from entering other countries than Denmark.

## 11. Conclusion

By looking at the value drivers extracted from each section, the author was able to identify several strengths, weaknesses, opportunities and threats on the Danish market.

The rise of technological products in Denmark combined with liquid expectations from consumers contribute to the fact that the Danish market is keen to interact and use the product features of Lynk & Co. Danes are early adopters of technology, which indicates an opportunity of entering the Danish market with technological products.

Taking domestic and global trends into consideration, the findings from the analysis indicate that consumers want more than what is offered within the car industry.

A transformation in both thinking and features is required to match the need of consumers. A closer look at the consumers' desire in regard to features show that ease of use is closely connected to engaging in digital eco-systems. Consumers are used to being encapsulated in a digital eco-system and it is likely that it successfully can be transferred to the automotive industry in Denmark as well.

Trend forecasters state that "connected cars" will be the new normal. In that relation Lynk

& Co and Tesla can be considered first-movers to have a fully digital and connected car strategy. The connected car trend can still be seen as being in the introduction phase, but with the current exponential growth within use of technology in products, it is estimated that digital features would mature quickly and the strategy of competing on technology alone, would not be a sustainable competitive advantage.

By looking at the competition from substituting products, it is estimated that the competition is high. The need for a car in urban areas is low, and bikes and mobility solutions seem to cover the need of easy and on-demand pay-as you-go solutions. Furthermore, new entrants coming from rental companies are coming to the Danish market as seen with Sixt/BMW (DriveNow) and Europcar (MovOn).

The future sales of cars on the Danish market is affected by a transformation toward flexible solutions and EVs. How consumers want to own/use a car, is changing.

The demand for the same flexibility and ease of use seen from Mobilepay, Uber, Airbnb etc. are driving the liquid expectations. Consumers are now used to these types of businesses and companies need to adapt.

The author estimates that the subscription model might have a more sustainable future compared to owning a car. This is backed up by the conducted survey of consumers' willingness to subscribe to a car instead of private ownership. Even the consumers that already owned a car, would be keen to subscribe instead of owning. Additionally, the subscription-based model could potentially open up for a consumer-base that were not reachable before, due to e.g. insufficient income of the consumer to own a car privately or varying car consumption patterns.

Transformation of business models in the automotive industry will likely happen within the next 10 years and is estimated to be an unavoidable manoeuvre in order to stay relevant. Due to this, Lynk & Co is estimated to be in a good position with its current business model.

The assessment of the Danish market shows that it would be beneficial to follow a different approach to internationalization when entering Denmark.

It is estimated that Lynk & Co takes up too much risk by investing in a wholly owned showroom in a country that is less likely to earn the ROI due to its small market size.

Hence, a franchise agreement can serve its purpose for x amount of years, until (if) Lynk sees potential to increase its investments and take up another form with higher levels of control and potential profits. Lynk & Co would still need to invest time in technical training



of franchisee personnel in order to have some sort of quality assurance of the provided services in showrooms.

The sales forecasting of the Danish market conducted by Denmark's Statistic show a decrease in sales over the next five years. The Lynk & Co sales forecast is affected by domestic trends and market conditions like e.g. the rise of connected cars, environmental focus hence EV/PHEV's, increase in pay-as-you-go solutions and an increase in SUV sales. It is estimated that Lynk & Co will be able to gain a market share of 0,34% in four-five years, which is a small percentage compared to other brands that range from 14% - 0,1%. Tesla being its closest competitor has a current market share of 0,6%.

As a last note, Internal and external factors and forces impacting the business environment in Denmark indicate that Lynk & Co may benefit to enter another European country than the Danish market.

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## 12.5 Previous assignments

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### **Elias N.V. Poulsen (2019)**

Seminar paper, page 3. Handed in at Copenhagen Business School

## Appendix - Interviews

### Appendix 1- Interview with Sebastian Hammer, Marketing Manager – Lynk & Co

Note: Previously conducted interview from 2018 in relation with paper handed in at CBS.  
"Elias N.V. Poulsen, Challenging the traditional business model of the car industry through innovation, 2018, Interview with Sebastian Hammer, Marketing Manager – Lynk & Co".

#### **Question 1:**

How are Lynk & Co internally organized? (If possible, organization chart)

**Answer:** A flat organization. We are split into traditional departments (e.g. marketing, finance, etc.) but besides that we are also split into cross-functional, cross-department project teams, that allow us to pull talent and competences in from different departments. We do not have an organization chart because it changes almost on the daily. But we use internal communication tools to keep track of who does what.

#### **Question 2:**

What specific competences did Geely contribute with when joining the Joint-venture with Volvo to form Lynk & Co? (For inspiration: Production facilities, capital, culture, technological know-how, Leadership skills, partnership experience, more?)

**Answer:** I have no insight into this, as I came after the joint venture.

#### **Question 3:**

Did Geely bring a culture that matched Lynk & Co, or have Lynk & Co only been influent on a minimal level from Geely?

**Answer:** Lynk & Co and Geely culture is very different. Geely is very traditional car manufacturer set-up whereas Lynk & Co are challenging many of the processes across departments.

#### **Question 4**

What was the reason for establishing Lynk & Co? (Demand for technological products and more?)

**Answer:** Lynk & Co was established as a strategic effort to serve a gap in the demographic market who values connectivity and are participants in the sharing economy.

**Question 5**

Are your strategical decisions regarding forming a new business model compared to a traditional business model in the car industry, based on market insights? (Which and can you share them with me?)

**Answer:** The positioning and messaging is based on extensive research that is unfortunately confidential to the company.

**Question 6**

How are Lynk & Co organized in terms of bringing innovative culture into play internally?

**Answer:** The culture is something that is developed by the people we hire, and not something we can force upon the organization. It is not a top-down approach to culture building. Employees are encouraging to participate and contribute in their own way to the culture which have resulted in dress-ups days, after work events, idea generation platform (Co:Lab – see website), and many other things.

There are no dress codes, we can say fuck in the office, as long as we stay respectful to each other. There is a strong feeling of trust, which helps people to take a chance.

**Question 7**

How would you describe the business model of Lynk & Co? How and why does it differ from the traditional business model of the car industry?

**Answer:** There is a lot of legacy in the car industry. Tesla have been good at carving a new way for the technical side, and we are following suit with a customer centric approach. We are creating a car company on the customers terms – based on research of what they want, collaborating with them (Co:Lab) and making the selection process a joy rather than a hurdle to overcome.

**Question 8**

What are the future challenges of Lynk & Co as you see it? (Converting consumers to acknowledge the connected car or alike?)

**Answer:** As with all change, people become reluctant. We need to educate our customers, and the learning curve is quite steep as we are challenging conventions build up in over a century (dealerships, wide selection, bigger is better)

**Question 9**

What are the future challenges in general for the car industry. (Looking 3-8 years ahead)

**Answer:** Becoming irrelevant. A lot of car companies are facing brand obstacles as mobility companies such as Uber, Didi and Lyft are approaching. We are facing the

challenge aircraft manufacturers have faced for years. You don't really care if you are flying with a Boeing or an Airbus – you care if you fly SAS, Emirates or Norwegian.

**Question 10**

How do you approach open innovation? And why have you seen a need to follow this approach? (Communities, open source and more?)

**Answer:** We are not the smartest people in the class, and we recognize this. The car industry usually spent heavily on finding out what people want. We thought we would just go out and ask them, collaborate with them, and let them influence the product to their needs.

**Question 11**

From press releases and articles, I can see a tendency to form partnerships with external partners to contribute to either the physical product or services – Why do you follow this strategy?

**Answer:** We believe there is coming shift from an industrial competition-minded market to a collaborative-minded postmodern paradigm. No company is an island, and we want to invite the best-in-class in and empower them to do great things with us.

## Appendix 2: Interview with Jan Walsøe, Former Sales Director, (Porsche and Mercedes)

Topic: The Danish market.

**Question 1:** What characterize the Danish market for cars?

**Answer:** The Danish market for cars is not comparable with most European markets due to the very high registration taxes. The registration tax on purchasing vehicles is forcing the profit to move the areas where they are not taxed – after sales. Also, the high registration tax is in favour of smaller cars, which gives an uneven taxation of cars.

Topic: Entry to Denmark

**Question 2:** Which focus areas should a car brand consider gaining a successful entry into Denmark?

**Answer:** The Danish consumer is extremely focused on prices and cost of ownership. To have success in this market, you must have clear USP's combined with competitive pricing, and an effective dealer network.

Topic: Technology

**Question 3:** How is the technological development in the car industry in general and in Denmark?

**Answer:** The technological development for Danish vehicles is lacking behind every other European country. This is because "high tech" is expensive and after registration tax – new technology becomes very expensive.

**Question 4:** In your opinion, how would you describe what digitalization have done to the world and especially the automotive industry? (opportunities, barriers, restraints and alike)

**Answer:** Digitalization will have tremendous impact of the automotive industry. Drive trains will be changed, and mobility revolutionized. And we haven't seen nothing but the beginning.

**Question 5:** When considering the Danish consumer, do you think they are ready to adopt a new approach to buying and using a car? (respectively, online and subscription/membership based)

**Answer:** The limitation to adopting new approach is not by consumers, but rather with the Danish legislation. The registration tax is a show stopper for all innovation in this regard.

Topic: Trends

**Question 6:** Can you comment on the new trends arising regarding sharing economy and its relation to the car industry?

**Answer:** The increased focus on autonomous driving (from phase 5), will forever change the way we look at mobility.



Topic: Future

**Question 7:** What are the future challenges in the car industry?

**Answer:** The investment in electrification and autonomous driving vehicles are the largest single challenge for the OEM's. We will for sure see more shared platforms than ever before, simply due the size of investments.

Topic: Innovation

**Question 8:** Would you say the internal innovation culture is important to establish in order to succeed at the Danish market?

**Answer:** In a global context Denmark is too small to have any impact on the Automotive industry. The entire Danish market is comparable to Hamburg and surroundings.

**Question 9:** Furthermore, your opinion on how open innovation can contribute to entering a market? E.g. like Denmark. (open innovation is referencing the increasing use of external cooperation)

**Answer:** Open innovation isn't interesting for the Automotive industry. Profit is made by selling vehicles with a competitive advantage – and profit is needed for new investment in electrification of drive trains and more.

Topic: Lynk & Co

**Question 10:** When considering the Lynk & Co offerings presented prior; how is your estimation of a market fit between brand and Denmark?

**Answer:** Given the advanced leasing/rental based global sales concepts, I'm reluctant to see how this is fitted into existing Danish tax legislation. However, the concept of connectivity seems to have a fit.

Topic: Business models

**Question 11:** Do you see a need for rethinking the traditional business model in the car industry in relation to what technological use in car have done to the industry and the consumer?

**Answer:** The automotive industry is already a long way down the road of re-inventing mobility. Consumers just haven't seen the beginning yet.

### Appendix 3 – Interview with Torben Kudsk, Director of FDM

Topic: The Danish market.

**Question 1:** What characterize the Danish market for cars?

**Answer:** Danish consumers are very price sensitive and due to very high value-based registration taxes, Danes are in general buying smaller with less equipment than in the similar countries, but at the same time Danes are preferring established brands like German cars. The success of Tesla was strictly linked to the very attractive pricing of the car (EVs was at that time free of tax).

Topic: Entry to Denmark

**Question 2:** Which focus areas should a car brand consider gaining a successful entry into Denmark?

**Answer:** Danes are traditionalists, price sensitive, looking for a good bargaining and expecting high consumer service levels. Danes will now be reluctant to buy a car if there are no dealers to visit.

Topic: Technology

**Question 3:** How is the technological development in the car industry in general and in Denmark?

**Answer:** The car industry is heading for connectivity ensuring an online access to the car and the consumer. Heading for a future with less revenue to gain in the aftermarket connectivity and data will be the future cash cow for the car industry.

**Question 4:** In your opinion, how would you describe what digitalization have done to the world and especially the automotive industry? (opportunities, barriers, restraints and alike)

**Answer:** Digitalization will provide many convenient services but at the same time risk limiting competition.

**Question 5:** When considering the Danish consumer, do you think they are ready to adopt a new approach to buying and using a car? (respectively, online and subscription/membership based)

**Answer:** Danes are in general first movers on digitalisation. However, cars might be an exception. Tesla was the first car maker to introduce a full digital solution but still with two stores. Alternatives to car ownership are present in Denmark with leasing concepts like Dribe, and shared mobility like DriveNow and GreenMobility. They still have only minor market shares. Carsharing like GoMore is another alternative but again still a very small market player.

Topic: Trends

**Question 6:** Can you comment on the new trends arising regarding sharing economy and its relation to the car industry?

**Answer:** The car industry is preparing for shared economy by heavy investments in alternative mobility solutions.

Topic: Future

**Question 7:** What are the future challenges in the car industry?

**Answer:** Fewer car owners, less revenue from aftermarket due to electrification (less maintenance on electric vehicles)

Topic: Innovation

**Question: 8:** Would you say the internal innovation culture is important to establish in order to succeed at the Danish market?

**Answer: ??**

**Question 9:** Furthermore, your opinion on how open innovation can contribute to entering a market? E.g. like Denmark. (open innovation is referencing the increasing use of external cooperation)

**Answer: ??**

Topic: Lynk & Co

**Question 10:** When considering the Lynk & Co offerings presented prior; how is your estimation of a market fit between brand and Denmark?

**Answer:** Pricing is vital. "Made in China" is not a selling point in DK when the good is a car. So far non-Chinese carmakers have made it in Europe. It will be a challenge to convince Danes to buy Chinese cars. However, the production is to be done in the Netherlands which might soften the sceptic. The pc brand Lenovo is also today Chinese demonstrating that it is not impossible – but cars are special. Until now the weak point for Chinese cars have been the high European safety requirements especially the non-obligatory EuroNCAP tests. Since Volvo stands behind Lynk & Co and the development partly will take place in Sweden this might convince European and Danish consumers. But again, the right price level will be vital and cooperation with Danish mobility suppliers like GoMore car leasing (LeasePlan), and perhaps GreenMobility (DriveNow is linked to BMW who owns DriveNow together with DB)

Topic: Business models

**Question 11:** Do you see a need for rethinking the traditional business model in the car industry in relation to what technological use in car have done to the industry and the consumer?

**Answer:** Definitely. However, reducing competition through connectivity is not a sustainable strategy since private car ownership will not disappear as fast as many analytics expect. Transformation will likely happen within the next 10 years.

#### Appendix 4 – Kristian Mehlsen, Consultant, Copenhagen Institute of Future Studies

Topic: The Danish market.

**Question 1:** What characterizes the Danish market for cars?

**Answer:** XXXXXX

Topic: Entry to Denmark

**Question 2:** Which focus areas should a car brand consider gaining a successful entry into Denmark?

**Answer:** To have an effective eco-system. I'm a little reluctant to online sales as seen with Tesla and now Lynk & Co. It would be difficult to access the market with a greenfield FDI, due to the Danish industry dynamic and legacy of importers and middlemen. Another focus area is to create a pull (trend), by seamlessness, ease of use of products. Furthermore, the creation of an eco-system that is seamless, will create a sweet spot and a pull. As a brand, by managing this, you have good chances of success not only in Denmark, but many other countries as well. Consumers are furthermore very price sensitive, and having a too expensive car, might scare away the majority of customers.

Topic: Technology

**Question 3:** How is the technological development in the car industry in general and in Denmark?

**Answer:** Technology in general has excelled intensively over the years, and the effective investments of car companies within this area, are now at that stage where this can be put into cars with minimal barriers from consumers. The use of technology creates new

customer-oriented solutions that e.g. are tailored to each specific person or optimize the use of car through data collected from car, like usage and more.

**Question 4:** In your opinion, how would you describe what digitalization have done to the world and especially the automotive industry? (opportunities, barriers, restraints and alike)

**Answer:** Data collection and utilization of this for the benefit of the consumer. Value of data and how to embed this if the future of digitalization within the car industry. People are willing to give up their data, if it provides some ease of use. GDPR will affect the digitalization.

**Question 5:** When considering the Danish consumer, do you think they are ready to adopt a new approach to buying and using a car? (respectively, online and subscription/membership based)

**Answer:** Its bad business to own a car.

Rather access, than ownership. Long-game trend. The high amount of single-households in Copenhagen are more likely to value access rather than owning. Flexibility is valued for the single person.

Topic: Trends

**Question 6:** Can you comment on the new trends arising regarding sharing economy and its relation to the car industry?

**Answer:** Substituting products/services like Voi, DonkeyBike, Dribe, Green Mobility, DriveNow and more are on the rise and pose a threat to the Danish car market. Consumers want the easiest, cheapest, access and flexibility by doing low personal investment. Consumers have identified the fact that they can get transported from A-B with a low investment and flexibility. Mobile technology coupled with a transportation service/product like e.g. Uber have disrupted the private transportation market.

Topic: Future

**Question 7:** What are the future challenges in the car industry?

**Answer:** Laws and regulation. Governments are reluctant to give full data access to the consumer. Some restrictions must exist, but the slow adaption of a governments legal system might cause some trouble for companies competing on technological competences.

The longer you look into the future, the more uncertain it is to say something correct. On the short run, the above problem is one example. Another is

Topic: Innovation

**Question: 8:** Would you say the internal innovation culture is important to establish in order to succeed at the Danish market?

**Answer:** It's a great thing to have an establish innovation culture, but it's not always necessary. People can come up with ideas all the time everywhere.

The restrains put on time used, limits their creativity and ideations. Give time to be creative. Day off or alike to create space in mind for creativity.

Costumer centric focused and based on a feedback loop from customers will aspire more relevant and on-point innovations.

Topic: Business models

**Question 9:** Do you see a need for rethinking the traditional business model in the car industry in relation to what technological use in car have done to the industry and the consumer?

**Answer:** The business model has remained the same for years and in the light of technological use in cars, this will change. Business models will be adjusted to use digitalization. And that is for sure.

New business models will arise with a focus on mobility and automated driving.

I though, see the future of transportation being totally transformed when self-driving technology reaches phase 5.

## Appendix – Presentations

### Appendix 5 – Presentation from Kristian Mehlsen, Copenhagen Institute of future studies

**Figure: LIQUID EXPECTATIONS**

*Focus on direct competition is not enough anymore.*

*With experiential and perceptual competition, broad competition becomes the norm.*



## Appendix – Emails

### Appendix 6 – Jan Walsøe on how to have success on the Danish market

For at have succes på salget af Lync & Co., skal følgende forudsætninger være på plads:

- Et landsdækkende forhandlernet til både salg og service
- En pris model der er konkurrencekraftig. Husk at prisen for en "no-name" EV er lavere end for etablerede brands.
- Marketing der positionerer Lync & Co, så de værste effekter af "no-name" kan undgås.
- For at kunne markedsføre en bil i DK, skal der være tilstrækkelig volumen til at retfærdiggøre indkøb af værktøj til hele forhandler nettet, tekniske kurser til reparatører, lagerføring af reservedele hos importør og forhandler, træning af landsdækkende forhandler/sælger stab, national markedsføring af såvel Brand, positionering, og prisstrategi.
- Hensættelse til betaling af garantireparationer.

Umiddelbart tænker jeg at dit estimeret salg er højt (og måske for højt). Når det er sagt, så er det stadig ikke tilstrækkeligt til, at retfærdiggøre en dansk introduktion. Jeg har ikke regnet på udgifterne ovenfor, men jeg tænker at national introduktion vil kræve mindst 5.000 biler om året, for at man vil kunne dække udgifterne ovenfor.



## Appendix – Models

### Appendix 7 – Value chain of Lynk & Co



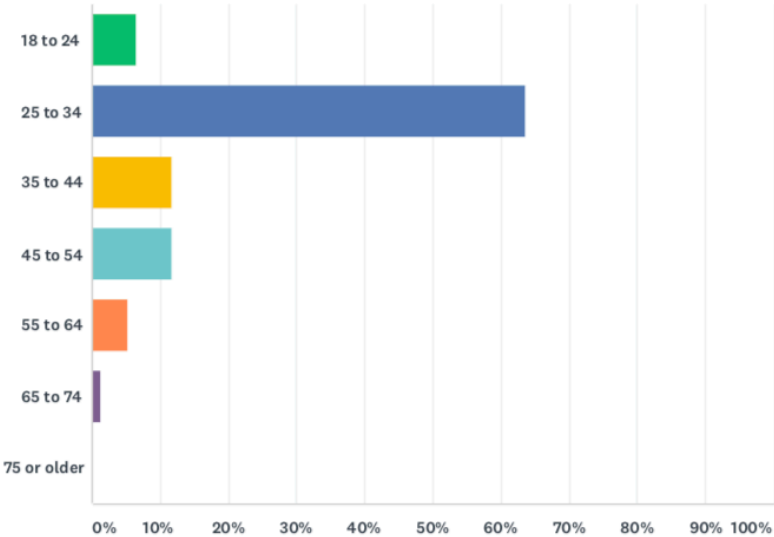
## Appendix – Online survey

### Appendix 8 – Online survey with consumers

See next page.

Q1 What is your age?

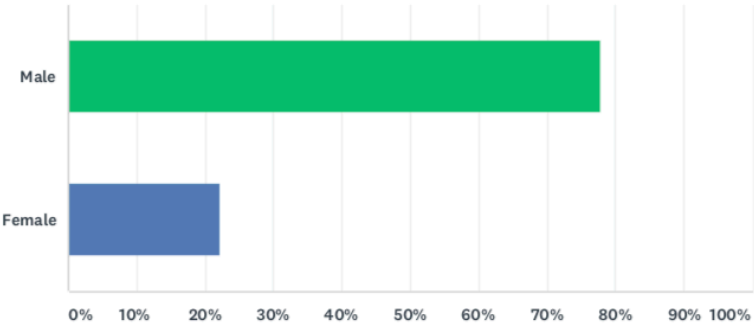
Answered: 77    Skipped: 0



SVARVALG	BESVARELSER
18 to 24	6,49%5
25 to 34	63,64%49
35 to 44	11,69%9
45 to 54	11,69%9
55 to 64	5,19%4
65 to 74	1,30%1
75 or older	0,00%0
I ALT	77

Q2 What is your gender?

Answered: 77    Skipped: 0



SVARVALG		BESVARELSER	
Male		77,92%	60
Female		22,08%	17
Respondenter i alt: 77			

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## Q3 Where do you live?

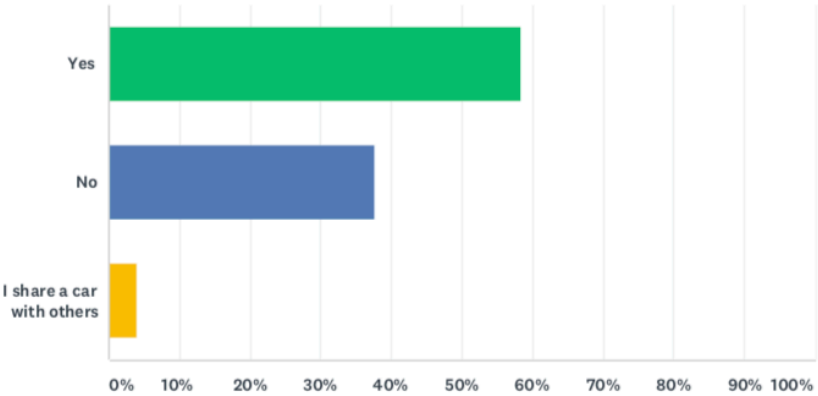
Answered: 77 Skipped: 0

NR.	BESVARELSER	DATO
1	Denmark	31-03-2019 23:12
2	Sweden	30-03-2019 18:25
3	Roskilde	30-03-2019 14:26
4	Copenhagen	30-03-2019 11:43
5	Dk	30-03-2019 11:41
6	France	30-03-2019 11:18
7	Denmark	29-03-2019 22:29
8	Copenhagen	29-03-2019 21:10
9	Cph	29-03-2019 17:48
10	Copenhagen	29-03-2019 16:30
11	Hellerup	29-03-2019 15:49
12	Copenhagen	29-03-2019 15:46
13	Copenhagen	29-03-2019 15:40
14	Cph	29-03-2019 14:26
15	Copenhagen	29-03-2019 14:24
16	Denmark	29-03-2019 14:18
17	Copenhagen	29-03-2019 14:14
18	Copenhagen	29-03-2019 14:09
19	Cph	29-03-2019 14:03
20	Copenhagen	29-03-2019 08:26
21	Copenhagen	28-03-2019 10:23
22	Denmark	27-03-2019 14:49
23	Næstved - Sydsjælland - Danmark	27-03-2019 08:26
24	Ikast - Denmark	26-03-2019 09:22
25	cph	25-03-2019 23:41
26	Dk	25-03-2019 23:04
27	3490 Kvistgård	25-03-2019 22:35
28	København N	25-03-2019 21:22
29	Copenhagen, Denmark	25-03-2019 17:59
30	Denmark	25-03-2019 16:42
31	Copenhagen	25-03-2019 14:05
32	Spain	25-03-2019 11:45
33	Denmark	25-03-2019 11:29
34	Copenhagen	25-03-2019 10:47
35	Copenhagen	25-03-2019 09:05

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36	Copenhagen	24-03-2019 18:55
37	cph	24-03-2019 18:46
38	Copenhagen	24-03-2019 11:53
39	Copenhagen	23-03-2019 21:27
40	Copenhagen	23-03-2019 18:09
41	Helsingør, Denmark	23-03-2019 18:02
42	Copenhagen	23-03-2019 16:30
43	Copenhagen	23-03-2019 16:27
44	Denmark	23-03-2019 16:27
45	Denmark	23-03-2019 13:24
46	Denmark	23-03-2019 11:59
47	Copenhagen	23-03-2019 10:37
48	Copenhagen	23-03-2019 05:16
49	Grøndal	23-03-2019 03:54
50	Denmark	22-03-2019 22:09
51	CPH	22-03-2019 21:40
52	Roskilde	22-03-2019 21:15
53	Copenhagen DENMARK	22-03-2019 20:48
54	Copenhagen	22-03-2019 20:22
55	cph	22-03-2019 19:55
56	Denmark	22-03-2019 19:49
57	Vesterbro, Copenhagen	22-03-2019 18:44
58	Copenhagen	22-03-2019 18:12
59	Copenhagen, DK	22-03-2019 17:53
60	Denmark	22-03-2019 16:47
61	Copenhagen	22-03-2019 15:56
62	Denmark, elsingore	22-03-2019 15:43
63	Copenhagen	22-03-2019 15:22
64	Helsingør	22-03-2019 15:03
65	Frederiksberg	22-03-2019 15:00
66	Frederiksberg Denmark	22-03-2019 14:05
67	Gammel Holte, Denmark	22-03-2019 13:50
68	CPH	22-03-2019 13:50
69	Denmark, taastrup	22-03-2019 13:42
70	Copenhagen	22-03-2019 13:41
71	Copenhagen	22-03-2019 13:36
72	Stenløse	22-03-2019 13:35
73	Copenhagen	22-03-2019 13:26
74	Copenhagen	22-03-2019 13:22
75	Nordsjælland	22-03-2019 13:20
76	Munich	22-03-2019 13:15

Q4 Do you own a car?

Answered: 77   Skipped: 0



SVARVALG		BESVARELSER	
Yes		58,44%	45
No		37,66%	29
I share a car with others		3,90%	3
Respondenter i alt: 77			

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SurveyMonkey

## Q5 Which car do you drive?

Answered: 48 Skipped: 29

NR.	BESVARELSER	DATO
1	Kia Sportage 1,6 Diesel	31-03-2019 23:13
2	Audi	30-03-2019 18:25
3	Ford Focus	30-03-2019 14:26
4	BMW	30-03-2019 11:42
5	Volvo and Jaguar	30-03-2019 11:19
6	Ford	29-03-2019 22:29
7	VW Passat	29-03-2019 17:49
8	Audi A6	29-03-2019 16:30
9	Yaris	29-03-2019 15:50
10	Audi	29-03-2019 15:40
11	Kia ceed	29-03-2019 14:26
12	Audi A3	29-03-2019 14:09
13	VW Polo	29-03-2019 14:03
14	Alfa Romeo and Volvo	27-03-2019 14:49
15	BMW x1	27-03-2019 08:26
16	Hyundai i10	26-03-2019 09:22
17	C4	25-03-2019 23:41
18	Merc c200 estate	25-03-2019 23:04
19	Suzuki Wagon	25-03-2019 22:36
20	Volkswagen golf	25-03-2019 16:43
21	BMW X1	25-03-2019 11:46
22	Tesla	25-03-2019 11:29
23	Audi	24-03-2019 11:53
24	DS3 cabrio	23-03-2019 21:27
25	Seat Leon 2016	23-03-2019 18:03
26	VW Caddy	23-03-2019 16:27
27	Volvo v90	23-03-2019 16:27
28	Renault	23-03-2019 13:24
29	Opel	23-03-2019 11:59
30	Bmw 520d Volvo V70	22-03-2019 22:10
31	Porsche	22-03-2019 21:40
32	Saab 93 Cabriolet	22-03-2019 21:16
33	fiat PUNTO	22-03-2019 20:49
34	Volvo V70	22-03-2019 20:22
35	peugeot 208	22-03-2019 19:55

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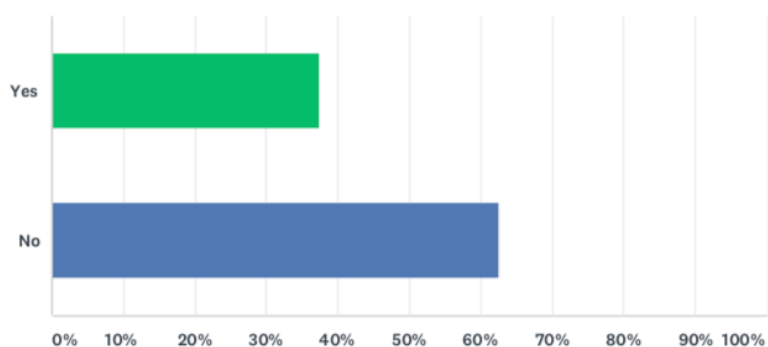
36	Opel Astra EcoTEC	22-03-2019 19:50
37	Mazda	22-03-2019 18:12
38	Audi A3 Cabriolet :-)	22-03-2019 16:48
39	Hyundai Kona	22-03-2019 15:43
40	Toyota	22-03-2019 15:22
41	Audi A3	22-03-2019 15:03
42	Ford Fiesta	22-03-2019 15:00
43	Skoda Fabia combi 2018	22-03-2019 14:06
44	Volvo V40& BMW 550	22-03-2019 13:51
45	VW Up	22-03-2019 13:50
46	Kia	22-03-2019 13:41
47	Chevrolet Kalos	22-03-2019 13:35
48	VW tiguan	22-03-2019 13:26

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## Q6 Do you use mobility solutions as an alternative to owning/using a car?

Answered: 72 Skipped: 5



SVARVALG	BESVARELSER	
Yes	37,50%	27
No	62,50%	45
I ALT		72



Market Research - Lynk &amp; Co

SurveyMonkey

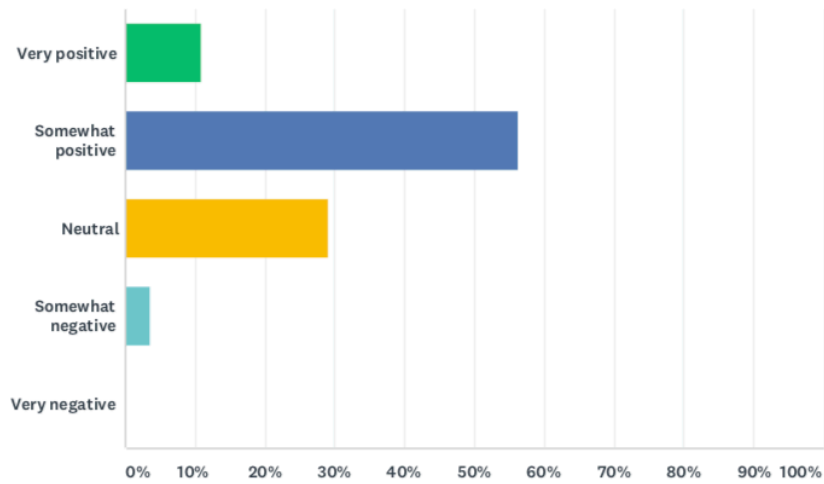
## Q7 If YES, Please specify what you like about the different mobility solutions

Answered: 26 Skipped: 51

NR.	BESVARELSER	DATO
1	I use Gomore, and like the cheap travel option it provides, as well as the accesibleness	29-03-2019 21:11
2	Convenience, known costs	29-03-2019 17:50
3	The flexibility	29-03-2019 15:50
4	Easy, relatively cheap, convenient	29-03-2019 15:46
5	?	29-03-2019 15:40
6	Gomore	29-03-2019 14:14
7	I like the concept of drivenow as I only pay for the minutes I use. There is also no hazzle on insurance, tax, fuel etc. Parking is, however, still a problem. Handshake option rarely works. Parking is often such a hazzle that going by train or bus is actually faster (and a lot cheaper)	29-03-2019 08:31
8	convenience easy access	28-03-2019 10:24
9	I like that they all provide the mobility a owned car would not. Parking when not in use and all the hassle. The taxes a owned car would cost me etc.	25-03-2019 21:24
10	Not to be an owner	25-03-2019 16:44
11	Easy accesible and easy to use	25-03-2019 11:47
12	"Pay as you go" and for convenience	25-03-2019 10:49
13	Easy to use, and convenient if it is raining, or if I for some reason can't use public transport or bike. E.g. I used it when moving and when my boyfriend was had to go to the doctors because he couldn't walk.	24-03-2019 18:58
14	Gomore - the social aspect, the price, the flexibility (when I rarely have a need for driving)	24-03-2019 18:48
15	The general flexibility	23-03-2019 21:31
16	As a student I really enjoy the option of sharing economy as both DriveNow and GoMore offer for transportation inside Copenhagen and around Denmark	23-03-2019 16:31
17	Agility, selektion to my need, sustainability,	23-03-2019 10:38
18	Mainly the flexibility and low cost if no usage	23-03-2019 05:17
19	The non-ownership advantage of the service and the alternative to owning a car as well as public transportation	23-03-2019 03:55
20	I can rent a car close to our appartment	22-03-2019 18:46
21	no ownership, only needed if required. Especially in cities in which a car is needed, less in copenhagen.	22-03-2019 15:57
22	.	22-03-2019 15:44
23	I use DriveNow and like that it is easy to use, pick up and leave.	22-03-2019 13:37
24	GoMore	22-03-2019 13:22
25	I like that when living in a city there is always a car near me, that I can use. Especially when going to the airport	22-03-2019 13:21
26	Easy accesability, low entet barries for moving something from point a to b	22-03-2019 13:05

Q8 What is your first reaction to Lynk & Co?

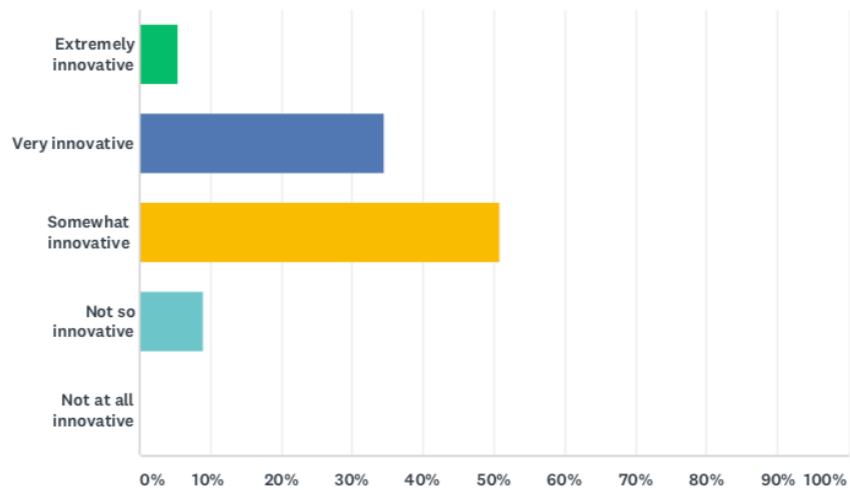
Answered: 55   Skipped: 22



SVARVALG		BESVARELSER	
Very positive		10,91%	6
Somewhat positive		56,36%	31
Neutral		29,09%	16
Somewhat negative		3,64%	2
Very negative		0,00%	0
Respondenter i alt: 55			

Q9 How innovative is the product?

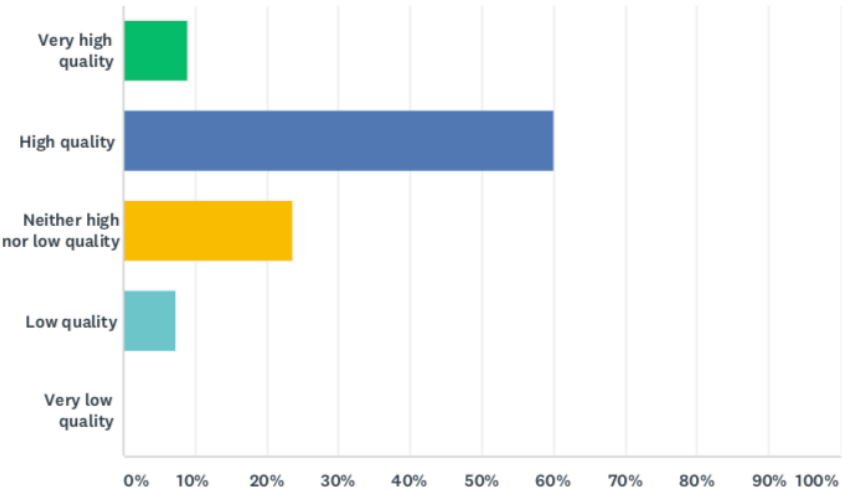
Answered: 55   Skipped: 22



SVARVALG	BESVARELSER	
Extremely innovative	5,45%	3
Very innovative	34,55%	19
Somewhat innovative	50,91%	28
Not so innovative	9,09%	5
Not at all innovative	0,00%	0
I ALT		55

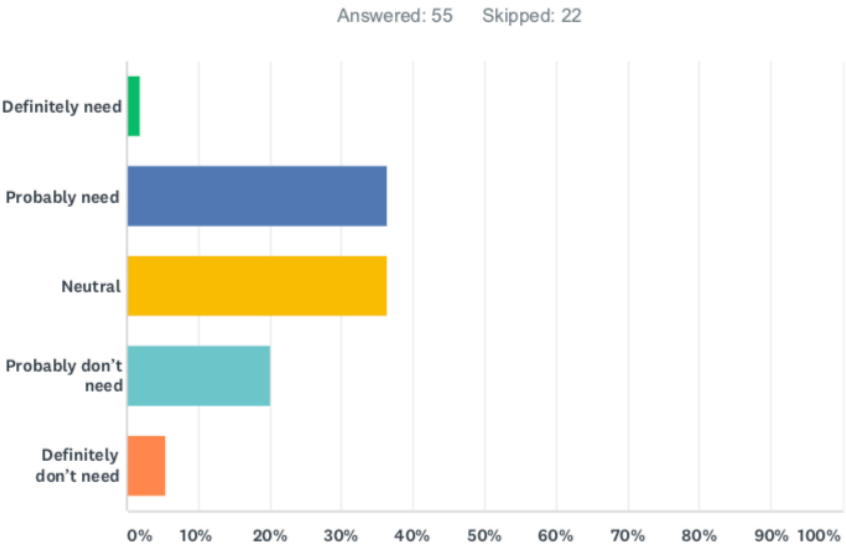
Q10 How would you rate the quality of the product? (Based on looks and the above mentioned brand features)

Answered: 55   Skipped: 22



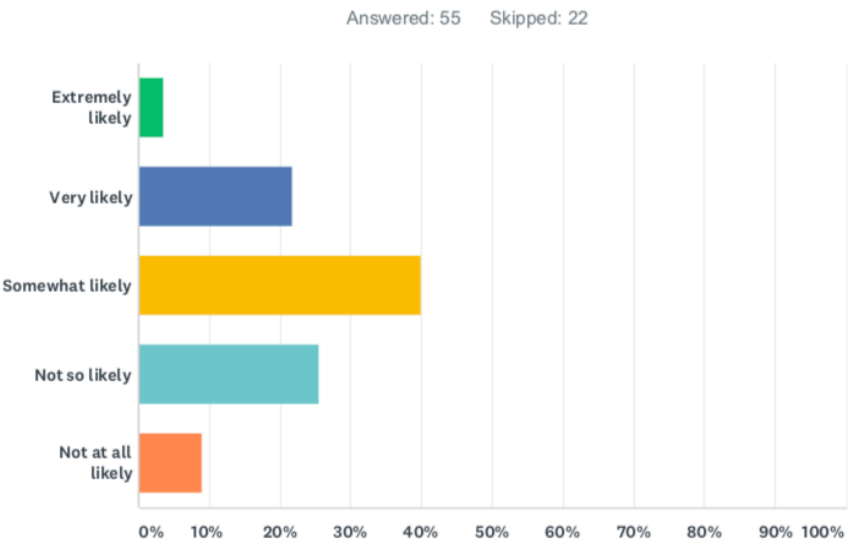
SVARVALG	BESVARELSER	
Very high quality	9,09%	5
High quality	60,00%	33
Neither high nor low quality	23,64%	13
Low quality	7,27%	4
Very low quality	0,00%	0
Respondenter i alt: 55		

Q11 When you think about the features, do you think of it as something you need or don't need?



SVARVALG	BESVARELSER
Definitely need	1,82%1
Probably need	36,36%20
Neutral	36,36%20
Probably don't need	20,00%11
Definitely don't need	5,45%3
I ALT	55

Q12 Without considering the price, how likely would you be to buy the product? (Based on looks and the above mentioned brand features)



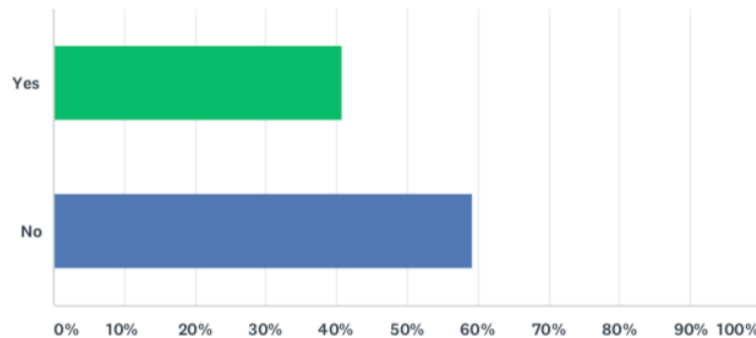
SVARVALG	BESVARELSER	
Extremely likely	3,64%	2
Very likely	21,82%	12
Somewhat likely	40,00%	22
Not so likely	25,45%	14
Not at all likely	9,09%	5
I ALT		55

Market Research - Lynk &amp; Co

SurveyMonkey

### Q13 In the decision process, would you buy, rent or subscribe to the Lynk & Co car based on the technological benefits only?

Answered: 54 Skipped: 23



SVARVALG	BESVARELSER
Yes	40,74% 22
No	59,26% 32
Respondenter i alt: 54	

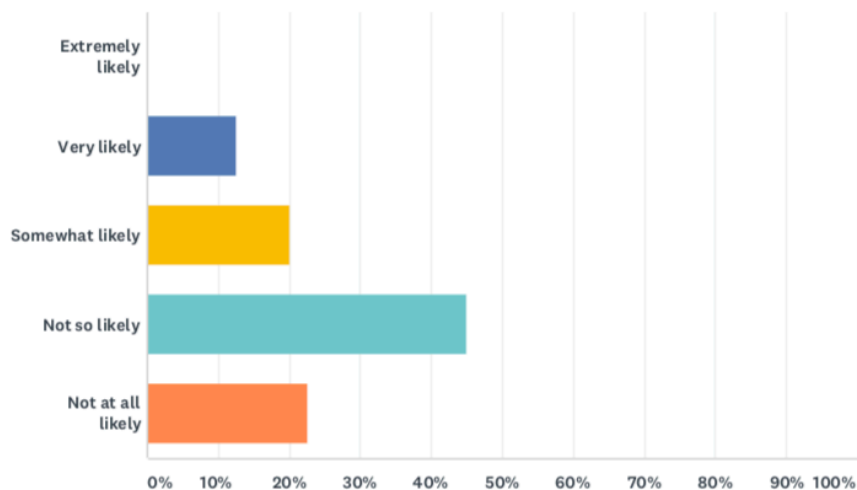
NR.	OTHER (PLEASE SPECIFY)	DATO
1	Looks	30-03-2019 11:44
2	but depeds on security level and so	25-03-2019 10:56
3	design, functionality and other features matter as well	23-03-2019 21:44
4	Looks and the strong ethos appeal based on Volvo	22-03-2019 19:58
5	Can't say before having tested it.	22-03-2019 15:11

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### Q14 How likely are you to replace your current car with a Lynk & Co car? (Disregard price) - If no car, jump to the next question.

Answered: 40 Skipped: 37



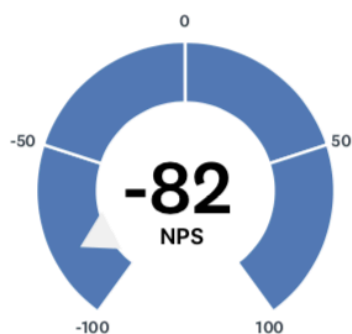
SVARVALG	BESVARELSER
Extremely likely	0,00% 0
Very likely	12,50% 5
Somewhat likely	20,00% 8
Not so likely	45,00% 18
Not at all likely	22,50% 9
Respondenter i alt: 40	

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### Q15 How likely is it that you would recommend this brand to a friend or colleague?

Answered: 55 Skipped: 22



BAGVASKERE (0-6)	PASSIVT TILFREDSE (7-8)	FORTALERE (9-10)	NET PROMOTER® SCORE
82% 45	18% 10	0 0	-82



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## Q16 In your own words, what are the things that you like most about this new brand?

Answered: 55 Skipped: 22

NR.	BESVARELSER	DATO
1	.	31-03-2019 23:15
2	Ok design. I recognize the original, that they copied.	30-03-2019 14:31
3	Looks	30-03-2019 11:44
4	Looks and strategy behind product	30-03-2019 11:21
5	1	29-03-2019 17:52
6	na	29-03-2019 15:51
7	Seems innovative	29-03-2019 15:46
8	?	29-03-2019 15:41
9	Subscription. Dont own anything	29-03-2019 14:26
10	?	29-03-2019 14:20
11	Nice design, innovative digital solutions	29-03-2019 14:16
12	Nothing	29-03-2019 14:11
13	sharing economy Digital key function	29-03-2019 08:37
14	Appearance	28-03-2019 10:26
15	Nothing!	27-03-2019 14:51
16	I think it very innovative	27-03-2019 08:28
17	m	26-03-2019 09:24
18	Ok	25-03-2019 23:06
19	the innovative thinking	25-03-2019 22:39
20	The innovation	25-03-2019 21:26
21	Don't know really, the name?	25-03-2019 11:51
22	It seems to try and do what Tesla has been doing for years already but adding sharing features as well	25-03-2019 11:33
23	Based on the look a high quality car with new and exciting features. especially that you are able to share th key by not being physically present yourself.	25-03-2019 10:56
24	online showroom ande Nice design	25-03-2019 09:10
25	The technology	24-03-2019 19:01
26	I like the flexibility of the concept, from a pricing perspective (subscription model), as I think that resonate with the consumers needs.	24-03-2019 11:56
27	Hard to answer when you have only known the brand for 5 mins. through this questionnaire. However it seems to want to push boundaries, which i like.	23-03-2019 21:44
28	'	23-03-2019 18:12

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29	The car industry need to follow the technological development to stay align with consumer preferences and disruption in the industry. Furthermore, sustainability is a focus that has become so important and, I believe, car manufactures need to take into consideration how to implement CSR initiatives in its supply chains. It seems that Lynk & Co has taken all these factors into consideration, which I find very attractive and definitely important when considering a car purchase	23-03-2019 16:38
30	Sharing Economic	23-03-2019 16:32
31	I dont know it	23-03-2019 16:29
32	Design, styl, power	23-03-2019 13:32
33	.	23-03-2019 12:02
34	.	23-03-2019 05:18
35	New innovative player on the market. Part of the digital transformation and electrocution of the mobility sector	23-03-2019 03:58
36	Non	22-03-2019 21:39
37	Innovation	22-03-2019 20:24
38	Volvo involvement	22-03-2019 19:59
39	The looks, the assistant button and Google assistant	22-03-2019 19:58
40	Hybrid	22-03-2019 18:47
41	The looks	22-03-2019 18:14
42	sustainable approach, but not disruptive, almost all car companies are working in the same direction	22-03-2019 16:09
43	Design	22-03-2019 15:47
44	The possibility of bringing some innovation to the car market.	22-03-2019 15:11
45	Combination of sustainability and class	22-03-2019 15:02
46	Innovative	22-03-2019 14:08
47	The innovative solutions and that an electric version will be available from 2020	22-03-2019 13:55
48	Connectivity, innovation and apps available	22-03-2019 13:55
49	Is it cheap?	22-03-2019 13:44
50	I have read what the plan is, but have no experience with the brand, which makes it difficult to answer.	22-03-2019 13:40
51	Appearance	22-03-2019 13:38
52	Design	22-03-2019 13:28
53	I like the fact that the car is well-linked to other electronic features. I like that there is a possibility for me to link the car with all my other electronic devices.	22-03-2019 13:27
54	The Volvo co-sign.	22-03-2019 13:23
55	Don't know	22-03-2019 13:07

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## Q17 In your own words, what are the things that you would most like to improve in this new product?

Answered: 55 Skipped: 22

NR.	BESVARELSER	DATO
1	.	31-03-2019 23:15
2	Don't know enough about it. Probably power, range, Comfort and prestige.	30-03-2019 14:31
3	Nothing	30-03-2019 11:44
4	N/a	30-03-2019 11:21
5	2	29-03-2019 17:52
6	na	29-03-2019 15:51
7	I have no idea about the product; engine, interior, price etc.	29-03-2019 15:46
8	?	29-03-2019 15:41
9	Reduce complexity	29-03-2019 14:26
10	?	29-03-2019 14:20
11	NIL	29-03-2019 14:16
12	Everything	29-03-2019 14:11
13	Assistance in finding available parking (If this is at all possible) Hands-free driving options. Such an innovative product with focus on digitalization should focus more on making the car self-driven (as what you see all other major car companies working to develop)	29-03-2019 08:37
14	interior	28-03-2019 10:26
15	Start all over!	27-03-2019 14:51
16	The look of the car	27-03-2019 08:28
17	m	26-03-2019 09:24
18	Ok	25-03-2019 23:06
19	I dont know	25-03-2019 22:39
20	I dont know sorry	25-03-2019 21:26
21	The lights!!! Don't like the look of them and the rims, a bit boring and weird color	25-03-2019 11:51
22	Speed, performance, range	25-03-2019 11:33
23	My biggest concern is the security level of the car as this is technology. I have to feel 110% confident that the car cant be broken into etc.	25-03-2019 10:56
24	Linn&co app for renting car out	25-03-2019 09:10
25	The looks	24-03-2019 19:01
26	Will like to know more about the app.	24-03-2019 11:56
27	again it is hard to answer when you basically does not know the brand.	23-03-2019 21:44
28	'	23-03-2019 18:12
29	There is not really anything I believe there is missing. However, I believe it is vital to differentiate its products from other manufactures to create a edgy look that differs in the public surroundings	23-03-2019 16:38
30	I don't have any suggestions to improve	23-03-2019 16:32
31	Dont know	23-03-2019 16:29

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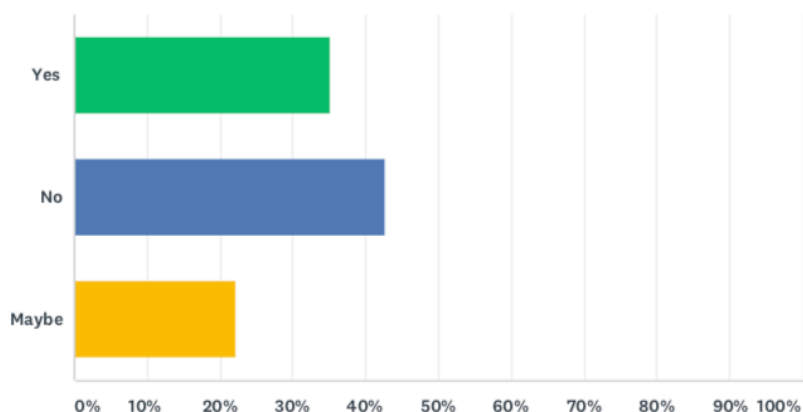
32	???	23-03-2019 13:32
33	.	23-03-2019 12:02
34	.	23-03-2019 05:18
35	Range and price, maybe design (looks like a heavy Porsche)	23-03-2019 03:58
36	None	22-03-2019 21:39
37	Design	22-03-2019 20:24
38	Cheaper prices	22-03-2019 19:59
39	Don't got enough information to talk about improvements in this product	22-03-2019 19:58
40	No owners just shared	22-03-2019 18:47
41	Price	22-03-2019 18:14
42	invest more in sharing service	22-03-2019 16:09
43	Price	22-03-2019 15:47
44	Need to test, feel and experience in order to say.	22-03-2019 15:11
45	Price probably	22-03-2019 15:02
46	Na	22-03-2019 14:08
47	How is the internet security handled as the car will be online at all time. Is this product innovative enough considering current development in self-driving cars	22-03-2019 13:55
48	Cloud solutions, connection to my existing apps & products	22-03-2019 13:55
49	The fact its from China	22-03-2019 13:44
50	I rarely use cars, so I really don't know.	22-03-2019 13:40
51	Don't know	22-03-2019 13:38
52	price	22-03-2019 13:28
53	I would need to know more about the compliance with European GDR and the sharing of my driving data with the third party. But I am very intrigued.	22-03-2019 13:27
54	The front of the car.	22-03-2019 13:23
55	I don't know	22-03-2019 13:07

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## Q18 Can you imagine buying a car online?

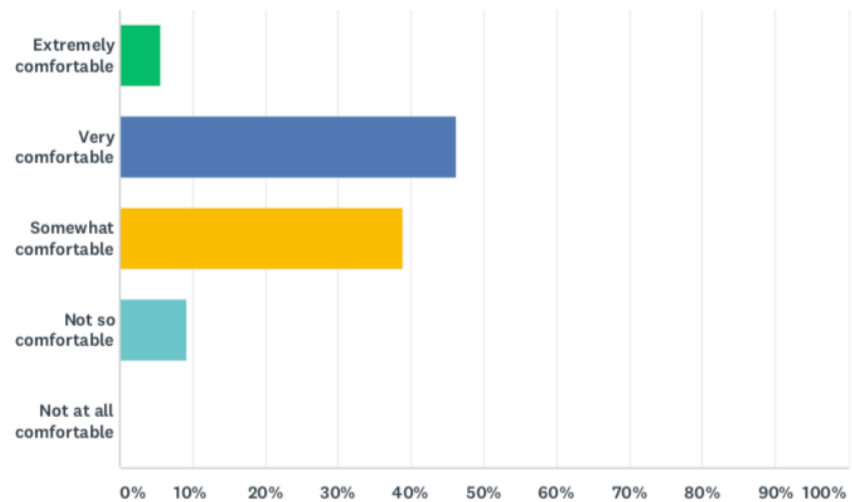
Answered: 54 Skipped: 23



SVARVALG	BESVARELSER	
Yes	35,19%	19
No	42,59%	23
Maybe	22,22%	12
Respondenter i alt: 54		

Q19 To which extent are you comfortable with the connectivity in the car?

Answered: 54    Skipped: 23



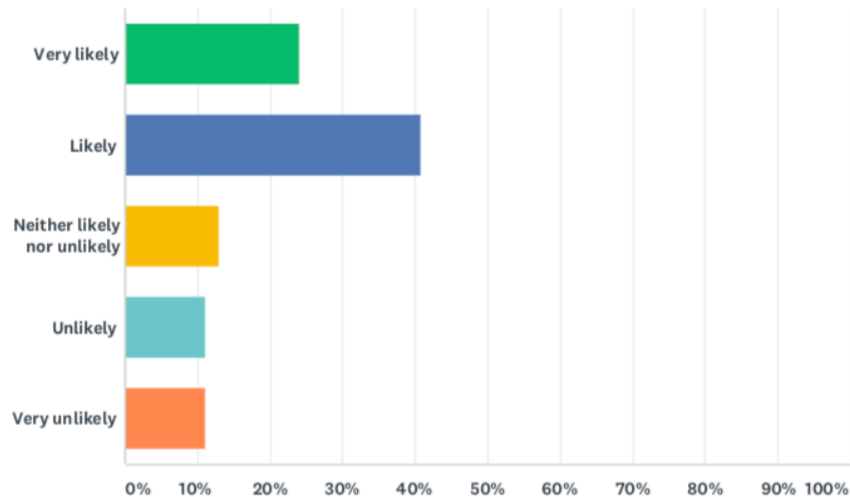
SVARVALG	BESVARELSER	
Extremely comfortable	5,56%	3
Very comfortable	46,30%	25
Somewhat comfortable	38,89%	21
Not so comfortable	9,26%	5
Not at all comfortable	0,00%	0
Respondenter i alt: 54		

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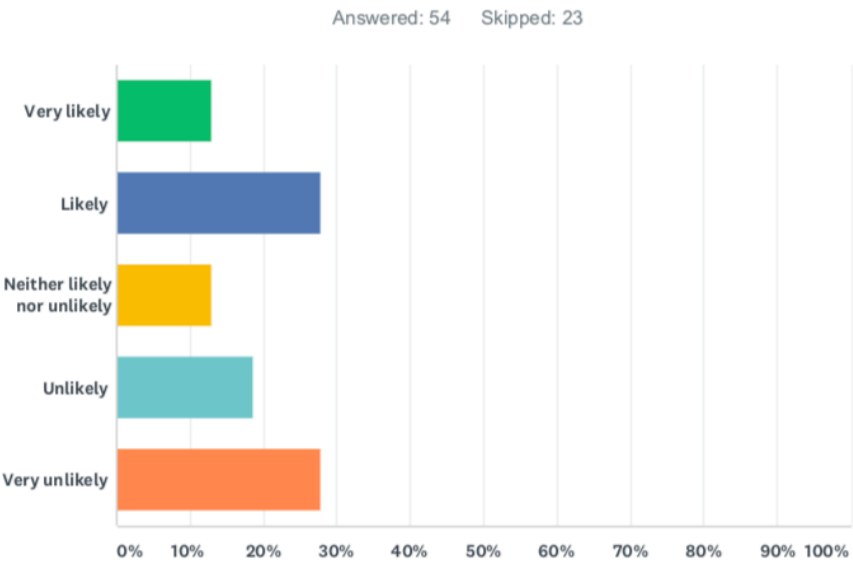
**Q20 How likely are you to use the digital sharing key? (E.g. to family members, for a postman to deliver packages in the car, for mechanic personnel to retrieve the car from various locations without owners presence)**

Answered: 54 Skipped: 23



SVARVALG	BESVARELSER	
Very likely	24,07%	13
Likely	40,74%	22
Neither likely nor unlikely	12,96%	7
Unlikely	11,11%	6
Very unlikely	11,11%	6
Respondenter i alt: 54		

Q21 How likely are you to rent out your car to strangers and earn money doing so?



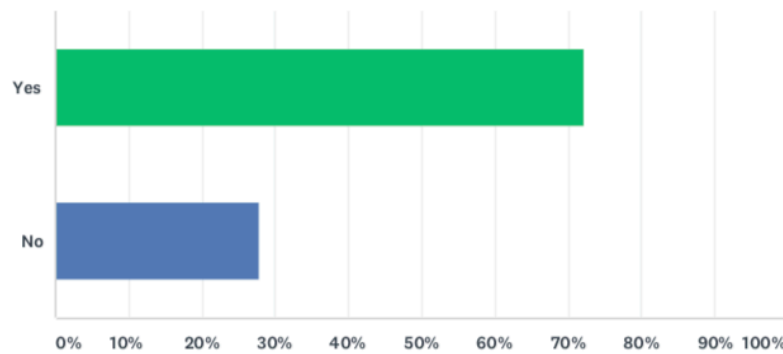
SVARVALG		BESVARELSER	
Very likely		12,96%	7
Likely		27,78%	15
Neither likely nor unlikely		12,96%	7
Unlikely		18,52%	10
Very unlikely		27,78%	15
Respondenter i alt: 54			

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**Q22 Can you see yourself NOT owning a car, but subscribing on a monthly basis instead? (E.g. for 2-3 months only or alternative longer if the need of transportation occurred)**

Answered: 54 Skipped: 23



SVARVALG	BESVARELSER	
Yes	72,22%	39
No	27,78%	15
Respondenter i alt: 54		

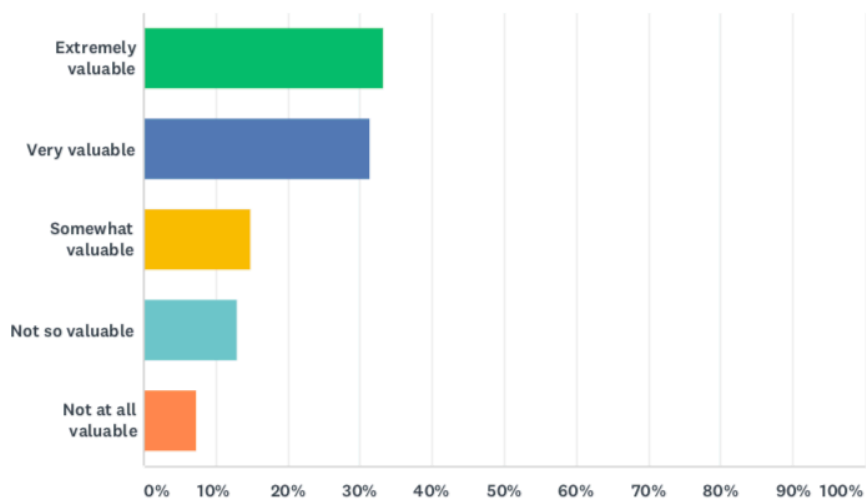


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### Q23 How important is it for you that Lynk & Co are hybrids and will be fully electrified in 2020?

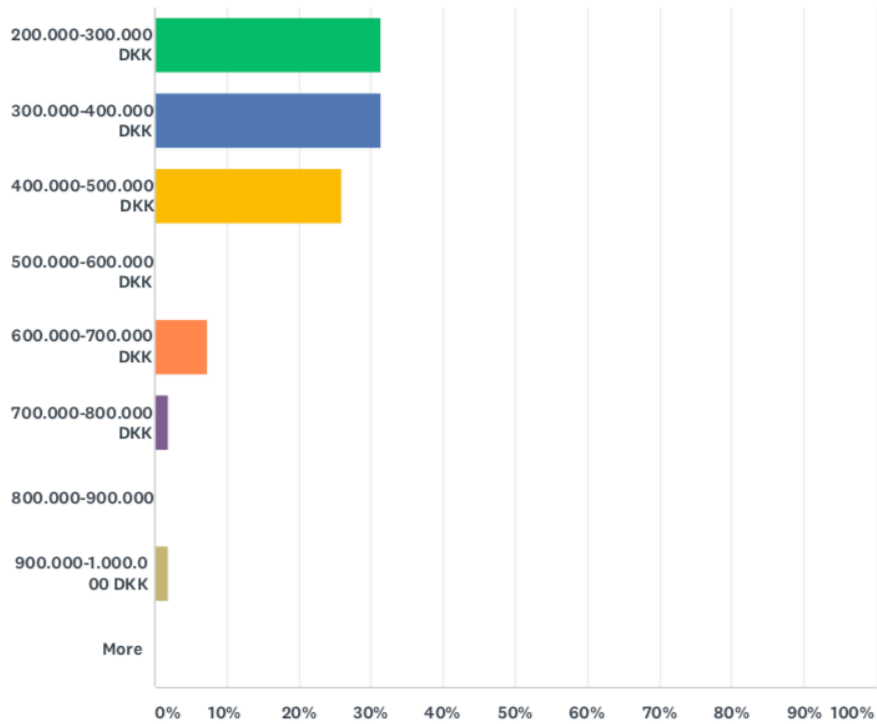
Answered: 54 Skipped: 23



SVARVALG	BESVARELSER
Extremely valuable	33,33% 18
Very valuable	31,48% 17
Somewhat valuable	14,81% 8
Not so valuable	12,96% 7
Not at all valuable	7,41% 4
Respondenter i alt: 54	

Q24 How much would you be willing to pay for a car like Lynk & Co?

Answered: 54 Skipped: 23



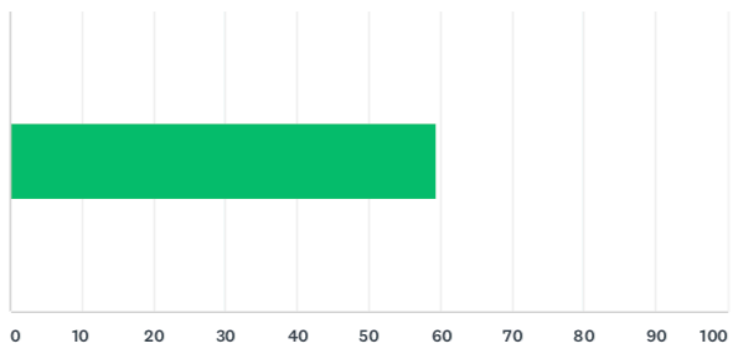
SVARVALG	BESVARELSER	
200.000-300.000 DKK	31,48%	17
300.000-400.000 DKK	31,48%	17
400.000-500.000 DKK	25,93%	14
500.000-600.000 DKK	0,00%	0
600.000-700.000 DKK	7,41%	4
700.000-800.000 DKK	1,85%	1
800.000-900.000	0,00%	0
900.000-1.000.000 DKK	1,85%	1
More	0,00%	0
Respondenter i alt: 54		

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## Q25 How important is it for you that your next car has new digital features included and in that way are following the technological trends within the car industry?

Answered: 54 Skipped: 23



SVARVALG	GENNEMSITLIGT ANTAL	SAMLET ANTAL	BESVARELSER
	59	3.210	54
Respondenter i alt: 54			

NR.		DATO
1	75	31-03-2019 23:17
2	50	30-03-2019 14:34
3	78	30-03-2019 11:46
4	90	30-03-2019 11:22
5	100	29-03-2019 17:53
6	81	29-03-2019 15:51
7	79	29-03-2019 15:47
8	39	29-03-2019 15:42
9	0	29-03-2019 14:27
10	75	29-03-2019 14:21
11	75	29-03-2019 14:17
12	6	29-03-2019 14:12
13	60	29-03-2019 08:39
14	50	28-03-2019 10:27
15	8	27-03-2019 14:52
16	50	27-03-2019 08:29
17	50	26-03-2019 09:25
18	65	25-03-2019 23:07
19	78	25-03-2019 22:42
20	80	25-03-2019 21:27

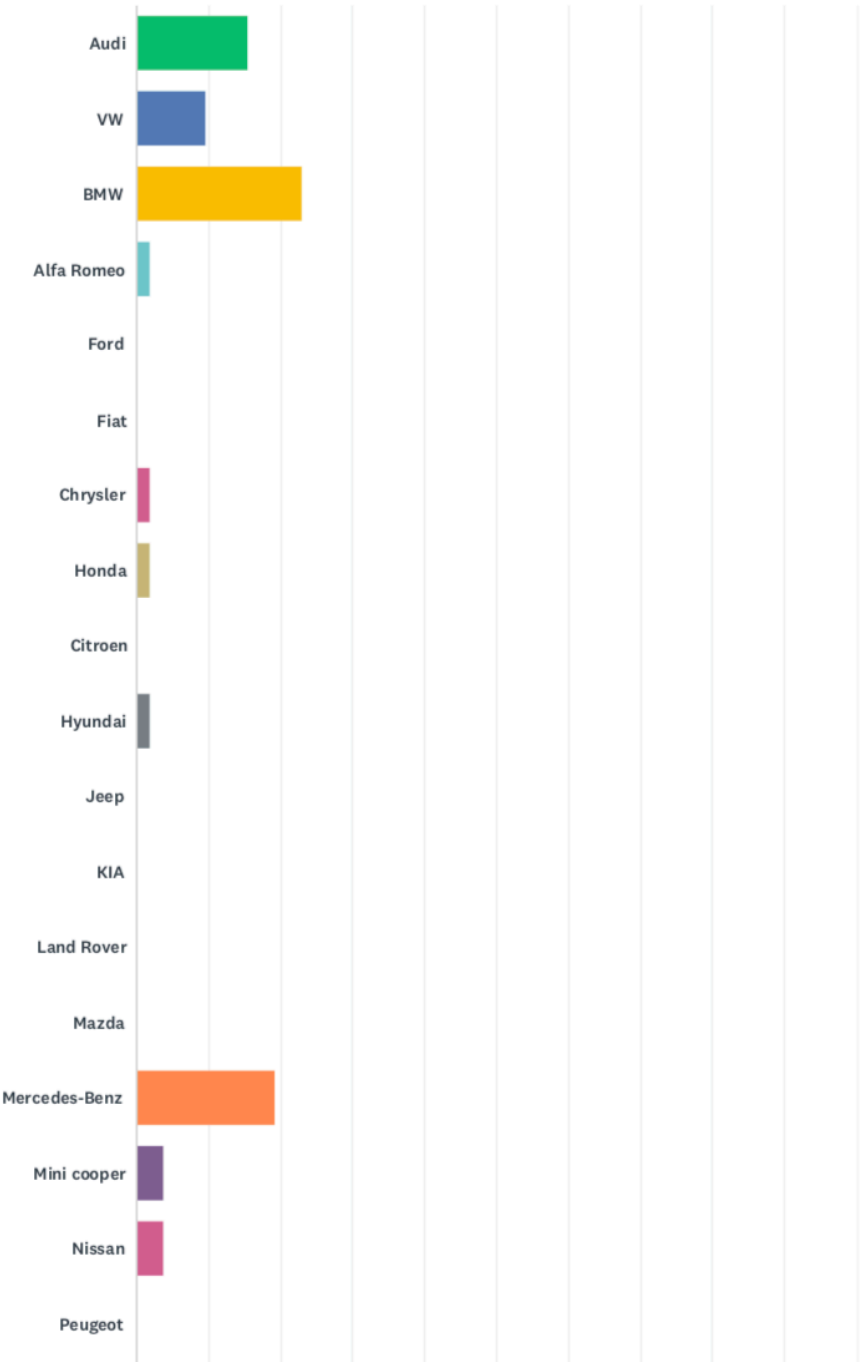
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21	85	25-03-2019 11:35
22	50	25-03-2019 10:58
23	50	25-03-2019 09:12
24	83	24-03-2019 19:03
25	78	24-03-2019 11:57
26	65	23-03-2019 21:48
27	67	23-03-2019 18:13
28	82	23-03-2019 16:39
29	49	23-03-2019 16:33
30	100	23-03-2019 16:31
31	68	23-03-2019 13:34
32	47	23-03-2019 12:03
33	66	23-03-2019 05:21
34	52	23-03-2019 03:59
35	0	22-03-2019 21:40
36	85	22-03-2019 20:27
37	100	22-03-2019 20:01
38	90	22-03-2019 20:00
39	100	22-03-2019 18:48
40	31	22-03-2019 18:16
41	90	22-03-2019 16:12
42	51	22-03-2019 15:48
43	25	22-03-2019 15:14
44	72	22-03-2019 15:03
45	68	22-03-2019 14:09
46	78	22-03-2019 13:57
47	85	22-03-2019 13:56
48	16	22-03-2019 13:46
49	70	22-03-2019 13:41
50	0	22-03-2019 13:39
51	17	22-03-2019 13:29
52	71	22-03-2019 13:28
53	30	22-03-2019 13:24
54	0	22-03-2019 13:08

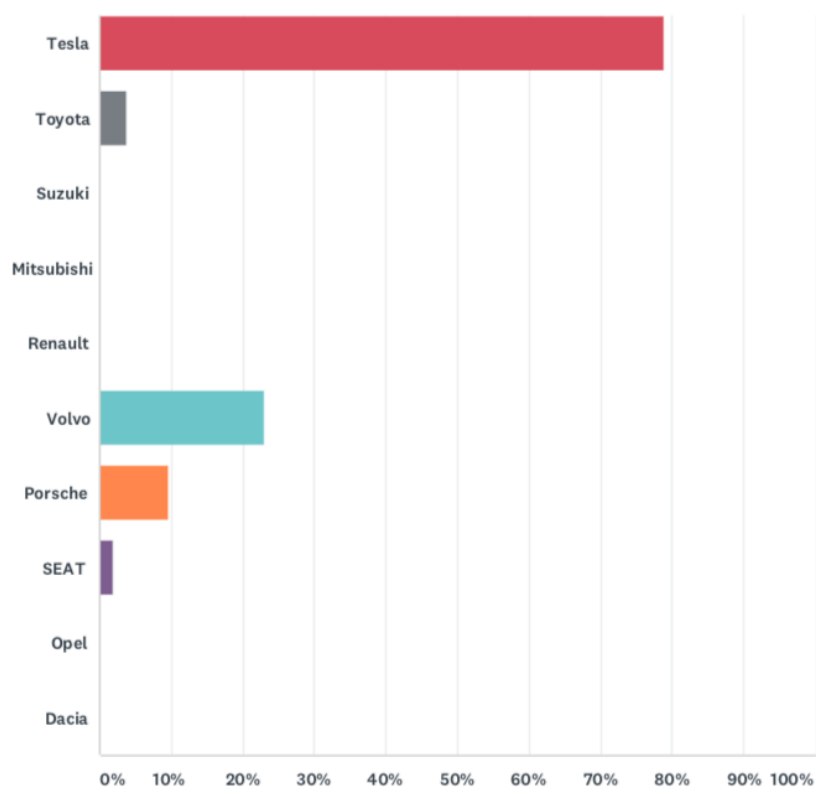
Q26 Based on your opinion, which other TWO car brands are technological advanced?

Answered: 52   Skipped: 25



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SVARVALG	BESVARELSER
Audi	15,38% 8
VW	9,62% 5
BMW	23,08% 12
Alfa Romeo	1,92% 1
Ford	0,00% 0
Fiat	0,00% 0
Chrysler	1,92% 1
Honda	1,92% 1
Citroen	0,00% 0
Hyundai	1,92% 1
Jeep	0,00% 0
KIA	0,00% 0
Land Rover	0,00% 0
Mazda	0,00% 0
Mercedes-Benz	19,23% 10

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Mini cooper	3,85%	2
Nissan	3,85%	2
Peugeot	0,00%	0
Tesla	78,85%	41
Toyota	3,85%	2
Suzuki	0,00%	0
Mitsubishi	0,00%	0
Renault	0,00%	0
Volvo	23,08%	12
Porsche	9,62%	5
SEAT	1,92%	1
Opel	0,00%	0
Dacia	0,00%	0
Respondenter i alt: 52		
NR.	OTHER (PLEASE SPECIFY)	DATO
1	Don't know	22-03-2019 13:40