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**Effective interactive creation of value for customer solutions: Antecedent conditions on the supplier´s and customer´s side**

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**1 Introduction****2 Effective interactive creation of value for customer solutions****3 Results of a literature review on antecedent conditions for an effective interactive creation of value**

(A short overview on the findings from the relevant fields of literature)

**4 Exploratory study****5 Classification of the identified antecedent conditions**

## Offering customer solutions as a chance to gain competitive advantages....

- ▶ Many leading firms moved away from offering standardized products or services per se to providing complete individualized customer solutions - and they have successfully differentiated themselves !
- ▶ IBM, UPS, Erichsson or GE are often mentioned as examples for companies providing effective and efficient customer solutions

- ▶ In order to build a competitive advantage solution providers need to understand
  - ▶ **the characteristics of customer solutions**
  - ▶ **customers' perceptions of solution value**
  - ▶ **how perceived value of customer solutions can be enhanced**

## Selling bundles of products and services as a risk to loose money...

- ▶ There is empirical evidence that the majority of solution providers sees little gain
- ▶ Instead of offering solutions a lot of companies are merely bundling products and services that create little value when offered together

- ▶ In order to build a competitive advantage solution providers need to understand
  - ▶ **the characteristics of customer solutions (✓)**
  - ▶ **customers' perceptions of solution value (✓)**
  - ▶ **how perceived value of customer solutions can be enhanced**
- ▶ **successful management of an effective interactive value creation process between the supplier and the customer**
- ▶ **requires knowledge concerning capabilities needed to engage in this process both on the supplier's and on the customer's side**

## The objectives of the study are to...

- ▶ ... identify specific supplier and customer variables that influence as antecedent conditions the effectiveness of the interactive value creation process;
- ▶ ... show first results from a qualitative content analysis in order to supplement the findings from our literature review with first empirical results;
- ▶ ... develop a classification of the derived antecedent conditions.

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## Customer Solutions



**... should create value beyond the sum of its parts**



- ▶ .... involve a **combination** of products and services
- ▶ .... address a customer's **specific** needs and requirements
- ▶ .... goods and services are **systematically coordinated** and **must work with each other**
- ▶ .... from the customer's view it is an ongoing **relational process** of defining, meeting and supporting a customer's evolving needs



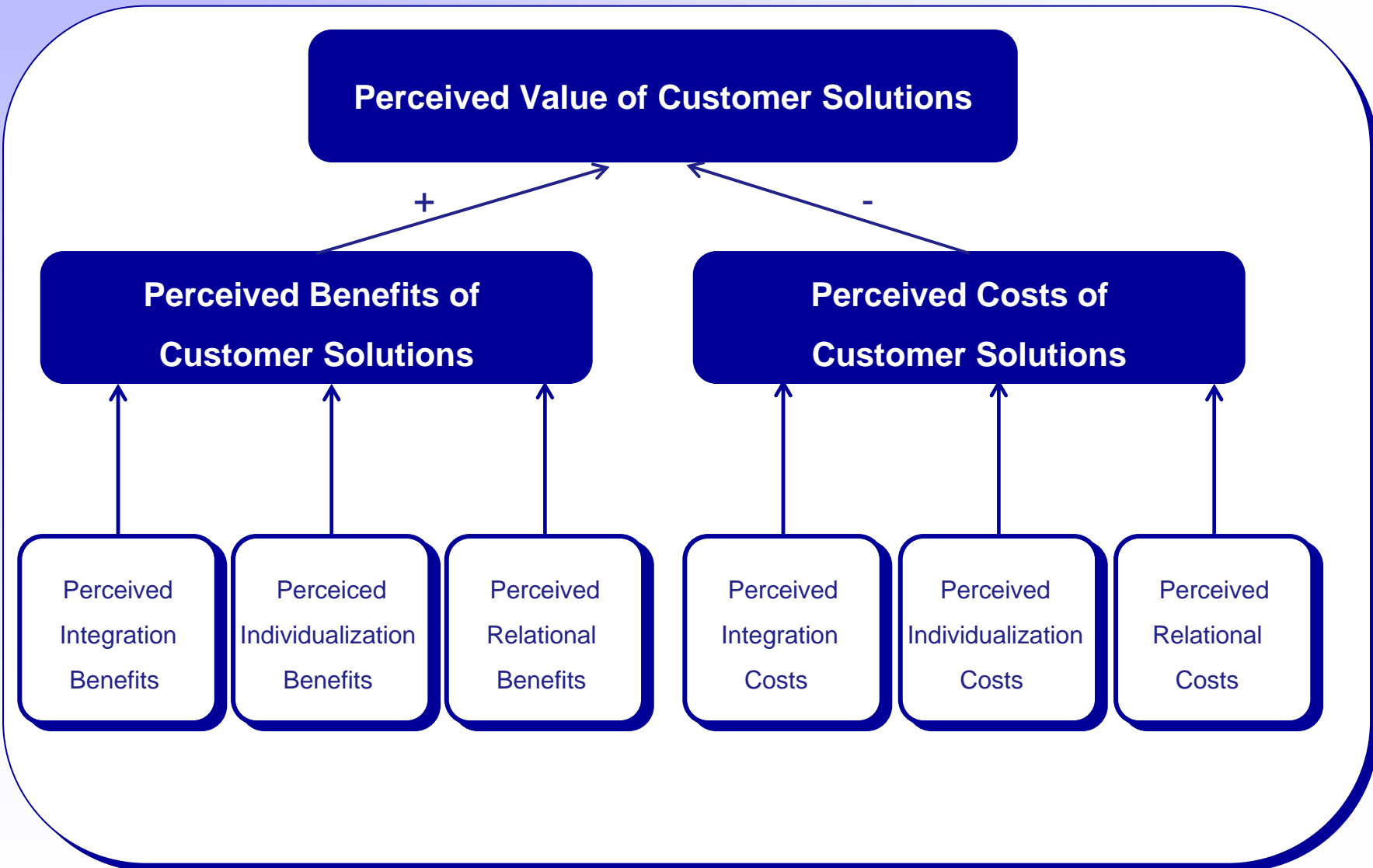
**Individualization**



**Integration**



**Relational**



**To increase individualization benefits the supplier can...**

...individualize the purchase outcome

- ▶ Customers need to clearly know and describe their individual problem to the supplier and work together with the supplier on finding a solution.

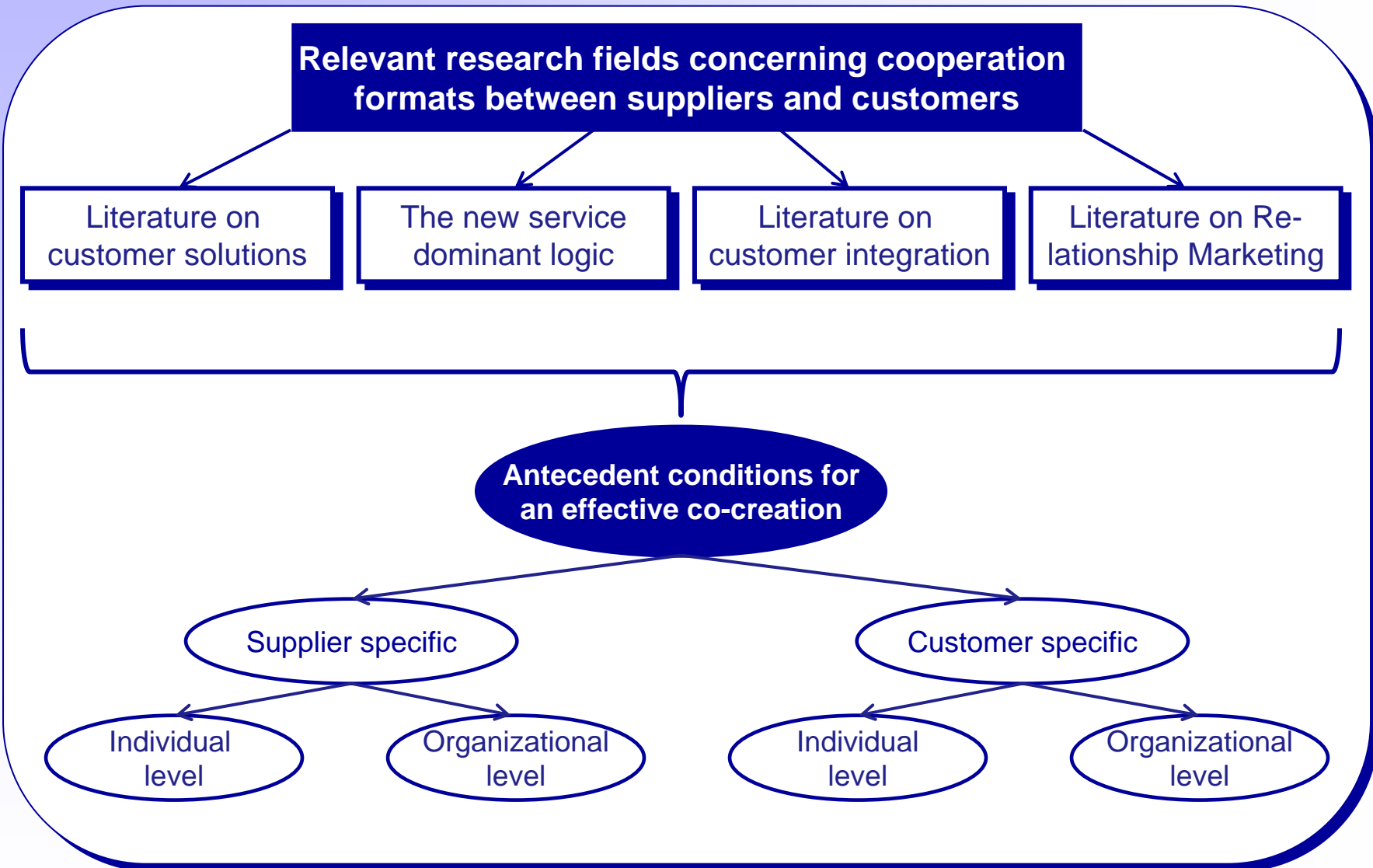
...individualize the interaction process

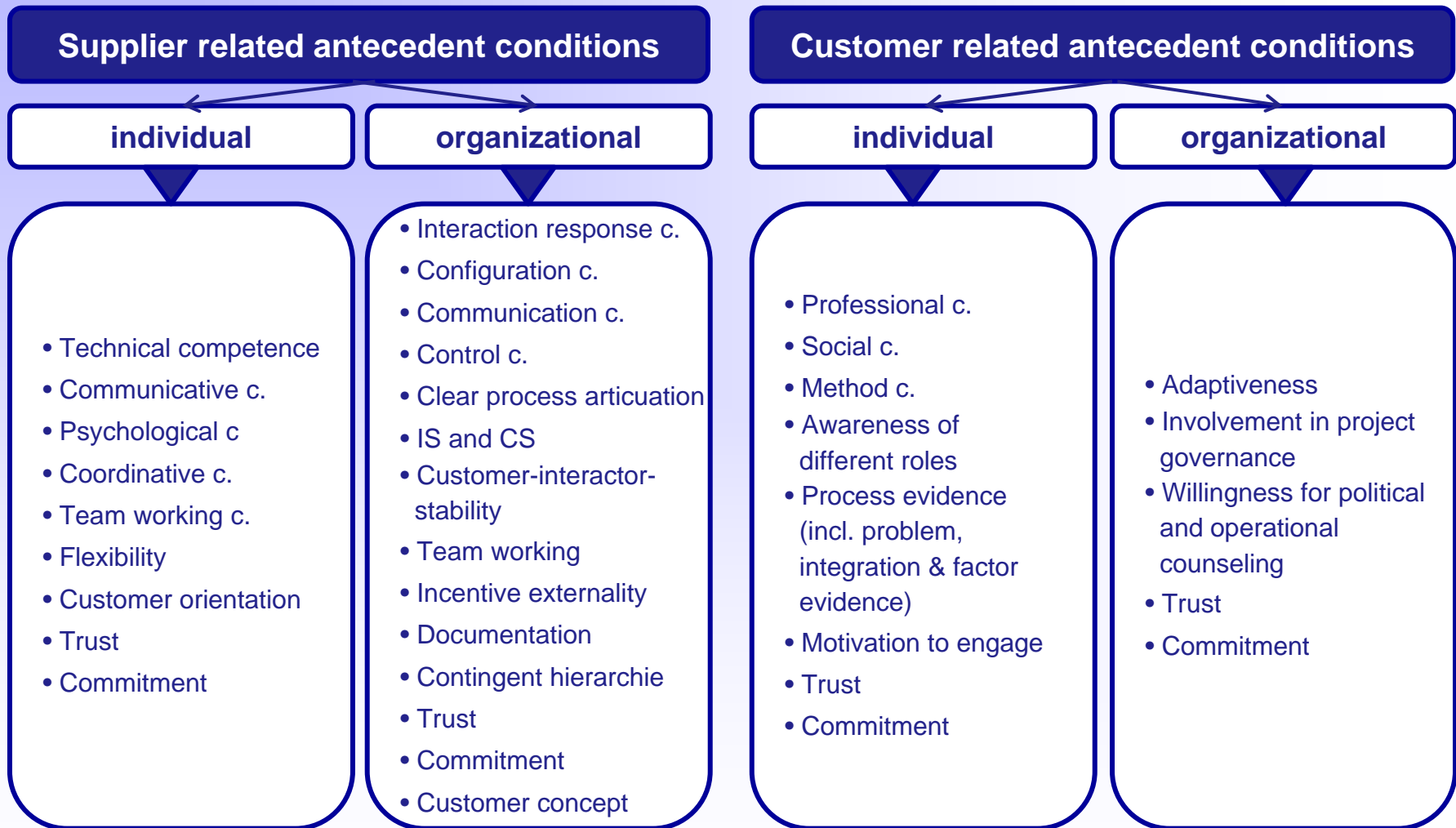
- ▶ Customer and supplier consider jointly all necessary decisions about the design of the solution and the tasks each party has to perform.

**To decrease individualization costs the parties must...**

- ▶ exchange information about each others requirements, capabilities and point of views
- ▶ engage in a conversation over many periods of time with changing topics to continuously increase a common shared knowledge about all relevant aspects of the customer's changing) problem(s), the individualized solution and the tasks each party has to perform
- ▶ ...

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### Main results of the literature review:

#### ➤ Supplier specific antecedent conditions:

- ✓ Individual as well as organizational antecedent conditions could be derived that seem to be relevant antecedent conditions for an effective interactive value creation of customer solutions
- ✓ So far only hypothetical

#### ➤ Customer specific antecedent conditions:

- ✓ Received only limited attention so far
- ✓ Focussing only on the business-to-consumer sector
- ✓ Few is known concerning organizational antecedent conditions
- ✓ Compared to the supplier's side less antecedent conditions could be identified

-> Use of an exploratory study in order to gain deeper insights into the determinants of the effectiveness of the interactive value creation process for customer solutions and to provide first empirical results.

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### First steps during the explorative study:

#### ➤ Objectives:

- ✓ Development of a profound understanding of the interactive value creation process for customer solutions
- ✓ Gain additional insights and find further empirical hints concerning the practical relevance of the identified antecedent conditions

#### ➤ 2 focus groups:

- ✓ 6 employees/managers from different solution selling companies
- ✓ Duration between 2 and 3 hours

#### ➤ 9 expert interviews:

- ✓ With either managers or employees directly involved in customer contact from different solution selling companies
- ✓ Duration between 90 and 120 minutes
- ✓ Semi-structured set of questions, followed up with additional questions

#### ➤ Evaluation using qualitative content analysis

- A profound understanding of the interactive value creation process for customer solutions and the roles of the supplier and the customer could be developed.
- The results from the study could both partly approve and complement the findings from the literature research.
- New supplier-specific aspects:
  - ✓ Ability to work with displeased customers („conflict resolution“)
  - ✓ (product and communication) training
- New customer-specific aspects:
  - ✓ Establishment of an effective internal communication process
  - ✓ Implementation of a solution project team
- Due to the limited number of interviews further empirical research will be done.
- In combining the results from the literature research and the explorative study a first structure of antecedent conditions for the interactive value creation process could be developed.

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# Customer related antecedent conditions

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## Individual level

## Organizational level

Abilities

Attitudes towards the supplier

Abilities

Attitudes towards the supplier

Competences

- professional
- communication
- process evidence (incl. problem, integration and factor evidence)
- flexibility
- social

- motivation to engage
- trust
- commitment

Competences

Processes

Processes

Practices

Practices

- adaptiveness
- involvement in project governance
- effective internal communication processes
- implementation of a solution project team

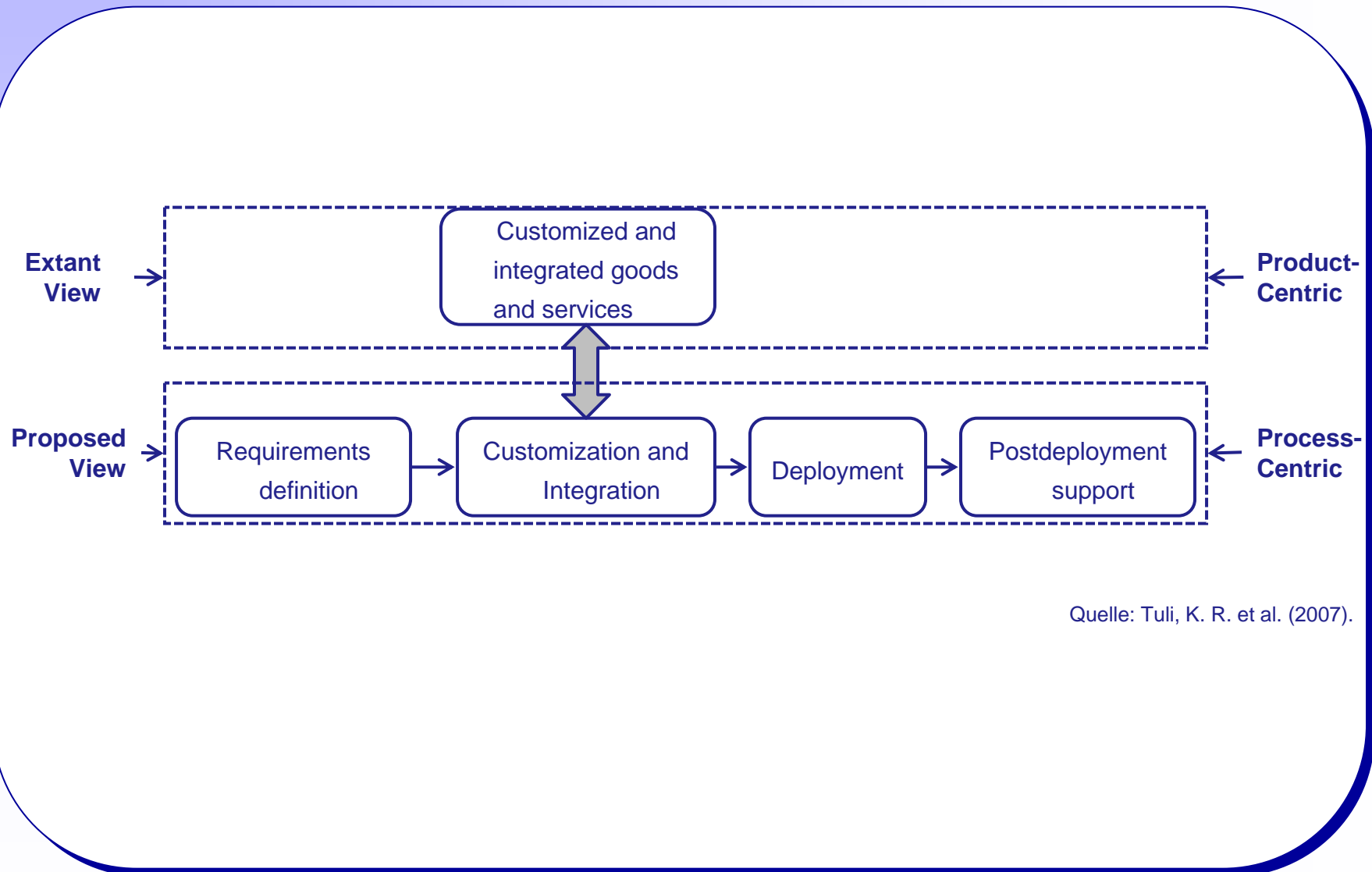
- willingness for political and operational counseling
- trust
- commitment

Supplier related antecedent conditions

Individual level			Organizational level		
Abilities		Attitudes towards the customer	Abilities		Attitudes towards the customer
Competences	<ul style="list-style-type: none"> <li>• technical</li> <li>• communication</li> <li>• social</li> <li>• coordinative</li> <li>• team working</li> <li>• flexibility</li> </ul>	<ul style="list-style-type: none"> <li>• customer orientation</li> <li>• trust</li> <li>• commitment</li> </ul>	Competences	<ul style="list-style-type: none"> <li>• interaction response</li> <li>• configuration</li> <li>• communication</li> <li>• control</li> </ul>	<ul style="list-style-type: none"> <li>• customer concept</li> <li>• trust</li> <li>• commitment</li> </ul>
Processes			Processes	<ul style="list-style-type: none"> <li>• contingent hierarchy</li> <li>• clear process articulation</li> <li>• information- and communication-system</li> <li>• incentive externality</li> <li>• inter-departmental team working</li> </ul>	
Practices	<ul style="list-style-type: none"> <li>• experience (solution and cooperation related)</li> </ul>		Practices	<ul style="list-style-type: none"> <li>• documentation</li> <li>• customer-interactor-stability</li> </ul>	

Thank you very much for your  
attention!

We are looking forward to your  
questions.



Quelle: Tuli, K. R. et al. (2007).