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**THE IMPORTANCE OF CUSTOMER'S VALUE EXPECTATIONS IN
CUSTOMER ACQUISITION**

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ABSTRACT

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The goal of the thesis is to study customer value, and how it can be utilized in customer acquisition process. Literature emphasizes the shift from product centric business to more customer-oriented perspective which realizes the importance of value that customer experiences in a business transactions. This research contributes to the conversation by conducting customer value measurement and relating the results to customer acquisition. The empirical study was conducted in two parts using both qualitative and quantitative methods. In qualitative part were interviewed eight potential customers. The results from qualitative study were then brought to quantitative part where the results were mirrored to large group of potential customers. The final results indicate that using customer value in customer acquisition is an extremely useful tool. Customer segments based on customer value allow company to communicate precise values that appeal to certain customer group, and this way reach the most appealing customers.

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Pro gradu –tutkielman tavoitteena on tutkia asiakasarvoa ja sitä, miten asiakasarvoa voidaan käyttää hyväksi uusasiakashankinnassa. Tällä hetkellä kirjallisuudessa on pinnalla muutos tuotokeskeisyydestä asiakaskeskeiseen näkökulmaan, joka tunnistaa asiakasarvon tärkeyden bisnes suhteissa. Tämä tutkimus osallistuu kyseiseen keskusteluun muodostamalla tavan mitata asiakasarvoa, ja peilaamalla saavutettuja tuloksia uusasiakashankinta prosessiin. Empiirinen tutkimus on toteutettu kahdessa osassa: kvalitatiivisessa sekä kvantitatiivisessa. Ensimmäisessä osassa haastateltiin kahdeksaa potentiaalista asiakasta, minkä jälkeen saadut tulokset vietiin suurempaan skaalaan toteuttamalla kysely suurelle joukolle potentiaalisia asiakkaita. Lopulliset tulokset osoittavat, että asiakasarvon käyttäminen hyväksi uusasiakashankinnassa on erittäin tehokas ja käyttökelpoinen metodi. Asiakasarvoon perustuvat asiakassegmentit mahdollistavat oikeiden arvojen kommunikoinnin oikeille segmenteille. Se antaa yritykselle myös mahdollisuuden valita houkuttelevimmat asiakasryhmät ja vahvistaa asiakaskantaansa.

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1 INTRODUCTION

The aim of this research is to study value-attributes among potential customers and realize how this information can be used in customer acquisition process. The introduction chapter describes more closely the background and existing academic literature that is conducted around this topic. In this chapter is also introduced the research questions and the methods how the research questions are answered.

1.1 Background

Overall strategic marketing has traditionally had a strong role in business. Lately, however, its contribution to the main goal of business, increasing shareholder value, has been questioned (Akroush 2011). And even if the importance of marketing is acknowledged, it is seen that traditional strategic marketing lacks customer orientation which would enable it to truly create value and serve the business (Grönroos 1994; Webster 1998).

Porter (1985) states, that the goal of any strategy should be generating value that exceeds the costs of producing it. However, the traditional marketing has been strongly built around the product instead of the created value. Notion that customers buy benefits and value instead of plain products (Levitt 1960) has woken companies to a new situation: traditional way of operating is not enough, but companies must understand customers' value-creation process more deeply, deliver superior value to customers and nurture the customer relationships better than competitors in order to succeed.

1.1.1 Customers in the center

One way to approach this problem is service-dominant logic that is used in building understanding of the strategic marketing. Service-dominant logic sets the service, the process of using one's competences for the benefit of another party, in the center of business. It does not abandon the product, but the product is not anymore the core of the exchange. Service-dominant logic also emphasizes that customer is always involved in value creation and that company cannot deliver the value, only offer a value proposition to the customer. (Ng et al. 2011)

Companies are slowly waking up to this new perspective of business (Vargo and Lusch 2004a; Heinonen et al. 2010); especially product oriented business-to-business (B2B) companies have to face the change that more or less turns the industry upside down. Authors suggest that companies should concentrate on identifying and knowing how the product actually creates value to customers, instead of guessing value drivers for value propositions (Heinonen et al. 2010). In this research this is an important notion, because the study focuses on customers' different value perceptions and information's possible usefulness in customer acquisition.

1.1.2 Question of value

Another way of constructing marketing development is value-based marketing. Its goal is to contribute to maximizing shareholder value, on the other words building a marketing strategy that maximizes value (Hunt and Morgan 1995; Doyle 2000). Value-based marketing adds the concept of "value" in every part of marketing mix and this way increases customer orientation in a company. It also emphasizes the importance of understanding how customers experience value and what the sources of that value are (Berger and Nasr 1998).

Despite service-dominant logic and value-based marketing, it is seen that there is need for more research on value in business markets. Especially customer value analysis, value creation and value delivery are seen as

important themes (Lindgreen and Wynstra 2005). Also Ulaga and Eggert (2006) recognize the need for research about customer value and value-attributes. They mention that there needs to be greater understanding about value dimensions and which of them offer the possibility for differentiation. In their opinion customer's desired value-attributes and supplier's offering should be closely connected.

These statements reveal the research gap in customer understanding and customer value. This research aims to contribute to this discussion and offer more insights about customer value perception and how it can be used in business. The other perspective mentioned by Ulaga and Eggert, the possibility to differentiate, is related to the actual business profitability; when the value-attributes are known for certain customer, it is possible to propose an offering that satisfies specific customer needs, delivers more value and, in the end, develops profitable business relationship.

1.1.3 Business relationships

Relationship marketing sees that long-lasting and strong relationships with customers are the most profitable for the company (Johnson and Selnes 2004; Day 2000). Even though the term "relationship marketing" is relatively new, the importance of relationships was recognized long time ago (Grönroos 2004). Especially in B2B markets relationship between supplier and customer is extremely important, because the well nurtured relationship encourages customer to continue purchases with low resources from supplier's side. Also the development towards one key supplier instead of several smaller suppliers increases the critical evaluation of the relationship (Ulaga and Eggert 2006). This causes that suppliers have to be able to offer superior value to the customer in order to achieve the key supplier position.

The traditional perspective suggests that companies should concentrate on customer retention, managing the existing customer base, because of lower resources needed and higher profitability achieved (Reichheld and

Sasser 1990; Kotler and Keller 2006). However, for companies that aim for growth, customer acquisition is an essential part of the process (Villanueva et al. 2008); growth possibilities via customer retention are limited so customer acquisition is the only way to grow the business in a large scale.

In B2B relationship the switching costs are relatively high and the level of value experienced by customer is important information in acquisition. The way customer sees and experiences value from the offering has a huge impact on what customer is willing to sacrifice in order to receive the offering. For this reason the acquiring-supplier needs to either deliver significantly better similar offering than the current supplier or offer something new and more valuable to the customer. This can only be done if the customer value is known. (Li et al. 2006)

1.1.4 Research gap

By understanding customer values, it is possible to forecast customer's behavior in relationship, which gives an advantage to affect to purchase decisions and to direct the customer in this process (Li et al. 2006). Unfortunately, in many cases, customer value is not known and knowledge about buying behavior is usually very limited.

The lack of information about potential customers makes it difficult to select target customers and allocate resources to the right place. This causes easily inefficient marketing efforts and makes customer acquisition an extremely expensive process. (Rust, Lemon and Zeithaml 2001a) To avoid this inefficiency, knowledge about customer value, precise segmentation and targeting are the key points (Hwang et al. 2004). Like Lindgreen and Wynstra (2005) state, there will be no customer equity to manage if company has nothing valuable to offer to its customers. It is recognized that creating, communicating and delivering value to the target customers better than competitors is a key to achieving strategic goals (Lindgreen and Wynstra 2005).

These statements support the idea behind this research. By studying customer value it is aimed to gain deeper knowledge about company's potential and current customers. This knowledge helps to segment customers in a way that supports efficient resource allocation, especially in customer acquisition. In the end, this helps suppliers to build value proposition and to communicate with the customer the way that creates the best value for both the parties.

1.2 Literature review

Customer orientation is a current topic in academic literature. The product centric goods-dominant logic has been widely replaced in discussion by service-dominant logic (Vargo and Lusch 2004, 2006; Heinonen et al. 2010; Grönroos 2006). Service-dominant logic emphasizes additional value-creating factors that customers are buying and recognizes the importance of services; it is not enough for customers to buy the tangible product, but they require additional services. Service-dominant logic does not build only around services, but according to Gruen and Hofstetter (2010) it includes several marketing themes such as relationship marketing, market orientation, service marketing and network analysis, all of which could not be fitted in the earlier goods-dominant logic.

New perspective, that relationships with customers are the most important asset in the business, makes customer relationship management (CRM) an important value creator for the shareholders (Ryals 2002; Sanchez and Sanchez 2005; Doyle 2000; Zeithaml, Rust and Lemon 2001b). It is seen that creating value to customers increases customer equity, customer loyalty, long-term profitability and competitive position (Chen and Popovich 2003; Ulaga and Chacour 2001). This makes customers as marketing's contribution to the business success (Ryals 2006; Rust et. al. 2004; Kumar and Shah 2009).

In CRM literature there are separated concentrations on customer retention and customer acquisition. The first refers to the existing customer equity and how to manage it. Customer acquisition, on the other hand, refers to increasing this customer equity by acquiring new customers. Even though customer acquisition is essential part in business growth, it is significantly less studied than customer retention. (Ang and Buttle 2006; Johnson and Selnes 2004) Among increased importance of building relationships, customer value is vital concept in this discussion. Hwang et al (2004) state, that for effective CRM it is important to gather information about customer value.

Although value is not a new concept in marketing, the academic literature has paid relatively less attention to it until recently (Lindgreen et al. 2005). The themes inside value literature vary significantly and defining the concept unambiguously is challenging. The value can for example be seen as customer value (value perceived by customer) or economic value of customer (value company receives from customer); the first one being input and the second one output from value-creation and CRM. (Lindgreen and Wynstra 2005)

Despite the increased interest towards customer value, the literature is still very fragmented. Woodruff (1997) describes that all the authors see value as “something perceived by customer rather than objectively determined by a seller” and that it typically includes benefits and sacrifices. This statement indicates how variable definitions there are about customer value and how difficult it is to define explicitly.

In the early stages of literature value was seen on the product perspective; which product attributes bring value to customer. Currently, however, there are two streams of literature, the other one researches the value of product (Doyle 2000; Kotler 2000; Anderson and Narus 1999) and the other one concentrates on value of relationship (Day 2000; Grönroos 2000). As customer value is an important theme in customer relationship management, customer acquisition being one part of it, it could be stated that recognizing customer value benefits the customer acquisition.

1.3 Research questions

The research questions describe the main problem and the final goal of the research. Customer value and customer acquisition are in the center of this study; the goal is to identify value-attributes within potential customers and study how these attributes are valued among customers. These results are then reflected to the customer acquisition process and analyzed how the information about customer value can benefit acquisition. The main research question is as follows:

How the information about customer value expectations can be used in customer acquisition?

Supportive sub-questions divide this problem into smaller pieces in order to make the problem easier to study and help to structure the research. First sub-question focuses on identifying relevant value-attributes.

What are the most important customer value-attributes for potential customers?

The second sub-question emphasizes the way these attributes are valued within the studied customer group.

How these attributes are valued among potential customers?

The last sub-question aims to reveal how the information about important value-attributes can be useful when acquiring new customers. The third sub-question is formed as follows:

How the information about customer value can be used in customer acquisition?

As it can be seen in background and literature review, there are strong indicators, that value-attributes have a strong effect on customer behavior, which is useful information in CRM and customer acquisition. The goal of this research is to prove that there is variation in attribute valuation among companies. This way it is possible to state that it is beneficial to have

variation in approaches in customer acquisition and conclude suggestions for different approaches towards different customer groups.

1.4 Theoretical framework

Theoretical framework illustrates the main goal and perspective of the study. It presents the most important concepts and relationships between them, so that it is possible to easily see the aim of the study. It also clarifies to the reader how the research is formed and which areas are seen important.

Figure 1 below gives important background information for the framework; it shows how customer value formation is understood in the research and how it is evaluated. First components, the value-attributes, are multiplied with the weight of the attribute with every individual customer. These weighted value-attributes form the overall customer value.



Figure 1 - Customer value

In the framework is presented a model of how customer value is linked to the customer acquisition process. Value-based segmentation is one block in the framework presented below. From the Figure 2 can be seen how different value-based segments require altered approach, which means that company needs to be able to form different value propositions from its offering, in order to serve and satisfy needs of different customers. There

can also be seen that not every value-based segment is profitable to serve. Profitability of the segment and company's capability to serve its needs affect to the customer selection. With careful customer selection unprofitable segments and segments which require too much resources can be lined out so that company can concentrate on forming value proposition only to profitable segments. There is also recognized the important role of switching costs before business relationship can be formed.

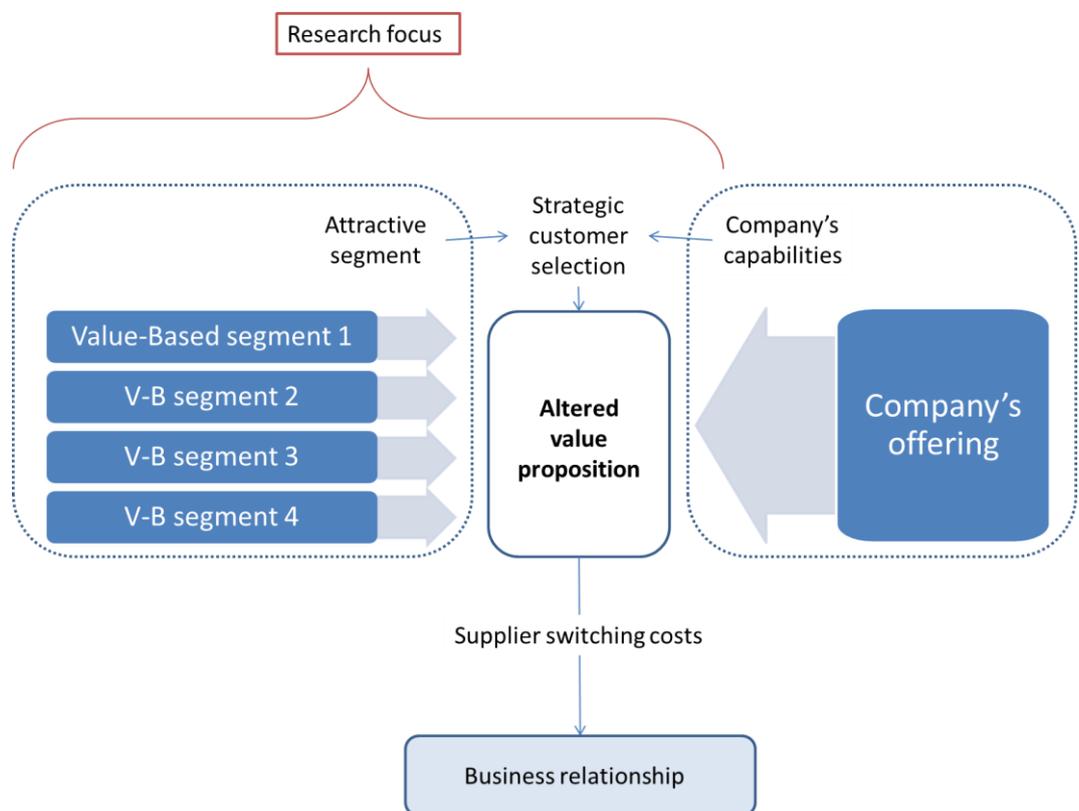


Figure 2 - Theoretical framework

The first sub-question: *“What are the most important customer value-attributes for potential customers?”* is related to the real background of the framework. By answering this question it is possible to continue to the next sub-question: *“How these attributes are valued among potential customers?”*. With these two questions it is possible to assess the customer value as can be seen in Figure 1. Moving to the last sub-question: *“How the information about customer value can be used in*

customer acquisition?” is more visible in the framework. In the next chapter in defined the key concepts in this research; also seen in the framework and research questions.

1.5 Definitions and key concepts

Customer relationship management (CRM)

CRM can be defined shortly as “integrated approach to managing relationships with customers” (Chen and Popovich 2003). The concept includes everything from identifying potential customer to customer acquisition and customer retention, which in conclusion means all the operations that are linked to customer relationship. (Hwang et al. 2004)

”Value” in business

The meaning of value is defined by the context it is used in, which makes it difficult to define clearly and unambiguously. Oxford dictionary (2014) defines value as the importance, worth or usefulness of something, the material, monetary worth of something or the worth of something compared to the price.

In business, “value” can be linked to several operations and concepts. One example is common perspective on managing organizations: “creating and delivering superior *customer value* to *high-value customers* will increase the *value of an organization*” (Woodruff 1997). Two of the latter ones describe customers’ value to an organization and organization’s value to shareholders.

Customer value

Anderson and Narus (1998) describe value in monetary terms; what customer receives in exchange for price. This is relatively narrow description and several other authors take a wider perspective: the customer’s perception of value is important; customer considers value

objectively in terms of how it satisfies its needs (Smith and Nagle 2002), or perceived sacrifice and benefit (Monroe 1991; Zaithaml 1988; Vargo and Lusch 2008).

Earlier definitions include only customer's benefits and sacrifices, whereas Ulaga and Chacour (2001) take also comparable offerings into account. They state that the customer value is relative to the alternative offerings. This wider perspective is recognized also by Hinterhuber (2004) who describes that when comparative offerings are taken into account, it is possible to study customer value not relying only on a price of one company's products.

Even though the definition of customer value varies among different authors and different streams of literature, Ulaga and Chacour (2001) recognize three issues from these definitions. Customer value is trade-off between customer perceived sacrifices and benefits in suppliers offering and these perceptions vary among customers. The customers in different segments perceive different value in a same product and also different persons can value different things in the same organization. Customer value is also relative to competitors and their offerings.

According to these, the definition of customer value in industrial markets is as follows: "trade-off between the multiple benefits and sacrifices of a supplier's offering as perceived by key decision makers in the customer's organization and taking into consideration the available alternative supplier's offerings in a specific-use situation". (Ulaga and Chacour 2001)

"Value-attribute"

Value-attribute is a central concept in this research. It is capturing the smaller, more easily understandable components of value that customer experience or expects to receive from the business relationship. As Li et al. (2006) describe, because of competitive situation and changing environment, between customers and in time, the value is perceived differently among customers. They describe conceptualization of value as

varied value attributes and weights of these attributes among buyers and situations.

There are many attributes that offering can have, but with the concept of value-attribute we are aiming to capture those attributes that increase the customer perceived value. As Flint et al. (1997) describe desired customer value as something customer wants from the markets and is willing to pay for it, we define customer-value attribute with the same logic. It is a value attribute, received either from offering or relationship, that customer wants and is willing to pay for. These attributes are not the same for every customer and the importance of attributes can vary.

1.6 Delimitations

As the research questions indicate, the goal of this study is to recognize and study value-attributes among potential customers. The possible usefulness to customer acquisition is shown by analysis from the empirical results and reflecting it to theories; customer acquisition is not included to the empirical part itself. Also the fragmented and developing theories of the concept "customer value" creates its own challenges. Because there is not one general way to measure and study customer value, it might indicate some uncertainty for the measures of this study. However, the careful scanning of theories makes it relevant for the current knowledge.

The study is conducted with potential customers, which means that results cannot be applied to a customer portfolio management with existing customers. Although the identified features could be draw to customer equity; it cannot be proven with this study.

The research is also limited to study only business-to-business markets and customers related to the case company. Because the customers included in the survey are chosen by the case company, the result is also applicable for the case company. Though, we could assume that results

are somewhat converging with the overall market because of the large size of the study and relatively small size of the industry.

1.7 Research methodology

This research is a case-study. As the definition of case study emphasizes, case study is not a single method or a collection of methods, but it is more like a strategy that researcher uses when dealing with the research problem. Researcher can use case study in a way so that it provides the best possible tools to study the research problem and these can vary among different studies. (Aaltio-Marjosola 2002)

The case studies research a problem that is unique and related to time and place. This makes it difficult to generalize to other similar problems (Yin 2009; Aaltio-Marjosola 2002). However, it gives one view of the possible solving method and solution and this can be useful in further research and in moving the focus to the next case.

The case study is chosen because the problem is wide, multidimensional and requires deep understanding of the concept in a case company. This argument is in line with Yin (2009) who argues that case study is a good option when in-depth analysis is required. Case study also enables the use of both qualitative and quantitative research methods, which strengthens the triangulation.

Case study can be exploratory, explanatory or descriptive and this research is seen as the first one. Exploratory study aims to understand relatively new phenomena and the research purpose is more emphasized on testing for example feasibility of new methods in certain situation. There are also characteristics of descriptive research when it is described how potential customers appreciate possible value-attributes. Because the study is conducted only once and it describes the situation only at that moment; the descriptive part is described as cross-sectional sample study.

The research is conducted in two parts. In the first part is used qualitative research method in order to research all the possible value attributes within the research group. The nature of desired information suggests the use of in-depth-, unstructured interviews, since this method is designed for recognizing variables and getting deep understanding about the situation. The research material is collected from real situations, with inductive methodology and sample is carefully selected in order to capture the wanted material. (Aaltio-Marjasola 2002)

In the second part is used quantitative research method, because the desired data is numeric; shares of the value attributes within companies. The quantitative method gives access for numeric data and it enables studying and analyzing larger groups of customers.

There are also characteristics of an activity study which develops case company's processes and activities to be better, more efficient or more effective. Activity study is usually described as really practical and it is in a close relationship with the case; it connects the business world and academic world. It also has a consultant perspective, which in this case study is only natural, because the research is partly designed in cooperation with consultancy –company. However, it does not really focus on developing new models, but offering option and new perspective for the problem. (Kuula 1999)

1.8 Structure of the thesis

The Introduction -chapter describes the formation of the research, the background of the topic and how it has been discussed in academic literature. The following chapters aim to build understanding about the topic and create linkages between chosen themes and concepts. The structure of the thesis follows the setting of research questions presented in the introduction chapter.

The second chapter concentrates on the theory related to the research: customer value, value-based segmentation and customer acquisition. There is described the concept of customer value and customer value-attribute and how these are constructed according to current academic literature. Linking customer value to the customer acquisition related themes is important, which is why the chapter is divided into several shorter parts that focus on different areas of theory.

In the third chapter is presented the research methods. It includes the presentation of the methodology, the description of data collection as well as analysis methods. In the end of third chapter is also short description of the case company and its industry. After demonstrating the methodology, the focus is turned into analysis of the study. The fourth chapter is structured according to the research questions and presents the results for each of them. In the end is concluded the analysis and findings of the research followed by managerial implications and suggestions for further studies.

2 CUSTOMER VALUE AND CUSTOMER ACQUISITION

In the following chapters the emphasis is on customer's experience of value, customer perceived value (CPV). The value in business can be described in different perspectives and in the Figure 3 below is illustrated how these are related to each other. There is value that company receives from customers and value that is co-created in the relationship; beneficial for both parties. Then there is the value customer receives from the company which is the perspective in this research.

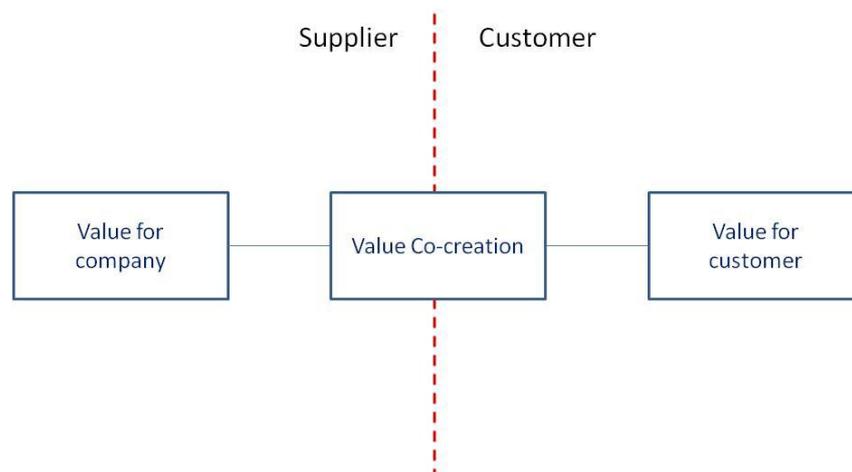


Figure 3 - Value perspectives

Johnson and Selnes (2004) describe that the relationship between customer and supplier is a relationship that must be in both parties' interest. It also has to motivate both customer and supplier to continue investing resources to it. This means that it is not enough that company aims for the best profitability from customers, but there needs to be an understanding about customer value in order to achieve best possible relationship. As Johnson and Selnes (2004) describe, if supplier wants to bring the relationship in the new level (or start a totally new relationship), customer must be willing to do the same.

Because the emphasis in this research is in customer value and customer acquisition, this chapter is aiming to understand customers' side of the

value. By recognizing and valuing components of customer value it is seen to increase understanding about the customers and this way giving valuable information for customer acquisition. Webster (1994) concludes that knowing customers and their dynamic definition of value in a changing environment is a great strategic weapon.

2.1 Customer value-attributes

As mentioned earlier, there are described two different streams of customer value literature; one concentrates more on offering, the other one more on relationship (Lindgreen and Wynstra 2005); as it is stated: “customer value emerges when customer uses the offering or other parts of long-lasting relationship”. Also, for example Lapierre (2000), Gale and Swire (2012) and Lindgreen and Wynstra (2005), divide customer value into offering and customer-supplier relationship where both parts can be a source of customer value. It indicates that it is beneficial to build different levels of partnerships in order to achieve relationship value together with offering value.

As we early defined, customer value includes benefits and sacrifices. Because this research concentrates on identifying customer value-attributes, those attributes that create value to the customer, we take the benefits on the center of the theoretical part. This means that describing of value-attributes concentrates on the value-adding features. However, because this research concentrates on customer acquisition the sacrifices are briefly discussed in the chapter of supplier switching costs (see chapter 2.8.1 Supplier switching costs) where the costs for changing supplier are identified.

Because the attributes exist between supplier and customer, they can also be experienced by both customer and supplier. Despite this possibility, the research concentrates only to customer value: the value experienced by

customer. The later introduced value creating attributes are specifically discussed from customer's perspective, which automatically leaves out value that company would gain, for example shared information with customer.

2.1.1 Offering as a source of value

Offering is described as a tangible product, a pure service or a combination of these two (Kotler et al. 2009, 9; Pynnönen et al. 2011). The value created by offering includes the product, services and additional functions offered to the customer; the offering-component is relatively easy to understand and it has been studied relatively much compared to relationship. This part of customer value is often concentrated on product's value to customer, its performance and how it benefits customer in monetary terms (Keränen and Jalkala 2013).

However, B2B companies are increasingly moving towards solution business as the service-dominant logic suggests. They are offering more and more combinations of products and services emphasizing solution to customer's problem. This makes offering as a source of value increasingly difficult to structure and understand. This move increases the need for customer value assessment which is still in a relatively low level in B2B companies. However, at the same time it becomes more and more difficult to measure, because it is often co-created with customer (Aarikka-Stenroos and Jaakkola 2012), realized in use (Grönroos and Voima 2013) and over time (Tuli et al. 2007). For industrial companies learning this is essential, because they often lack the knowledge and skills to evaluate customer value that their products deliver to customers. (Keränen and Jalkala 2013)

These characteristics indicate that customer value from offering is moving closer to the customer value from relationship. Tuli et al. (2007) stress that suppliers tend to have more product-centric perspective to solution

offerings, whereas customers see solutions more as a process closer to relationship, which means that suppliers should start thinking more from relationship perspective than product-centric. This is supported by Golfetto and Gibbert (2006), who state that whereas suppliers still focus on the level of products, buyers are more interested in suppliers' competences, e.g. the 'availability' of the supplier, the efficient delivery of the supplier's solutions, and the supplier's expertise in the customer's own business.

Regardless from the noted changes, there are typical attributes in offerings that create value to customers. Lapierre (2000) recognizes eight value-attributes that can be experienced by customer from the offering: alternative solutions, product quality, product customization, responsiveness, flexibility, reliability, technical competence and price. Also Ulaga and Eggert (2006) have studied value-attributes in industrial markets. Their conclusions go with Lapierre's, and in this research is used a modification from Ulaga and Eggert's conceptualization of value from the offering. This decision is supported by Blocker (2011) who sees their model as viable when studying customer value. It includes three parts as illustrated in Figure 4: product quality, delivery performance and service support.

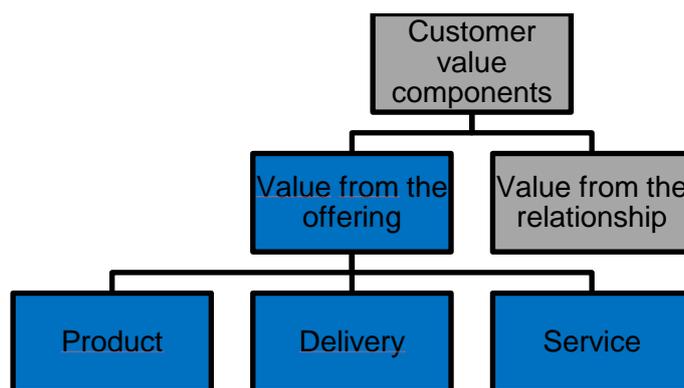


Figure 4 - Value from the offering

The first part is more related to the physical product. The supplier must be able to offer product that is reliable and perform well in customer's processes. It also needs to meet customer's technical requirements and

specifications so that it is possible to customize product to match the specific customer. (Ulaga and Eggert 2006)

The consistent quality of products and continuous improvements in product quality are important, but it is seen that only the quality of products is not enough to differentiate from other suppliers. The essential part is to customize and offer products that are specifically designed for the customer so that they can improve their business further. (Ulaga and Eggert 2006)

The next, delivery performance, considers the important aspect of delivering offerings to customers. It is essential for customers that deliveries meet the schedule accurately, because miscarried deliveries can cause significant losses for the customer. Also flexibility and ability to adjust deliveries according to fast changes and for example demand spikes. This does not mean only responses to the customer's demands, but also takes initiative to meet requirements. (Ulaga and Eggert 2006)

The third is related to the services. Responsiveness describes the ability to listen to customers problems and answer to these discussions with fast speed. Flexibility is present in several operations. It means for example the ability to be able to operate in change. Operating in change is related to efficient information exchange in order to prepare for changes in advantage for both supplier and customer. (Ulaga and Eggert 2006)

Price has traditionally been the most important offering attribute, but it has been noticed that the low price itself is not necessarily the most important attribute. Customers think that fair price related to market price (Barry and Terry 2008) and the commitment to lowering the prices in time are more important than absolute lowest price (Lapierre 2000).

2.1.2 Relationship as a source of value

This part of customer value emphasizes the value customer gets from the relationship with a certain supplier. In a business relationship the most visible part is transactions between two companies or organizations, but the relationship is seen just as important. Håkansson and Snehota (1995) define B2B relationship as a mutually oriented interaction between two reciprocally committed parties.

This indicates that the relationship is in both companies interest and with the relationship they can achieve something they would not be able to do on their own. Ulaga and Eggert (2005) and Morgan and Hunt (1994) mention, that generally the most important aspects in business relationships are trust and commitment. These, however, do not capture all the possible value sources because of the complex nature of business relationship. In order to identify as broad collection of value sources, relationship-values are structured to different areas, which help in achieving thorough understanding of the customer value.

In the literature there are several ways of structuring business relationship into value creating components, but they all include similar areas. Biggemann and Buttle (2012) suggest four different value creating aspects in a business relationship: personal value, financial value, strategic value and knowledge value. According to them all these components are possible sources of value. Anderson et al (1993) divide value sources into economical-, technological-, social- and service value and Callarisa Fiol et al. (2011) divide value sources into functional, social and emotional value.

Storbacka and Lehtinen's (2005) model of three value source components captures well the components from the academic discussion. The components: economic (transaction, monetary) value, social (behavioral, service, personal) value and information (strategic, technological) value include all the perspectives and create an easy-to-understand framework

for relationship value. The relationship value components are illustrated in the Figure 5 below.

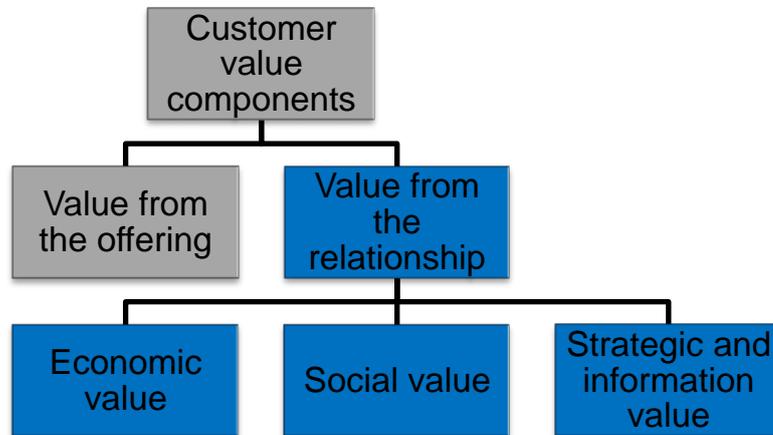


Figure 5 - Value from the relationship

Because we are talking about business customers, economical value is a natural attribute: company needs to be able to provide tools that help customer to make more money (Christensen et al. 2007). This means agreements and arrangement on resources. This does not mean only how much customer pays or how much money customer is able to make with the offering, but also for example time and operations. Profitable arrangement with the resources can create large value to the customer; especially time is becoming one important feature that is included in economic value. If a company can arrange the resource of time the way customer desires, it is a big advantage in the markets. (Storbacka and Lehtinen 2005, 47)

The social values include everything from brand, image and emotions to risk sharing and to personal relationships. From customer's perspective these are the features that provide security and trust in the relationship which again are important in supporting the future of the relationship. They also encourage customer to commit and increase customer retention; as it was mentioned, trust and commitment are the central features in business-to-business relationship. (Storbacka and Lehtinen 2005, 43) Personal connections are really important in business-to-business

operations: even though the business relationships are between organizations, they are always managed by individuals in their own networks (Ulaga and Eggert 2005). This makes personal relationships in B2B operations one of the greatest value sources.

The information that company can provide to its customers is nowadays in a big development. Several companies define themselves as information providers instead of product manufacturers. One important value that customer receives from information is how to use the products. It does not mean only the technological knowledge, but also how to use offerings in order to create more value for customer's customers, new purposes for the offerings and also introductions of new products to the customer's problems. (Storbacka and Lehtinen 2005, 46)

Also the know-how is recognized as really important source of customer value. Customers are increasingly seeking long-term relationships with their suppliers in order to access to valuable know-how, skills and knowledge that a supplier has. This way it is possible for customer to gain a competitive advantage in their own markets. Share of information with supplier can for example shorten the time-to-market process for customer, which then creates great advantage in the markets. (Ulaga and Eggert 2005)

The relationship value around the tangible product itself is turning in some cases even more important than the product itself. The overall customer service is seen extremely important from customer's point of view. This means that supplier works efficiently and treats customer with respect, for example with fast answers supplier can help in product management and logistics, which again brings economic value. Also the personal interaction is a key value source for customers: as Ulaga and Eggert (2006) state, personal ties are the key for problem solving. (Barry and Terry 2008)

Barry and Terry (2008) make also a notion for overall customer orientation. The customers receive value when the supplier truly understands their problems and business logics. This means also that supplier is willing to

be flexible in the relationship and honestly help the customer when it is most needed. These features are linked with earlier mentioned commitment.

For supplier, relationship enables to create inimitable and intangible connections that prevent other suppliers to come between the relationship (Barry and Terry 2008). Valuable relationships are something suppliers should aim for; they create competitive advantage, give first choice position and create switching barriers. Shared information and knowledge enable supplier to create value which diminishes price's role. But this development often requires moving from product selling to service provider, since customers who buy services are keener on building long-term relationships than the ones in goods markets (Grönroos 1998).

In the appendices (Appendix 5) can be found more detailed list from the customer values; both the values from the offering and values from the relationship. In the list is collected the main sources of value, but also attributes that are most frequently used in the theory.

2.2 Valuing the attributes

As it was earlier presented, customer value can come from different sources and it can consist of several different attributes. But as it is illustrated in this chapter, the same attributes in companies does not necessarily share the same level of importance. This variation can be caused by the environmental factors or come from inside the company. This causes that even if two companies share the same value-attributes, the importance of the attributes are not necessarily the same. This applies for example in the situation when the offering plays a critical role; when the situation changes, the evaluation of the attributes changes as well (Woodruff 1997).

Customer value can be structured in hierarchical levels following the mean ends model, which correlates with the perception of value. The first level is a goal level which describes achieving subjective goals such as self-esteem or overall effectiveness. The second level is a benefit level which describes more concrete benefits that customer wants from product and uses to achieve the first level goals. The lowest level consists of concrete, direct functions of a product such as design or size. (Woodruff 1997).

Kotler and Keller (2006) describe different levels of value, and the higher level of value a supplier is able to offer, the more customer is willing to sacrifice. The levels they describe are: core benefit, basic product, expected product, augmented product and potential product. First two levels describe the real core that product offers; why the customer buys the product in the first place. Expected product –level describes attributes that customer expects to gain and augmented product –level attributes that surpasses customer's expectations. Potential product –level includes all the attributes customer could hope for in the offering.

Another way to rank value-attributes is widely used Kano's model. Notion that satisfying customer expectations in higher extent does not necessarily result higher customer satisfaction (Matzler and Hinterhuber 1998), creates the basic understanding for the Kano's model. The customer satisfaction that is measured in Kano –model can in some extent be used in assessing customer value (Hinterhuber 2008). Woodruff (1997) links these two concepts from two perspectives: they are causally related, gained value leads to feeling of satisfaction, and that the basic assessment approaches are the same; customer satisfaction is more concentrated on lower level attributes and customer value includes also high-level, more abstract, concepts. Also Eggert and Ulaga (2000) agree that they are causally related: there has to be value creation before there can be customer satisfaction, which indicates that terms are not substitutes, but lead to the same end. In this research we talk about customer value assessment and adapting Woodruff's perspective, we consider customer satisfaction as a result of gained customer value.

Kano –model is a useful tool to understand customer needs and their relation to customer satisfaction. The model recognizes different attributes that are related to customer needs and create customer satisfaction, but in completely different levels. Must-be attributes are the ones that customer expects that the supplier will deliver. These are not necessarily communicated, because they are thought as obvious attributes. One-dimensional attributes are the ones that create more customer satisfaction the more suppliers are able to deliver these attributes. The third level is attractive attributes. These attributes are the ones that supplier is able to differentiate with and use these in creating competitive advantage. (Kano et al. 1984)

Also Möller (2006) describes different levels of value-attributes. He divides attributes into three groups as in Kano's model. In addition he states that if the exchange happens in the concrete, more product oriented, level, it is easy to identify important value attributes, because then both supplier and customer are dealing with the core product. The further is moved from the core and the more additional features are added the harder value assessment becomes.

In supplier driven value-added strategy, like in this case adding value-attributes happens by the supplier, the understanding about different attributes is critical. Suppliers need to understand that customers are not interested about the attribute itself, but the value-adding capability that this attribute brings. (Möller 2006) This results that not all the attributes bring value to every customer; there are differences among customers and their environments and inner processes which causes the different formation of value-attribute.

All these perspectives show that value-attributes are important in customer-supplier relationship, but also illustrate the complex nature of the concept. For some customers there are attributes that are really valuable, but for other customers these same attributes do not create extra value. Many attributes can be positive to customer, but in order to achieve customer value economically there must be found those attributes that

bring greatest value to customer (Kano et al. 1984). One example could be product related training; some customers see this opportunity really valuable, but the customers that have the know-how inside the company do not value the opportunity.

It is argued that differences in importance of value-attributes are routed to the more abstractive values and customer experiences, that the value-attributes satisfy (Batra et al. 2001). This means that customer has a more abstract higher value that the more concrete value-attributes are reflecting. The levels of customer value can in some extent be relational with the tactical and strategic perspective. The more strategic point of view the customer has, the higher-level values are expected to be satisfied, the longer relationship is expected and more abstract customer values are described as important (Munnukka et al. 2012).

The value of the attributes indicates the relative importance of the attribute compared to the others. Gale and Swire (2012) describe a situation where after research buyer and seller were brought together with revealed importance of attributes. This knowledge for both parties strengthened the relationship and enabled both to develop the operations.

2.3 Customer acquisition

In this chapter the focus is shifted towards customer acquisition. Customer acquisition is relatively less studied theme in CRM and the perspective in customer acquisition literature remains often in very tactical level. The models suffer from lack of information (Baecke and Poel 2012) and data from potential customers limits often to demographic characteristics.

Customer acquisition is also one of the most challenging issues in business (Alhawari 2012). The importance of it, however, is enormous; possibilities to grow the business are either retaining the existing customers, or acquiring more customers (Riebe et al. 2013; Ansoff 1958).

Some claim that customer acquisition is actually far more important than academics have traditionally stated (Riebe et al. 2013). From service-dominant logic perspective the customer acquisition is a way to increase customer equity. Figure 6 below describes the areas of CRM and positions of customer acquisition and customer retention.

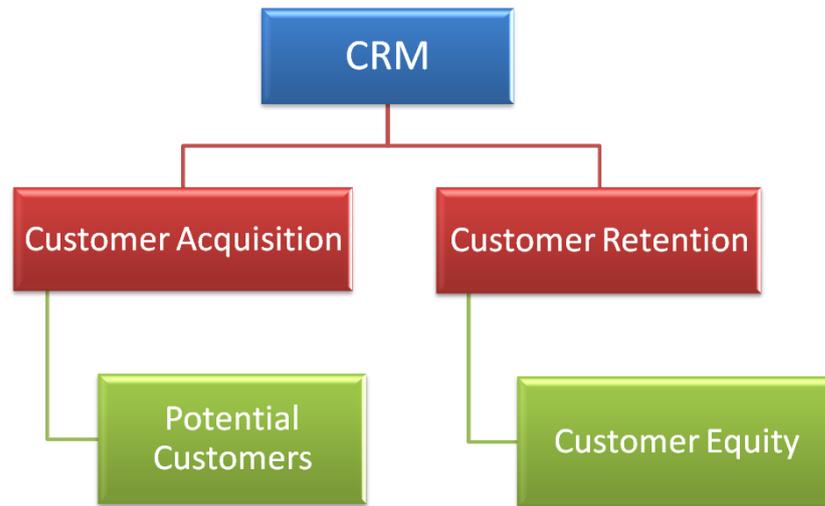


Figure 6 - CRM

A framework for customer equity management, customer portfolio theory's goal is to form a grouping system in order to realize customers' value to the company (Yorke and Droussiotis 1994; Nenonen and Storbacka 2014). Below, in the Figure 7, is described the relationships between customer equity, potential customers and customer acquisition; the goal of customer acquisition is to increase customer equity. The customer acquisition is also concentrated on the customers that have high future potential, which again strengthens the customer equity and makes the company more profitable. The whole process is strategically designed in order to prevent waste of time and resources for the company and also to acquire the best customers to the portfolio.

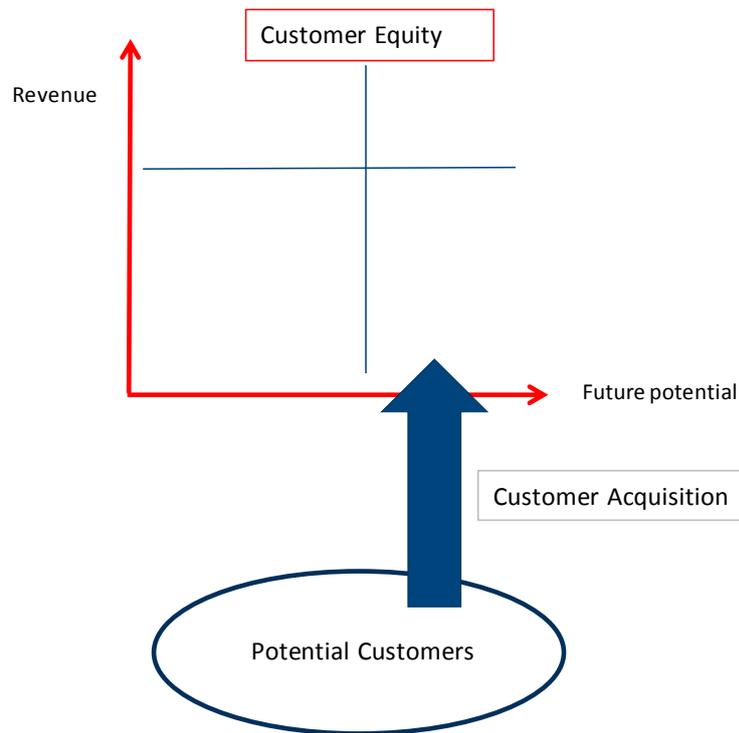


Figure 7 - Customer equity

Customer segmentation comes in an important role when potential customers are evaluated; by creating groups of customers with similar characteristics, recognizing the needs, behavior and communicating methods will make acquisition easier and more straight-forward. However, because no company can serve the whole markets, there needs to be a strategic decision of which segments to target; supplier must have a specific group of customers in mind when it completes market analysis and segmentation (Rennie 2012).

2.4 Value-based segmentation

In order to complete the requirements of earlier described successful customer acquisition, there needs to be a clear understanding of markets and customers. Unfortunately, studying and developing deep

understanding of all the individual potential customers takes time and resources. And because the potential customers are more or less new for the company, it is expensive to create deep customer understanding. The decision whether or not to invest resources on acquisition operations raises its importance.

In segmentation process there is developed an overall understanding of the markets; potential customers are divided into groups based on chosen criteria. It decreases the amount of used resources, when there are only limited amount of segments to study instead of all the potential customers individually. Company selects the most desirable groups where it allocates its resources and positions itself in the markets the way that appeals to the chosen customer groups. (Chai and Chan 2008)

Segmentation is seen as an important part of strategic marketing (Kotler and Keller 2006). In the end, it determines what company decides to produce, who are the customers and competitors, how the company should compete in the markets and how big growth opportunities the company has (Christensen et al. 2007). Segmentation is also related to profitability in the business. Dipp and Simkin (2008, 5) state that maximum profit is achieved when it is possible to set different prices to different customer segments according to the value they gain and how much they are willing to pay. This statement links segmentation to company profitability and customer value, which are in the core in this research.

However, B2B segmentation often lacks customer perspective; Simkin (2008) states, that business companies traditionally use product groups as a segmentation base. This disagrees with the definition of segmentation; it should divide all the possible customers into groups according to the chosen *customer* characteristics (Chan 2008; Dipp and Simkin 2008, 7; Simkin 2008). Segment should be a group of customers that share the similar needs (McDonald and Dunbar 1995; Simkin 2008; Christensen et al. 2007).

Previously discussed customer values (see chapter 2.1) can be linked and used as a basis for segmentation. In literature value-based segmentation often means segmentation according to customer lifetime value (CLV) which is linked to customer's value to a company (Bayer 2010). In this research, however, we concentrate on customer value; how customers perceive value and how to segment potential customers according to this information.

It has been proved decades ago that segmentation which is based on benefits, needs and motivation is more successful than the one based on demographic characteristics (Plummer 1874; Wind 1978). The *benefit segmentation*, overall, is a term that describes "...market segments by causal factors rather than descriptive factors..." (Haley 1968, 31) and the causality can be determined by customer value.

Payne (2008, 64-66) and Storbacka and Lehtinen (2005) describe that in value-based segmentation importance is on what customer values, what it sees important and what is the motivation behind the purchase. Motivation behind the purchase is linked with buying behavior of customer. If segmentation can efficiently forecast customers' future buying it is a great advantage for a company (Haley 1968).

Value-based segmentation requires large amounts of information about the customers and long process in order to achieve usable segmentation model. The process would get easier if there was a possibility to find linkage or correlation with value-based segments and demographic or other observable characteristic of customer. As Alfansi and Sergeant (2000) state, using *benefit segmentation* in customer retention can be considered quite straight forward, because company can gather information about existing customer from the databases. But in customer acquisition it gets more problematic; ability to link value segment to one or more observable characteristics would benefit the company greatly in customer acquisition process. Alfansi and Sergeant (2000) found that the linkages between customer value-based segments and demographic characteristics are somewhat supported by literature; they mention for

example Wedel and Kamakura (YEAR) who have found that there are correlations between customer experienced benefits and demographics. This notion supports the experimental testing of research question and evaluation of results, but also creates new research areas that can significantly benefit a business world.

2.4.1 Buying behavior – supplier selection

Perceived value causes differences also in buying behavior which reflect the value-based segmentation. As buying behavior reflects the customer values (Lapierre 2000) which is the basis for segmentation, buying behavior is expected to be in line with customer segments (Simking 2008; Wind 1978). In this chapter buying behavior; especially customer value's effect on buying behavior in an organizational and also in personal level are discussed in more details.

The buying behavior literature has traditionally focused on information collection and how customers structure, analyze and use the information. On the other hand, the social exchange theory suggests that individuals and organizations exchange resources through interaction, which increases the role of the relationship. This perspective has gained attention and is one of the central themes in service-dominant logic by Vargo and Lusch (2008). (Grünbaum et al. 2013) Importance of personal interaction instead of product related information requires concentration on these interaction situations.

There are often several persons affecting to buying process in an organizational level; importance of identifying the decision makers is a key to a successful acquisition (Bergström and Leppänen 2011, 145). These cross-functional buying teams also tend to emphasize different characteristics depending on their personal background. Buyers do compare supplementing products, but they use attributes important for them. (Gale and Swire 2012)

Gale and Swire (2012) describe these attributes as different *key buying factors* which occur in different customer segments. According to them, it is possible to have only one buying factor such as price i.e. customer chooses the product with the lowest price. In most cases, however, there is variety of key buying factors. When a company can identify customer's key buying factors and differentiate the product to satisfy these, it is more likely that customer chooses the offering. By doing this, company creates more value to the customer than competitors and this way can maintain or gain a customer relationship (Gale and Swire 2012).

Also Dipp and Simkin (2008, 54) describe *key customer values*. These can be contrasted with *key buying factors*, which mean that both of these concepts describe the attributes customer sees important and seek when making a buying decision. Also several other authors support this statement (Payne 2008, 64-66; Storbacka and Lehtinen 1997, 58-59).

As a customer selects the supplier that excels most of the key customer values, at the same time it is unlikely that any supplier excels all the criteria with the reasonable costs. This drives customers to choose supplier that can deliver most desirable combination of all the value-attributes with reasonable cost compared to competitors. (Li et al. 2006)

In business-to-business environment, despite the increased use of internet and social media, personal relationships and networks are the most common way to form new business relationships. Relationships are built very much on social exchange where the individuals become committed beyond the plain task content (Håkansson and Snehota 1995). This increases the importance of personal contacts and personal level buying behavior should be understood in a supplier company. Knowing what customer values and how the buyer acts in a buying situation or in a relationship help the supplier to interact with the buyer and create environment where the relationship can develop.

The first encounter between supplier and customer representatives is a major step towards starting a business relationship. Personal interaction

becomes a critical factor which can determine the customer's satisfaction to the offering and the future of the relationship. It also sets the base for bond-creation, which is essential in a profitable relationship. The better the personal fit between the parties is, the stronger the social bond develops. This again indicates the greater interest in continuing the relationship. (Cann 1998)

Kotler and Keller (2006) state that customers are not always choosing the product that delivers the highest value. He states that there are three situations that affect to this choice. First is that customer has orders to purchase the offering with the lowest price. The other situation is that he or she wants to maximize own benefits in a short-run by choosing the offering that suits best for him or her. The third situation when customer can choose other than highest delivered value is when it has long-term relationship with one of the suppliers. This variation is why it is important to understand buying behavior and influences behind it.

2.5 Adaptive approach

As customer segments and buyers are different, the supplier should adapt to different situations. In tactical level adaptive approach has been present for several decades. Adaptive selling describes a situation where sales person alters his or her behavior during the interaction with the customer. This altering is based on characteristics and information of customer or information gained during the interaction which all effect then on sales person's selling behavior. (Weitz et al. 1986)

Adaptive selling is effective when there are differences in customers' needs and when customer is making significant decisions. In other cases it is efficient to use general selling procedure without time consuming market research and process altering. Also categorization is an important part of adaptive selling: sales people automatically categorize customers to

certain group in order to use previously well-recognized altering to the customer. Instead of reacting to every situation individually, sales persons can take the best-practices from their previous experiences. (Weitz et al. 1986)

It is stated by Weitz (1978) that the sales performance is related to the ability to recognize customer needs and values. After analyzing the customer, based on this information it is then possible to alter sales strategy so that it matches to the customer. With these statements, adaptive selling suggests that it is profitable to alter approach depending on the customer, especially when there are large variation in customer needs and values.

When adaptive approach is moved from tactical level to more strategic level, it becomes a part of customer acquisition. Earlier illustrated points of adaptive selling are now applied in larger, more strategic scope; market research, segmentation and altering approaches to the customers. The conclusion is that it is beneficial and profitable to alter approach towards new customers in a customer acquisition and this altering can be done by value proposition based on customer segments.

2.6 Value proposition

In business markets customers are facing large number of competing offerings, but often it is unclear what value they deliver because of the lack of evidence (Anderson et al. 2006). This value ambiguity and uncertainty of possible value drive customer often to make decision according the lowest price, which does necessarily not indicate the best value (Anderson and Wynstra 2010). Knowledge of customer value helps the supplier to communicate the value that is relevant for the specific customer.

After value-based segmentation company has limited number of customer groups that can be assumed to value same features and behave similarly

in a purchasing situation. This information enables company to alter value proposition according to a segment, which saves time and effort in acquisition situation.

Value proposition, in short, describes the relationship between company's offer and what customer receives by identifying carefully how company satisfies customer needs (Payne 2008, 124). As it is argued, company cannot create value by itself without a customer, it can only propose a value proposition that customer then accepts and value is then created in customer's processes (Grönroos 2008).

As Anderson et al. (2009) and Hinterhuber (2008) illustrate, by understanding how the offering delivers value to customer, it is possible to communicate the right values. Just as important as knowing the customer is to know the own company and own offering. "What are our possibilities to deliver to customer and what are the things we can promise?". Matching company's capabilities and offering with customer value reveals the best target segments where company should allocate its resources. This is discussed more deeply in the next chapter (2.7 - Customer selection).

Recognizing components and attributes in customer value enable companies to realize possible differentiation points and create a differentiation factors to customer segments separately. Ulaga and Eggert (2006) describe this as value-based differentiation; differentiation happens through different value perceptions and value-attributes, and understanding differences in value experiencing gives big advantage in developing the offering. But developing superior offering and differentiating from competitors is not enough. The offering might be better and more valuable, but if this value is not communicated to the customer, it is likely that supplier will not win customer. (Anderson et al. 2009)

Storbacka et al. (1999, 15-16) state that knowing the customer and its value-creating process is an essential in profitable business. Understanding what customers are buying, what benefits they are seeking and what is their value-creating process, is a starting point of offering

superior value (Payne 2008, 104-105; Grönroos 2004). This, however, is not happening if a supplier cannot propose the value and communicate it to the customer in an effective way. The aimed communicated values might be clear to the managers, but if this is not clear in all company levels, might be that the personnel in customer surface do not know what or how to communicate (Cann 1998).

Traditional value proposition according to product-based attributes can be useful when the value of the relationship is low and when customer's willingness to partner is also low. This indicates that there is possibility to use concrete, product-based attributes. (Töytäri et al. 2011) But even in this situation it is not useful to just list all the possible benefits the product might deliver to customer. Anderson et al. (2009) lists two drawbacks with this listing method and one of them is value assertion; supplier might concentrate on attributes that does not deliver any value to the specific customer. The other pitfall is that most of the listed benefits can be found from competitor's value proposition, which dilutes the effect of those few points of difference. This again causes that both the supplier and competitor have nearly the same "list of benefits" and the price becomes deciding factor.

If value proposition is developed further to the next step, we would take into account competitors. In this step it is recognized that we need to differentiate from competitors in order to achieve competitive advantage. In this step supplier lists the differentiating attributes that they can deliver compared to competitors. It is, however, only assumed that these differentiating features would bring value to customer. This is called value presumption. Supplier might easily end up emphasizing differentiating features that delivers relatively less value to customer compared to other features. (Anderson et al. 2009)

Both of the earlier value proposition ways include drawbacks, which mean that companies should aim at recognizing not only competition but also customer's value perceptions and expectations. This means studying customer processes and identifying customer values and communicating

only the most important factors that differentiates supplier from the competitors. Also demonstrating and documenting value propositions with for example references and documented created value from earlier cases are important (Lindgreen et al. 2009). (Anderson et al. 2009)

As marketing grows towards customer orientation, value proposition needs to develop at the same time. The direction to customer value increases, if the customer is willing to develop relationship, the relationship can create great value to both parties and supplier understands and develops customer's business in proactive manner (Töytäri et al. 2003; 2011). Terho et al. (2011) and Töytäri et al. (2003) state that it is important to identify customer's problems and build and deliver a solution to the problem. Payne (2008, 104-105) agrees with this statement; customers are trying to solve a problem and they attach the value to offering depending on the perceived benefits customer receives.

As we earlier mentioned, product and price are decreasing their importance in value proposition differentiation. Instead services, personal interaction and access to know-how have become the leading differentiators in business markets. As service-dominant logic suggests, companies are more concentrated on providing services and additional value creating factors in cooperation with the customer. (Ulaga and Eggert 2006; Vargo and Lusch 2004a) Building value propositions with differentiating add-on attributes with services and business relationship, it is possible, as segmentation literature suggests, charge higher prices and increase profitability.

To conclude value proposition, in relationship marketing perspective products are not seen as the transaction particles, but part of the relationship and the process. Customers want to buy more than a plain product, they want more holistic offering including the product, services and additional features and customization. (Grönroos 2004)

2.7 Customer selection

Dividing customers in groups according to customer value has a strong linkage with determining who to serve and who not to serve. (Simkin 2008; Emmelhainz and Kavan 1999; Berry and Parasuraman 1991). If a company has clear understanding about its customers, it is possible to direct resources to satisfy right customers and create value to them, which again creates value back to the company. If and when the customer value is used in the base of segmentation, it is easy to see which values are seen important in a segment and to which of these the company can answer most effectively. (Desarbo et al. 2001)

In a heart of customer selection is choosing the most favorable customer groups – for the company. On the other hand it is important to identify those who value company's offering and are willing to pay for it. Just as important is setting aside the ones who do not. The target customers should be chosen based on company's capabilities and strengths so that the company chooses its own battlefield where it is stronger than competitors. (Hague and Harrison 2014) It is stated by Hague and Harrison (2014) that there are two main variables that effect on customer selection. These are segment attractiveness and company capabilities; these determine if the segment is justified to invest resources in.

In B2B environment customer selection becomes much more complex than in consumer environment. One reason for this is that B2B marketing is more concentrated on relationship than just the transaction itself. Also long time span and complex buying process in decision making causes that buying behavior needs to be taken into account in B2B marketing. This indicates that it is more reasonable to target those customers that are more likely to enter closer relationship both emotionally and behaviorally. (Yu and Cai 2007)

Even if a customer would be in general likely to partner, it needs to be reachable for this specific supplier to achieve the customer; with

reasonable use of resources. There needs to be a probability of converting possible customer to real customer with a reasonable price. (D'Haen et al. 2013)

Choice of acquired customers determines how profitable the whole company will be in the end. Well executed customer selection reflects which customers company can most effectively deliver value to and on the other hand which customers bring most value to the company (Wyner 2000). Sharma et al. (2001) describe how value-based segmentation and careful selection of profitable customers helps to allocate resources and create extra value to these selected customers.

2.8 Business relationship

Customer acquisition aims to increase customer equity, which means creating profitable customer relationships. The business relationship is commonly divided in short-term transactional perspective and long-term relationship (Jackson, 1985; Dwyer et al. 1987), which goes together with customer value perspective. Parasuraman (1997) emphasizes the fact that customer value experience vary over time with different customers, but also within the same customer. This means that the customer might have different expectations on value attributes depending on the situation or the relationship state. The customer relationship development requires attention from the company since the changing value expectations and requirements in relationship.

The process of relationship development is described by Johnson and Selnes (2004) with four-step model where in the beginning supplier and customer are strangers, move to acquaintances and then from friends to partners. As the relationship develop, so develops the trust, commitment and value creation. Relationship development affects also to the value-attributes expected by customer. It is argued that in the beginning of the

relationship or in a short-term relationship customer's value attributes are in a very concrete level, but when the customer moves towards long-term relationship with the supplier, value attributes change to more abstract (Parasuraman 1997).

In the first step in Johnson and Selnes' model, the move from strangers to acquaintances, the customer has not yet had any connection to the supplier. It has either not entered the markets or has relationship with the competing supplier. The move happens when there is transaction between the parties and through awareness and trial the first step in relationship is formed. According to Johnson and Selnes (2004) this first step requires supplier to offer more valuable value proposition to customer compared to current supplier's one. Then by replication of the processes supplier is able to learn about the customer and develop production and relationship so that it is harder for other to acquire the customer.

After successful replications the relationship starts to develop to a new level. However, these repetitions might not be enough to build strong enough business relationship. In order to achieve stronger bond and more added-value to the relationship, supplier needs to deliver extraordinary effort and the earlier mentioned social bonding. This extraordinary effort can be for example help in implementing and adapting the product. (Cann 1998) This is linked with supplier switching costs which can be lowered by effective support in implementing the new offering for new customers. These early-relationship stage challenges are discussed briefly in the next chapter (2.8.1 Supplier switching).

When the relationship exists it is important to link it with the customer equity. As it has been mentioned, customer acquisition is a process that aims to build customer equity; make it larger and more profitable. The importance from transferring new acquired customer to ongoing customer equity management is big, because only then the new customers become part of supplier's customer equity.

2.8.1 Supplier switching costs

In customer acquisition and early stages of B2B relationship supplier switching costs play often a big role. It comes from the situation where companies are encouraging competitor's customers to switch supplier. (Pick 2014) In B2B acquisition this is often the case and studying switching costs helps to understand what customers want so that they are willing to sacrifice resources in changing supplier.

Switching costs perceived by customer can be divided in three different groups: procedural-, financial- and relational costs (Burnham et al. 2003). Similar grouping is also presented by Hinterhuber (2004) when he describes switching costs; switching costs can occur when there are tight personal relationships, common resources or automated processes between parties.

Li et al. (2006) describe these costs by supplier-switching inertia which includes costs of special investments to adapt new products and costs of creating routines and relations between customer and supplier. The more customers have to invest in order to switch supplier, the more it takes to break the current relationship (Nagle and Holden 1999).

The difficulty of choosing the right supplier is nowadays a key problem for customers. For supplier that wants to increase its customer equity, in other words acquire more customers, it is important to understand the process of this decision and influences behind it. (Li et al. 2006)

When customers make a choice of supplier there has traditionally been three key attributes that has affected to the decision. These are quality, costs and delivery performance. (Li et al. 2006) On the other hand, Ulaga and Eggert (2006) have made a notion that nowadays these three have lost their superior importance and service support, know-how and personal interaction have become more and more important. This goes in line with rising service-dominant logic that recognizes the importance of services and relationships (Vargo and Lusch 2004a). Also relationship marketing

has its list of meaningful attributes by Keaveney (1995) that aims to explain reasons why buyers choose a certain supplier.

Change of supplier, in most of the cases, happens only if challenger makes an effort to create value proposition to a customer and offers more value than the current supplier (Selos et al. 2013). This means that challenger supplier must have tools and ability to understand buyer's current and future situation and how they can better satisfy customer needs compared to the current supplier.

Trying to win customers by operational effectiveness means finding out how competitor forms value to customer and trying to do this process much better than competitor. If the improvement is enough, buyer is willing to switch supplier. It is, however, possible that this strategy leads challenger to compete in areas that it has no required competences. Strategic positioning on the other hand might offer better solution to win customer. This makes it possible to form a unique value mix for the buyer based on customer values and challenger's own competences. It would also make it more difficult for the existing supplier to answer acquisition. (Li et al. 2006)

In some cases it is possible that the situation in buyer's organization offers great opportunities to win a customer. Selos et al. (2013) describe three situations that enables new supplier to challenge the current one. The first one is changes in customer's production process that makes them think more about the supplier relationship and better possibilities. The second situation is personnel changes, which open doors for new perspectives and mindsets. The third one is changes in market situation that make customer consider current supplier and possible alternatives.

These reasons make it important to follow strategic customers and keep track of their situation in the markets. It might be, as earlier mentioned, that sudden changes in situations inside or outside customer organization open doors for acquisition.

3 RESEARCH METHODS

In this chapter is described more closely the research methods of the study. There is described more closely the execution of the research and methods are justified through academic literature. There is also a short description of the case company and the industry; which specific features these bring to the customer value assessment in this particular case.

There are three ways to collect information about customer value (Ingenbleek 2007). First one is doing marketing research that collects information for example with surveys or interviews, second way is to interact with customer and gather information straight from the relationship. Third way is to use inside-company information and base the information of managers' knowledge about customers. In this research are characteristics of all three: the quantitative material is collected with market survey and the qualitative material is collected by interaction directly with customers. Also, when choosing the contacted customers, is used inside-company information from the case company's managers to get the most representative group of customers.

Hinterhuber (2008) discusses the difficulty in customer value measurement and states that the best result is achieved when more than one research method is used in a research. Also Cresswell (2003, 16) describes a mixed method, which aims to expand the findings of one method with another method. One example is qualitative method for exploratory purposes and then quantitative method to generalize these results to the population. This mixed method is in line with Hinterhuber's (2008) earlier mentioned notion about customer value assessment and supports the mixed method use in customer value assessment. The qualitative data can be sought through with quantitative methods, which gives more perspective and triangular to the research.

Following the mixed method, the empirical research includes two parts. In the first one there is conducted interviews with eight carefully selected

potential customers in order to reveal all the possible value attributes that occurs among the customer group. The attributes from interviews are then used to support the second step; questionnaire about attribute importance within potential customers.

These interviews and survey will be done in cooperation with a consultancy company that has been a supporter of the larger development process inside the case company. Aim is to deliver the most useful possible result for the case company and with this cooperation it is ensured that the thesis will be in line with the overall project that case company is going through.

3.4 Step 1 – Qualitative research

The first step of the research is concentrating on the first sub-question: *What are the most important customer value-attributes for potential customers?* As earlier mentioned, this part is conducted with interviews to chosen potential customers in order to reveal all the possible value-attributes.

The selection of customers is done so that it gives as wide and true picture of the whole customer group as possible. This is why geographical area, company size, relationship and business area are considered when selecting interviewees. Also the number of interviewees was seen sufficient, because as Strauss and Corbin (1998) suggest, the optimal number is achieved when theoretical saturation occurs. In-depth interviews were chosen for the data collection method.

Woodruff (1997) presents a laddering interview technique for studying and revealing customer values, but he also states, that there needs to be examined new qualitative methods for customer value studying. He mentions “grand-tour” method as one alternative. Here during an in-depth interview, customer describes one specific situation taking interviewer to a

“tour” in their processes and situations when the offering is used. This directs customer to think specific situation and answer truthfully, because he or she has already made the decision in a real life. Mentioned logic of the interview can also be linked to Ulaga and Eggert’s (2006) study: interviewees were describing a real life situation and how, in this situation, they perceived customer value.

Whereas grand-tour method concentrates on concrete situations, the laddering method is used in interviews in marketing to reveal deepest drivers of consumer decision-making. It is commonly used in B2C studies, but relatively less used in B2B. Laddering method is based on the means-end theory which suggests that behavior is driven by values. Values are also structured hierarchically, which is supported by the customer value literature (Woodruff 1997). In practice high-level values give meaning to lower-level attributes that are seen in behavior. The goal of laddering interviews is to reveal high-level values that direct the behavior by using bottom-up progress starting from lower-level attributes and ending to high-level values. Typically laddering questions are formed asking “Why is that important to you?” which direct the interviewee to the deeper value experiences and expectations. (Gutman 1982)

In our interviews there are characteristics of both laddering technique and Woodruff’s “grand-tour” –method since we are aiming to hear a story and a clip of customer’s deep values and thinking logic. The interviews are structured as grand-tour method, but the dealing has strong laddering method characteristics. The real life situation is gone through, but interviewee is asked to describe why the attribute is important, such as in laddering, in order to find out the deep customer value.

The interviewees are chosen among the customers that have had experience from the case company, but have chosen to do business with the competitor. With this decision it is aimed for deeper understanding of the customer and also experiences that are both positive and negative. Describing what went wrong with the earlier cases, what they wanted from

the relationship and which factors are positive, are hoped to bring out the most accurate and truthful perceptions.

When choosing the target customers for the questionnaire, it was used case company's own knowledge and databases. The size of the target group was set to 1000 – 1500, which was seen to give large variety and enough data to do the quantitative analysis. In the beginning of the choosing process, sales managers for different business and geographical areas listed all the target customers they specially wanted to include to the research. In this first wave were collected 308 target customers.

The remaining customers were picked up from case company's database; choosing customers that were not active and this way good target for customer acquisition. In this second wave 862 target customers were chosen. The questionnaire was sent to 1170 customers and 229 answers were received, which gives 20% response rate. Because factor analysis should not be conducted with less than 100 observations (Bartlett et al. 2001), 229 observations is considered as a good result.

In the interviews customers could freely talk about their experiences and interviewer main function was to direct customer towards deeper values and value-attributes; laddering. However, to support the interviews it was used a list of customer-value areas collected in the theory (chapter 2.1 Customer value-attributes; APPENDIX 5). This means the three main sources: product, delivery and services.

By using the support list it was made sure that all the value areas were gone through at least at some level and that in all the interviews was possible to collect similar values. In the beginning of the interview interviewees were able to spontaneously tell the most important value-attributes, but as the conversation continued, interviewer brought up the different areas of value. With this was made sure that interviews give all the possible information and that interviewees truly went through all the possible value sources.

The method used in the first-step analysis is grounded theory that is typical for especially qualitative research. The analysis begins from the collected data and aims with inductive reasoning to form conclusions from the data. After conducting the interviews and analyzing the data, it is possible to identify different value-attributes that emerge among potential customers. This analysis then affects to the quantitative research setting.

3.5 Step 2 – Quantitative research

This part answers to the second sub-question: “*How these attributes are valued among potential customers?*”. The questionnaire and quantitative methodology enables analyzing large amount of information and using variety of data analysis tools, which helps sorting the information in the large data. The last sub-question: “*How information about customer value expectations can be used in customer acquisition?*” is also partly dealt in this step since the chosen data analysis methods create the base for the information used in customer acquisition.

3.5.1 Questionnaire

The questionnaire is designed as Woodruff and Gardial (1996) and Gale (1994) suggest: base the questionnaire on the earlier conducted laddering interviews. In the survey, attributes found in the interviews, are rated by the customers based on attributes’ importance for them. This direct measure of importance is also used by Leroy-Werelds and Streukens (2011) and is seen as reliable method in measuring importance (Bottomley et al. 2000). However, unlike Leroy-Werelds and Streukes (2011), who use Likert-scale with nine steps, *very unimportant* to *very important*, it is chosen to use continuous scale with the same end values. This is seen to give more opportunities to choose the right value and give more variation

to the answers. Design of the questionnaire followed Woodruff and Gardial (1996) and comparison to competitors is left out.

In the beginning of the questionnaire there are demographic questions such as company size, location and industry. These are used mostly by the case company when moving forward into action with the customer acquisition process. Second part consists of the earlier mentioned questions concerning the attribute importance. This is the most important part of the questionnaire and is thus situated in the first half of the survey.

As mentioned earlier, survey is based on values that were found in the in-depth interviews. Below, in the Table 1, is listed the value-attributes that interviewees saw important. In the left column is the attribute itself and in the right column is an example to clarify the meaning of attribute.

Table 1 - Recognized value-attributes

Value-attribute	Example
Social relationships	Personal relationship with sales person
Communication levels	Manager-level communication
Competence and interest to partner	Wholesaler shows clear interest to partner
Networks	Access to different products and information
Innovativeness	Willingness to develop innovative ideas
Flexibility	Modifying wholesaler's own operations
Shared information	Share information in network
Trust	Can be trusted to do the right thing
Commitment	Committed to the relationship
Price	Right and competitive price
Product quality	Required quality
Logistics	Product at the right place at the right time
Product selection	The best products and opportunity to choose
Additional services	Online services
Reliability	Everything works as planned

Awareness of other operators	For example developers or public sectors
Customization	Ability to get specific products or service
Country of origin	Finnish company
Measurements	Measure the profitability of relationship
Understand customer's needs	Can offer right solutions that fit to customer
Pro-activeness	Is proactive in relationship

In total, 21 value-attributes were recognized. However, the final questionnaire had 29 questions focusing on value-attributes. This increased number of questions is seen relevant, because interviewees clearly concentrated on certain values. To bring a true view from several perspectives on these most important attributes, few extra questions were added to the survey.

After the second part there are behavior related questions. These are formed to mirror actual situations; respondents need to choose an alternative closest to their actions in reality. These answers can be then analyzed inside a formed customer segment in order to achieve behavioral models inside a segment.

At the end of the questionnaire are the strategic questions that are outside of the scope of the current study but which are important for the case company. Survey can be found in the appendices (See APPENDIX 5). In the next chapter the methods used to analyze the information collected are discussed more thoroughly.

3.5.2 Analysis methods

The material from the questionnaire is analyzed with multivariate analysis: mainly factor analysis and cluster analysis. As we argued in the earlier chapters, customer segmentation is an essential part of customer acquisition. The analysis relies on cluster analysis which goal is to reveal

segments inside the potential customers. As Iacobucci and Churchill (2010) states, that if you hear 'segmentation', you should think 'cluster analysis. The objective is to divide customers to segments so that there is as much similarity within the groups, and difference between the groups, as possible.

As in cluster analysis customers are divided into segments, factor analysis does the same, but with the questions (from now on referred as *variables*). Factor analysis is often applied in marketing research to understand customers' media habits, characteristics of price sensitivity and brand attributes that influence customers' choice. It orders the original variables so that the ones correlating with each other are under the same "headings" and form factors. Since this research includes large number of variables, it is seen reasonable to summarize those to smaller number of subsets of factors. This also makes results easier to handle and understand. (Hair et al. 2006, 592)

In the analysis was used SAS enterprise program. The factor analysis requires only the information of value-attributes' –importance, which is why all the other answers were excluded from this analysis. As there are several different ways to conduct factor analysis, it is important to choose the one that fits best to the purpose of the study.

Maximum-likelihood factor analysis method was chosen, because it gives the clearest picture of the factors. In factor analysis is often used rotation, because it brings the results more visible without changing them. The chosen oblique promax rotation allows factors to become correlated in the rotation process if it is more suitable for the specific data points. This rotation method was chosen, because it was seen in the analysis that factors were correlating somewhat with each other, which means that oblique promax rotation will bring results more visible to the researcher.

In the factoring process it becomes clear that five factors will be the optimal number for factors. The analysis was conducted with numbers of factors from three to seven, but five factors formed the clearest and most

analyzable groups of variables. With five factors was the highest correlation inside a group and lower correlation towards other groups. By comparing results with different numbers of factors, it was seen that the clearest result comes with five factors.

Variables were placed to the factor that it had the strongest correlation with; all variables that are placed under the same factor will determine the factor's meaning (Table 2. The lowest correlation from variables that was accepted to the factors was 0.40. One of the variables, low price, was chosen straight as one factor and does not include any other variables. It can be seen in the Table 1 at the last row: Factor 6 is only linked to the low price. This causes the end number of factors to be six.

Table 2 - Factor analysis

Factor Structure (Correlations)						Factor 6
	Factor1	Factor2	Factor3	Factor4	Factor5	
Wholesaler develops continuously its assortment	0.42387	0.25958	0.47212	0.31616	0.23828	
Wholesaler offers large assortment	0.27118	0.25382	0.57933	0.34367	0.19653	
Brings up products from different price range giving customer a wider possibility to choose	0.34583	0.29486	0.40185	0.35942	0.29616	
If the product You want is not included in assortment, wholesaler is prepared to search the product from the global markets	0.32932	0.46141	0.34359	0.26746	0.23847	
Personnel is professional and is willing to help whenever needed	0.15700	0.35655	0.65671	0.04497	0.12263	
Salesperson knows Your company and offers independently advice and tips to solve a specific problem	0.55090	0.32484	0.32497	0.35829	0.33850	
Offers wide assortment from one place	0.29525	0.30420	0.65108	0.38730	0.26425	
Offers better professional services than competitors	0.34449	0.46055	0.51766	0.39849	0.32909	
Can offer better availability than competitors in special cases	0.29292	0.59633	0.48418	0.43943	0.32614	
The products are good quality	0.30735	0.34119	0.71923	0.22082	0.23000	
Offers fast-deliveries to the working site	0.46482	0.37315	0.22771	0.54445	0.19613	
Reliability of deliveries is high-class	0.40712	0.53198	0.47983	0.40298	0.20787	
Offers a possibility to follow deliveries in a real time throughout the whole process	0.46565	0.29955	0.25323	0.66129	0.37074	
Offers a possibility to change delivery schedules flexibly	0.54618	0.38843	0.30187	0.82158	0.41578	
Offers competitive online services	0.42217	0.19376	0.35533	0.59336	0.27168	
Creates goals and measures for the co-operation together with You and develops operations according to the goals	0.71812	0.37371	0.30485	0.54527	0.40579	
Confidential relationships	0.52416	0.64648	0.43493	0.26295	0.48882	
Fast accessibility when needed	0.41580	0.77191	0.40551	0.30019	0.29433	
Brings new solutions to designers	0.81905	0.45611	0.34223	0.48579	0.45058	
Searches the best solutions from global markets and offers them to You independently	0.87466	0.50984	0.34996	0.46772	0.38636	
Relates open-mindly to new ideas and is prepared to develop them further	0.77361	0.65139	0.32830	0.43498	0.41986	
Managers from both sides discuss regularly about strategic co-operation	0.72972	0.50946	0.21769	0.59959	0.38322	
Operative and strategic levels communicate with each other	0.79045	0.56656	0.24292	0.57703	0.40211	
Reliability; always acts the way is best for the co-operation	0.46670	0.82939	0.27403	0.26537	0.29653	
Commitment; reaches for long-term relationship	0.59647	0.85594	0.31374	0.33252	0.39368	
Country of origin: Finland	0.39827	0.41070	0.29400	0.27061	0.65154	
Family owned business	0.41355	0.33191	0.22341	0.38504	0.94867	
Brand	0.59037	0.33165	0.24484	0.53857	0.69689	
Wholesaler's prices are cheaper than competitors'						

As it can be seen in the Table 1, every factor will be built from variables that correlate with each other and that way form a whole that can be used as an own “variable”. To clarify the meanings of the factors they are named after the main quality the factor represents. In the research the factors are: development and innovations, security and reliability, assortment and services, flexibility, image and price.

To measure the reliability of the factors it was used Cronbach’s Alpha which is one of the most frequently used ratios in quantitative research. It measures how well variables in one factor correlate with each other; on the other words: the internal consistency. Cronbach’s Alpha is a digit between 0 and 1. In order to interpret the result, there is used a scales that tell how good reliability the digit indicates. The rule of thumb is $1 > 0,9 =$ excellent, $0,9 - 0,8 =$ good, $0,8 - 0,7 =$ acceptable, $0,7 - 0,6 =$ questionable, $0,6 - 0,5 =$ poor and $0,5 > =$ unacceptable. (Gliem and Gliem 2003)

In the Table 2 below can be seen the Cronbach’s Alphas for the factors. For this research it can be stated that reliability is good. Factors 1, 2 and 5 are excellent - and Factors 3 and 4 are in a good level. Since Factor 6 only includes one variable, it cannot have internal inconsistency and it is not possible to calculate Cronbach’s Alpha.

Table 3 - Cronbach's Alpha

	Cronbach's Alpha
Factor 1 - Development and innovations	0,90
Factor 2 - Security and reliability	0,85
Factor 3 - Assortment and services	0,78
Factor 4 - Flexibility	0,76
Factor 5 - Image	0,80
Factor 6 - Price	(only one variable = no Cronbach's Alpha)

When the reliability of the factors is confirmed, the next phase of the quantitative research can be started. In the cluster analysis is used the factors found in factor analysis; dividing customers into segments depending on their valuation of the factors.

In clustering analysis it was used K-means clustering method. It fits best with large amount of data (over 100 observations) which was the case in this research. Because in K-means clustering researcher decides the number of clusters, it was studied with numbers from four to seven. Six clusters were chosen after the notion that CCC value was highest with six clusters and then it was also created meaningful segmentation of observations. In the appendix 1 – 4 can be found tables of cluster analysis results. The results of the cluster analysis are explained more deeply in the next chapter: empirical results.

3.6 Introduction of the case company

The case company is a Finnish, family-owned company that operates in wholesale business. It has operation in Nordic countries, Baltic, Poland and Russia, which makes the company a growing international player. The constructing industry where the company operates is changing constantly and this requires companies to develop new resources and capabilities in order to create competitive advantage compared to competitors.

This research is concentrated only on one division of the company, which enables to clearly allocate the research to the relevant customers. This also indicates that the result achieved by the research can be easily applied to the case-company since the relevant data collection and close cooperation with company-management will provide specific data for the certain division.

The company concentrates at the moment strongly building customer orientation inside the firm and the aim is to build superior customer value

compared to competitors. There is also focus on managing customers so that the company can serve them the best possible way, but also that customer relationships are developed to be more profitable. The development is strongly supported by value-based selling; identifying the value that company gets from customers and how company can offer value back to its customers.

This value concept shows also in customer acquisition that case company will begin due to this new customer and value oriented operational model. This research is aiming to support this process by offering understanding about the potential strategic customers and possible attributes to emphasize in the acquisition process. Because the case company operates in a wholesale business, this brings additional features in the acquisition process. Below is shortly described the wholesale business and especially specific characteristics that influence on this research.

3.7 Special features of wholesale business

The whole value-chain faces several challenges in a current overall business world. Mason and Mouzas (2012) recognize two main challenges that every company, wholesaler or any other, needs to take into consideration when designing the business. The first is overcapacity and fast growing countries which cause tight competition; productivity cannot anymore be the main competitive advantage. Mason and Mouzas (2012) suggest that solution for this problem lies in increase in efficiency, marketing activities and especially customer relationship management. The other problem they see is a complexity of business network and challenges in utilizing it. This can be avoided by efficient communication with several actors in a network and an emphasis of information management in a company. Also flexibility of a business model is a big advantage. (Mason and Mouzas 2012)

The wholesale company traditionally takes place between the producer and customer. It buys large volumes of goods and resells then forward to retailers, commonly to other businesses. This means that wholesaler acts as a link between manufacturer and a buyer in two complex B2B networks. The company enables all manufacturers, small and large, to access an effective channel to the markets. On the other hand it offers customers the possibility to buy large number and collection of products from the same place.

Usually import is also one important part of wholesaler's operation. Access to manufacturer's worldwide network gives customers larger product selection and wider opportunity to choose. There is also a possibility for the wholesaler to act as "developer" when it introduces new products to markets. Often wholesalers also have efficiency and logistics which makes it possible to buy volumes with lower prices. These are seen as important aspects in the research and also one of the interesting points in the questionnaire and analysis.

Along with other wholesalers, case company competes with original manufacturers and customers. Especially now, when Internet has gained its place as one important market place, it is increasingly easier for manufacturers to sell their products straight to customers without an extra link and for customers to purchase goods straight from manufacturers. This creates an interesting question; how wholesaler can create value so that it can maintain its position in a value chain.

Also the strong variations along economic changes affect wholesale business. This makes the business really competitive. (Dolbeck 2006) One aspect that especially technical wholesalers have adapted is ability to customize. Cooperation with customers and manufacturers makes it possible to offer solution that fits the customer needs in different situations.

In Finland, wholesalers in a constructing industry serve mostly retailers, manufacturing, other companies or then communities and public sector.

The import is in a big role and it is common that wholesalers are present through the whole building project, especially logistics and services have increased their importance. (Santasalo and Koskela 2009)

4 EMPIRICAL RESULTS

This chapter is divided into three parts: value-attributes, value-based segmentation and customer acquisition. It follows the structure of research questions by starting from the results from the qualitative research; what values customers see important. Then follows the results from the quantitative research; how customers can be segmented based on value-attributes. Finally customer acquisition chapter concentrates on creating knowledge of how this information can be used in an acquisition process.

4.4 Value-attributes

This chapter answers to the first sub-question question: “*What are the most important customer value-attributes for potential customers?*” The following two chapters discuss the results maintaining the two value sources, value from relationship and value from offering, separate. In the appendices (APPENDIX 6) can be seen all the discovered attributes from the interviews.

4.4.1 Value from the relationship

The development towards one key supplier instead of several small, competing suppliers is clearly seen in interviews. Several interviewed companies have moved from small wholesalers to strategic partnership. This makes the customer orientation even more critical; customers are really looking for long time partners instead of bidding competitions.

Value that customers see important is social relationships. It is a value that makes customers stay with one supplier even if the concrete value of the relationship is not the best possible. It can also be only one personal relationship that drives customers change supplier. Personal relationships can also define the decision between partnering with one or the other wholesaler. The difficulties that continuously changing contact persons

cause in partnering situations were mentioned several times. However, it was also mentioned that changing personnel enables new contacts and possibilities to form new partnerships.

There was high variation between communication levels between the cases; from warehouse personnel to the highest management. Communication in manager level was mentioned as important in order to develop strategic partnership, set the goals and develop business. On the other end was communication in warehouse personnel level. This indicates that on the customers' side there is a really wide scale on which level they want or are used to communicate with the wholesaler.

When it comes to deeper relationship with wholesaler, the lack of competences to partner and low interest in partnering are recognized by interviewees. It is possible that after a long developing process for a deeper relationship with a wholesaler, both the customer and the wholesaler are not able to build such cooperation together that it would add value to the business. It is also often a customer who has to ask for services they need and; wholesaler should have clearer targeting and attempts to serious business relationships with customers.

The comments about wholesalers in general and the examples of previous experiences indicate that value-chain thinking and cooperation are relatively new thoughts in this industry. There might not be enough capabilities in companies or not enough reference models that can be used in these situations. The willingness to partner and to build relationships is clearly there but neither wholesalers nor customers are able to build a system that would serve these needs.

Another attribute that clearly creates value to a customer is wholesaler's networks. By using these networks customer receives the best material and information for its needs: customer does not have to follow markets intensively, because it gets all the important information straight from the wholesaler. Using worldwide networks is seen as wholesaler's

competence and as the operation they know the best. Enabling customers to use this network efficiently creates additional value to customers.

In order to use the network efficiently sales person needs to have knowledge about customer's operations. Also statistical information about the markets and customer itself is important so that customer has opportunity to react efficiently to changes.

In partnership wholesaler must be flexible in its own operations. For example ordering products that are not necessarily significantly profitable, but important for a customer can create significant value to the customer. Also flexibility in deliveries is important so that it is possible to get some parts from wholesaler and some from customer's own network.

There was partly an extreme interest in developing relationships. Customers see it as important development in the whole industry and they want to be part of it. However, this requires really high goals for the cooperation and actual changes in operation models. One statement "I don't care about how much products cost, instead there needs to be business model that is committed to..." describes this perspective well.

This is a question of wider cooperation through the whole industry. Building wider networks and serving the end customer together is important to customer but according to these interviews it is not possible in the current state of the industry. This is linked to the desired added value from the commitment. There is not seen enough required commitment, which makes relationships impossible. As according to theory, trust and commitment are the most important blocks building stable, profitable business relationships and in this case it seems that the case company, or any other wholesaler in that matter, is not able to provide these.

4.4.2 Value from the offering

If the products are the same and no wholesaler can offer any added value, there is no need to build relationships. Especially with standard products when the offerings are the same, it becomes a question of price. This is common opinion among customers.

In the industry it is seen that there are no big differences in prices, all wholesalers can meet the pricing criteria. Most customers see that pricing is not the factor that defines the wholesaler decision in the end, especially if the goal is to develop business relationship. On the other hand for some companies low price is a really important value. These traditional customers value cheap price and leaves, for example, innovativeness or added services out from the business relationship.

Price is straight linked to the product quality. Customers want certain quality and are willing to pay for it. There must be, however, noted that required quality can be different among different customers. It was noticed that some customers want really top quality and for some it is enough to just meet quality criteria.

Also the delivery is seen really important. As we earlier mentioned, miscarried delivery costs money to the customer and logistics is seen as one main criterion when choosing a wholesaler. Logistics is also seen as the wholesaler's special area. It is expected that the wholesaler has the best knowledge and know-how to manage deliveries, and if logistics does not meet the customer criteria, it is a big motivator to change supplier.

As logistics is wholesaler's competence and customers' own logistic capabilities can be limited, this increases wholesaler's importance to the customer. Customer does not necessarily have an own warehouse, which increases again the importance of wholesaler's warehouse and efficient logistics. It can be clearly seen that it depends on customer's own capabilities which attributes they value and how high.

Additional services are also one value that creates differences between customers. Wholesaler offers for example preparing products for the

customer, but if this capability is already in customer's processes, it is not highly valued. Technology development, on the other hand, creates possibilities for use of electronic surfaces, for example ways to monitor operations, prices and deliveries. These electronic services are modern, but the usefulness is not recognized from all the customers. This can be due to the traditional industry that values traditional business models.

There are several other operators in the network which defines customer's choice of wholesaler. There are mentioned for example public sector and designers that are the ones that can, in some cases, define for example the chosen materials. Awareness of the different business operators behind customer's decisions can be seen one important aspect for wholesaler. If a wholesaler is aware of the changes in the markets, for example new security settings, they can react fast and offer customer the right products and customized solutions.

Customization divides customers in two different groups; in some cases customer does not see the importance in customization, on the other cases they see that it is more probable to buy products from certain wholesaler if the customization is possible. Customization does not include only products, but also services, which can be a big differentiation factor.

4.5 Value-based segmentation

This chapter answers to the second sub-question "*How these attributes are valued among potential customers?*" As the process and physical results of factor analysis are gone through relatively thoroughly in the previous chapters, here is concentrated more on meanings of the factors. With the customer segmentation, cluster analysis, the focus is on describing the segments. Also how the segments behave, and which attributes and factors they see important is discussed in this chapter. The

following Customer acquisition chapter concentrates more on how case company should approach the segments in order to get the best results.

4.5.1 Factors representing the value-attribute categories

With factor analysis were found six factors: price, development and innovation, security and reliability, assortment and services, flexibility, and image. These factors are clearly different and focus on different aspects of business relationship. On the other words customers see difference between the factors and appreciate them differently. This is in line with the theory; customers have different value expectations (Woodruff 1997). It can also be seen that factors are placed differently between earlier discussed value sources. For example assortment and services is clearly focused on value from the offering whereas development and innovation is more focused on value from the relationship.

Price as a factor refers to an importance of lower prices. If customer sees this factor important it means that it seeks for low prices and is drawn to a wholesaler that offers the best prices in the markets. Price sensitive customer is probably most discussed customer in every industry. All the companies know the customers who seek for low price and in some way companies are more prepared for this characteristic than to any other one. The assumption that all the customers value low prices is clearly seen inside the case company, but in the factor analysis it does not show as clearly as it was assumed.

Development and innovations is one of the clearest factors. It means the importance of wholesaler developing the operations and keeping track of innovations in the global markets. It also means actively creating innovative solutions and bringing new innovative products to the customer so that the customer can be in the latest edge of the markets.

Trust and commitment, as the theory suggests (Morgan and Hunt 1994), is the one factor that is basically a building block for a good business relationship. It can be seen already in the graph that it gets more than

50/100 points of importance from all the segments. (Figure 8 – Segments) The other factor that gets as much importance is assortment and services. One reason for this is most likely the product centric industry in the study. Assortment and services is the most “value from offering” -centric factor among price and it is interesting how both value sources are high in customers’ importance scale.

Flexibility in this context means the flexibility of the operations, for example additional possibilities to flexibly change product orders. It includes also that the wholesaler can be flexible in their own operations. One good example of this is to adjust wholesaler’s own logistical models to match customer’s wishes and needs, but also global contacts and agreements to meet customer requirements.

Image as the last factor concentrates mostly to the Finnish country of origin and family based business. These two aspects were chosen based on case company’s background. The third variable that is included in this factor is brand.

4.5.2 Segments

These six factors were used for dividing customers into segments. As mentioned earlier, segmentation is conducted with cluster analysis. The cluster analysis is done based on the factors. For every survey response, importance answers were placed to the right factor and after that calculated an average value for every factor and for every response. This way all responses got an importance value in a factor level.

In cluster analysis responses are grouped so that they form segments where customers value the factors in a similar way. In the chapter 3.5.1 - The summary of results can be seen in the Appendices (APPENDIX 1 – 4).

Below is a graph (Figure 8) where segments are illustrated with the factors. Every segment’s valuation of factors can be seen in the

appendices (APPENDIX 3 – Cluster means). The segments are also named according to their unique characteristics.

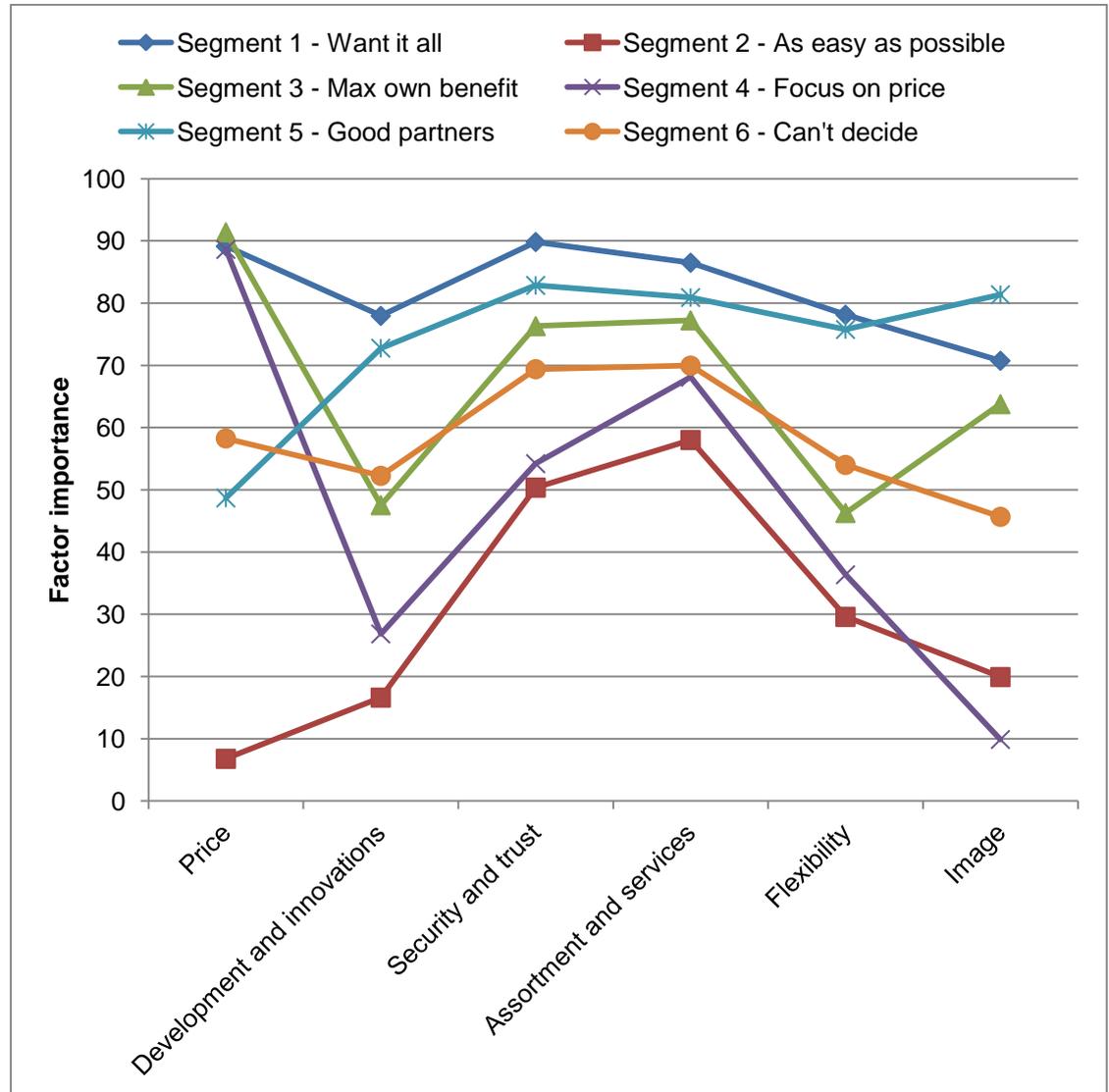


Figure 8 – Segments

As in the graph can be seen, there are clear and visible differences between segments. Especially price, development and innovation and brand create big differences whereas security and reliability and assortment and services seem to be high in importance for all the segments.

For the case company this would mean that security and reliability and assortment and services are the ones that when improving, will increase the experienced value among most of the customers. This can be taken into account in strategic development plans when deciding in which areas the company will invest in general in the future.

On the other hand, differentiating factors are the one that create differences between customers. These are the ones that must be taken into account when doing business with a certain customer; knowing customer's value expectations towards for example development and innovations, value proposition can easily be modified to match customer's profile.

The segment "Want it all" is situated in very high level of importance in all the factors. This means that customers in this segment really want it all; they want both the offering and relationship to be best possible and they most likely put effort themselves in order to receive these values. However, they also see the low price as really important factor. It indicates that as the quality of relationship and offering rises, the price should stay in reasonable level, which might result an impossible combination to execute.

The segment "As easy as possible" is more concentrated on value from the offering. For them the most important factors are security and reliability and assortment and services which from these two is in a higher level. The profile that these values create is a customer that wants to receive all the products from the same place with great level of service. It might mean that the customer itself does not have resources or know-how to build a business without wholesaler's support. On the other hand customer does not want to put resources on finding parts of offering from different sources but want everything from the same supplier.

When this is combined with the fact that customer don't see low price at all important, there can definitely be build a profile of customer that wants business to be "easy". As long as they can trust that wholesaler delivers all

the components reliably, they can somewhat ignore the price. But there must be noted that for this segment wholesaler's brand is not an important factor which means that for customer it is not really an issue to choose a wholesaler that necessarily does not have the best reputation on the markets or is relatively unknown as long as they can make the business easy for them.

Companies in segment "As easy as possible" are most likely concentrating on the basic business and not aiming on the highest end of development. They are not interested on developing the business or offering and innovations are also out of their focus. For wholesaler this means that there is no use to for example start large innovation processes in order to develop customer's business, because customer itself does not value it. They are comfortable in their business and do not necessarily wish fast movements in the markets or new innovative product possibilities.

The segment "Max own benefit" is also a segment that is interested mostly on value from the offering. This is the most price sensitive segment which is the first notable characteristics for these customers. As in the segment "As easy as possible", for this segment trust and reliability and assortment and services are important factors, but there are two main differences that make this cluster a relatively unattractive customer segment for a wholesaler.

First is the price sensitivity, combined with the valued trust and with access to large variety of products and services. This makes customer want big efforts from wholesaler, but is eager to receive this as small price as possible. On the other words, wholesaler should invest much in the customer, but customer is not willing to do the same for the wholesaler.

The second point is that for them wholesaler's image is relatively important. The wholesaler they choose is one of those who are recognized in the markets as a good supplier; in this case was emphasized Finnish origin and family owned company. This can cause contradictions between

customer's and wholesaler's expectations and create an atmosphere where it is difficult to find a solution that satisfies both parties' needs.

The next segment "Focus on price" is a model example of traditional price oriented customer. The price is without a question the most important factor that defines this segment's wholesaler decisions. In contrast with the earlier segment "Max own benefit", in this segment customers do not pay much attention on company brand and they require relatively less security and trust. Also the importance of development and innovation and flexibility are really low level.

This segment requires the needed products and services with low price, but does not care from which wholesaler they do the purchases. This, among the fact that customers do not need much special offerings, for example extra flexibility on operations or expensive innovation projects, can be really vital information for the wholesaler.

These customers can be won by offering slightly lower price, but by eliminating all the extra expenses that are created from developing deep buyer – seller relationship this segment could be turned into a relatively profitable customer group. However, it requires determinant prioritizing and clear proposition that is clear both to the customer and to the wholesaler. Actual actions can easily turn into a lower price and same services that are offered to other segments, which takes the ground from the possible profitability of this segment.

Segment "Good partners" on the other hand is somewhat opposite to the previous segment. It is placed in the high end of the importance scale on almost all the factors, but this can be considered an attractive customer group for a wholesaler. The segment sees the importance of developing business and investing in innovations just as flexibility gets high importance rating. Both these factors are the ones that separate segments from each others, but they are also the ones that can be seen mostly relying on value from relationship.

This indicates that within this segment customers are willing to invest in relationships with wholesalers in order to achieve the important factors for their business. These factors also create great focus points to build customer's business together rather than focusing on low prices. As it is stated, long term customers are in general more profitable for the company and they are the ones who wholesaler should invest in.

In this segment the customers do not see the price as a determinant factor. From this can be concluded that this segment wants to find a long-term business partner and concentrates more on developing the business and creating processes together in order to achieve for example great flexibility between parties. These are more important points than finding low-price supplier, which makes this segment extremely attractive. However, because of the high importance of relationship value, wholesaler must truly focus on the customer's needs and creating value in the best possible way.

Segment "Can't decide" is the segment that is closest to the mid-point in every factor. This segment has the same curve than the earlier discussed segment one, but it lies clearly on a lower importance level in every factor. This segment is not one of the most price sensitive customer groups which might make this a possible good target customer group. However, because there is no factor that is clearly more important than the others and there is no significant variation between factors, it might be difficult to find a differentiation value for this segment.

It might be that wholesaler needs to invest time on discussing with customer finding out what really are the values that they are seeking for and how wholesaler can help the customer to achieve those. Based on the results it could be said that this segment appreciates the well functioning service and product offering and they leave innovations for the other companies. It would be one idea to start focusing on logistics and offer customer high reliability and access to large variety of products. Because of the relatively low price sensitivity, there could be formed a relationship

that relies on the quality of these basic functions and offers customer an easy way of doing business with a reliable wholesaler.

4.6 Customer acquisition

Theoretical framework (Figure 2) describes a process of customer acquisition that relies on acknowledging customer value. Realizing the most important customer values and after that segmentation according to them was the first step that prepares the company to an efficient customer acquisition. In this chapter more analytical approach is taken, and by reflecting the theory and results of the study it is aimed at analysis of the best way of conducting the customer acquisition.

As it is stated in the theory, customer value segments require an approach that is strategically planned so that it takes into account all the characteristics that the segment represents (Ulaga and Eggert 2006). In this study different customer segments were identified, which make it easier to create adaptive approaches and picking the most important value proposition factors for each segment.

In the analysis of segments was concluded that some of the segments are more attractive than others. This is linked to the customer selection; the attractive segment should be one that company can reach, but also one that appreciates the offering that company has (Desarbo et al. 2001). Regarding to customer selection, it was seen that there are possibilities within all the segments, but segment three – “Max own benefit”. This segment was price sensitive and demanding towards wholesaler, which easily makes the relationship unprofitable to the wholesaler. All the rest of the segments, regardless the very different value expectations, were seen promising.

Thus, the further focus will concentrate on the five segments (excluding the third one). In order to reach a customer in certain segment, value

proposition needs to be formed. In the theory it was concluded, that a proposition that can offer something that is more valuable for the customer than competitors can offer is most likely getting wholesaler closer to a profitable business relationship (Li et al. 2006). However, because competitor aspect was left out from the study, value propositions are also formed by looking at customer - supplier relationship leaving competitors outside from the analysis.

When looking at the segment one, "Want it all", a wholesaler needs to be prepared to offer all the possible services and benefits for the customer. It is also important to make it clear from the beginning that wholesaler is prepared to build a long term relationship with customer, invest on the customer and make this way customer's business grow. Because this segment is willing to build strategic relationship, there should be, already in the beginning, plans how the future could look like and with what actions this can be achieved. Long-term strategic plans and development ideas are crucial without forgetting practical actions and process planning.

This requires good social relationships with customer; there is one person who is responsible for the customer's needs and keeps track on which steps are achieved and which are the next ones. Related to social relationships, this is a segment that would most likely appreciate different kinds of events and activities. Socializing and this way getting to know each other and each other's businesses is a great way to start a relationship.

However, because this segment is relatively committed to one supplier and is willing to build business partnerships, there most likely is a competitor that already has this partner -position. It might make it difficult to approach this customer because the current relationship can be assumed to be quite strong. Since the customers in this segment are price sensitive, it might offer a way to break the current relationship and win the customer. This can be an expensive method and should be used only when it can be sure that relationship can be turned into profitable in a long term perspective. For example offering logistical services with lower price

than competitor, but putting more efforts in for example innovations and special services can be a combination that attracts this segment.

Segment two – “As easy as possible” requires totally different approach as discussed segment one. This segment seeks for easy business and partner that takes care of the product and delivery part for them. Also services are appreciated in this segment.

When approaching these customers it is important to emphasize how easy their business will be when wholesaler takes care of the product deliveries and is willing to help the customer with everyday problems. Value proposition should be communicated so that customer will get all the help and they can rely on that wholesaler will be there for them and provide easier business than they have had before.

This customer does not necessarily require one sales person that is committed to them every day, but they need an easy and fast communicating channel through which they can reach a person and services easily. One option for this is online services. Emphasize how easily customer can reach services and make orders without putting too much time and effort is a key.

Because this segment is not interested in long-term relationships or strategic partnerships, it would be useless to offer these to them. For example special flexibility in operations and innovations are the ones that were not in high importance with these customers. These are the factors where wholesaler can move resources to other customers and concentrate on creating easy and smooth business for segment two.

Because services were high in value, this segment would appreciate for example additional trainings where they can learn more how they can make business easier with the certain wholesaler. This should be arranged so that it does not take too much time from the customer, for example take one person from the sales team to visit customer's business and go through the operational process and highlight how they can improve with this wholesaler.

When the best basic business relationship has been discovered, wholesaler should actively execute it and also actively bring improvements and for example ideas from the global markets so that customer itself does not need to put resources to it. This can also be relatively low-cost effort from wholesaler; it is anyway innovating for other customers, which means that in a process there might come out ideas that would benefit customers in segment two.

As we skip segment “Max own benefit” in the analysis, the next we discuss about segment four – “Focus on price”. This is the segment with most clearly traditional price oriented customers. By this is meant the customer that chooses the supplier who offers suitable offering by the lowest price. These customers will also easily change supplier depending on the offered prices. On the other words these customers do not seek long-term relationships or strategic business partners, but concentrate on finding the lowest offers not building strong relationships with wholesalers.

Obviously these are not the customers that are ideal for the case company and it can be argued that these customers can not be profitable. However, on the other perspective these are the customers whose value drivers are known clearly and with which value proposition they can be reached. This gives an advantage when doing customer acquisition; wholesaler can build a value proposition that offers customers relatively low prices, but cut all the other extra services.

Because wholesaler does not need to put effort on relationship building or individual services, they can create an easy ordering system that requires minimum investment of time from the wholesaler and this way makes it possible to adjust this with the prices. As with segment “As easy as possible”, implementing online services would be extremely important with this segment. In order to make these customers profitable, they need to take as few resources from wholesaler as possible.

This means that there will not be one signed sales person or no development projects that increase the cost to serve these customers. It

also means that wholesaler should not invest too much resources on trying to keep the customer, or acquire them. If the customer is reached easily and value proposition is presented the decision is up to customer. These are the ones that change wholesaler easily so there should be no pressure to win a large amount of segment four customers.

The opposite segment to the previous one is segment five – “Good partner”. As we earlier discussed, these are attractive customers and the ones wholesaler should put resources on to acquire. The customers are willing to invest on deep business relationships and are as well willing to build partnerships with wholesalers. This offers a great opportunity to a long-term strategic relationship that benefits both parties and is also profitable for both. However, as we already mentioned, if a customer is and most likely has been seeking a partnerships, there is a competitor that has this position.

In order to break this current situation wholesaler needs to put a lot time and money for these customers and probably also accept that the relationship will be profitable further on in the future, not necessarily right at the starting point. The wholesaler should see behind this current situation and trust that these customers are the ones that will bring the wholesaler more resources back than they take in the beginning.

To make these acquisitions successful there needs to be clear plan already before there is an approach to the customer. This does not need to be specially made for the customer but more to show that wholesaler is taking the relationship building seriously and build trust that they are the ones that will commit to the whole long-term process. Also specifically customized services, innovation plans and extra flexibility in operations are important.

One notable fact is that for this segment price is not in a big role. This makes the segment even more attractive, but also harder to reach. It is not possible, as with segment one for example, to start offering lower prices and then build relationship, but for this segment other factors were in

significantly higher level in importance. This sets extra pressure for wholesaler to form a good value proposition and maybe take more time in getting to know the customer and continuously develop value proposition to perfectly fit to the customer.

Also the image was really important for this customer; more important than to any other segment. This means that wholesaler should emphasize all the branding and image aspects, but this gives no room for mistakes. If these customers build, relying on few mistakes or misunderstandings, the image of the wholesaler it might mean that customer moves further and further away from the wholesaler. There should be extra effort on doing things right from the beginning, which again brings back to the careful planning and strategies.

As it was mentioned for segment six, “Can’t decide”, there is relatively difficult to find differentiation value, because it lies approximately in the middle in all the factors and there is no big variation within factors’ importance. It can, however, be said that the basic operations are the most important, which gives a good starting point for customer acquisition. Also the lower importance of price gives opportunity to build longer-term relationships and not competing with the lowest prices.

It would be a good idea to provide these customers a good quality package of basic services and start building relationship from there. One option for this is clear contract agreements where wholesaler clearly offers quality services. This gives the customers time to realize this quality and the wholesaler time to get to know the customer better in order to customize the value proposition in the future. For example innovation projects or built flexibility between both parties could be the values that are the base of future relationship building.

5 CONCLUSIONS

As it can be concluded from the results, using customer value in customer acquisition can be really effective way to reach and win customers. Even though there can be large variety of different possible customer values, as the results indicate, customers differ when discussing about importance of these values. Especially when the industry specific aspects are taken into account it is possible to visualize relatively specific characteristics of different customers.

5.1 Managerial implications

Also value-based segmentation proved to be useful way to divide customers into groups. The advantages of having customers segmented according to values and this way behavior provides absolutely more insights to customer acquisition than traditional product-based segmentation. It means that company can truly define different value propositions for different customers and justify the allocation of resources.

As customer selection is an important part of customer acquisition, value-based segments offer an optimal tool to make these decisions. By studying customer values, company can easily decide which values it can offer most effectively and again which customers see these values important. Also customer's attitude towards business relationships and partnerships is one meter for customer selection. Not the company alone can define what the goal of customer relationship is; it needs to make the acquisitions according to matching expectations of customer.

This can be applied for the case company. We found clear customer segments and characteristics that can be efficient information in acquisition. For the case company there are certain segments that are more attractive than others. This is where company is able to apply

customer selection and concentrate on the most important and attractive customers.

Segment five was seen the most attractive customer segment. Also the other segments were seen potentially good targets; all excluding segment three. Because of the high demands and price sensitivity it was seen that this segment can be most difficult to reach and requires large efforts from wholesaler.

Because other segments were more or less different from each others, it was possible to create different value propositions which make it easier to approach new customers in these segments. These value propositions are links to business relationship. As theoretical framework suggests, when company creates altered value proposition and customer sees it more valuable than the existing one, there is a great possibility for a successful supplier – customer relationship.

5.2 Theoretical implications

Even though value based segmentation is a good approach to customer acquisition, this research proves that there is not a one good method to do value assessment. The methodology used in the research can be seen as an important theoretical implication since it creates one possible way to apply and use customer value in customer acquisition.

By combining results from different studies is formed a methodology which offers a guideline to approach the problematic subject and have a result that helps customer acquisition.

5.1 Suggestions for further research

Even though customer value is extremely valuable information, there are few main reasons why it is not widely used in business world. Usage of customer values requires large amount of knowledge and resources from the acquiring company. The other big reason would be the lack of research and this way practical knowledge of the customer value assessment process. There is no clear framework or model that companies could follow, but the value assessment is more or less dependent on the researcher or company manager.

This is why it is really important to continue studying customer value as a term, how it is constructed and how it can be recorded in a business environment. Already this requires large amount of further studies in order to create feasible frameworks and models. Even though it can be said that customer value in general needs more studying, there are few aspects that are more closely regarding to this study. One of them is the question: how can we know if the customer belongs to certain value-based segment. It can be researched, as it was done in this study, by for example a survey, but it is not efficient to conduct a survey every time there are new customers. If there could be found indicators of customer values from customer demographics or other clearly visible characteristics, it would take the field largely forward.

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APPENDICES

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APPENDIX 1 – Cluster analysis summary

Cluster Summary						
Cluster	Frequency	RMS Std Deviation	Maximum Distance from Seed to Observation	Radius Exceeded	Nearest Cluster	Distance Between Cluster Centroids
1	89	11.8449	67.5353		5	43.1320
2	5	17.7913	73.5165		6	75.3948
3	42	12.6819	56.6654		6	40.0979
4	14	17.9777	62.2526		6	58.2434
5	24	11.8751	53.0929		1	43.1320
6	54	14.6030	53.7173		3	40.0979

APPENDIX 2 – Variable statistics

Statistics for Variables				
Variable	Total STD	Within STD	R-Square	RSQ/(1-RSQ)
Factor 6 average	23.31534	12.91675	0.699842	2.331576
Factor 1 average	21.59318	13.26046	0.631183	1.711369
Factor 2 average	16.14926	11.70994	0.485801	0.944773
Factor 3 average	12.54186	10.01528	0.376367	0.603508
Factor 4 average	20.75144	13.73002	0.571873	1.335754
Factor 5 average	24.76063	16.85760	0.546690	1.205997
OVER-ALL	20.29646	13.24640	0.583436	1.400589

APPENDIX 3 – Cluster means

Cluster Means						
Cluster	Factor 6 average	Factor 1 average	Factor 2 average	Factor 3 average	Factor 4 average	Factor 5 average
1	89.14	77.96	89.83	86.50	78.15	70.75
2	6.80	16.62	50.37	58.02	29.60	19.93
3	91.40	47.55	76.31	77.24	46.29	63.78
4	88.64	26.86	54.22	68.11	36.37	9.90
5	48.70	72.77	82.86	80.91	75.78	81.37
6	58.27	52.26	69.40	69.97	54.02	45.67

APPENDIX 4 – Cluster Standard Deviations

Cluster Standard Deviations						
Cluster	Factor 6 average	Factor 1 average	Factor 2 average	Factor 3 average	Factor 4 average	Factor 5 average
1	10.68	10.89	7.73	8.47	10.47	19.16
2	9.54	6.50	25.50	17.07	22.67	17.58
3	9.93	14.17	11.82	9.50	14.80	14.68
4	14.75	18.65	24.62	16.29	19.31	11.33
5	15.90	12.13	7.55	8.22	13.28	12.02
6	16.20	15.21	12.00	10.69	15.19	17.19

APPENDIX 5 - SOURCES OF VALUE - THEORY

Value from the offering

Product (Ulaga and Eggert 2006)

- a. Reliability
- b. Product performance
- c. Technical requirements
- d. Customization to customers
- e. Price

Delivery (Ulaga and Eggert 2006)

- a. Accuracy in meeting schedules
- b. Flexibility /adjustability

Service (Ulaga and Eggert 2006)

- a. Ability to listen
- b. Answer with fast speed
- c. Operating in change
- d. Efficient information change
- e. Outsourcing possibilities

Value from the relationship

Economical (Storbacka and Lehtinen 2005 from now on S. & L. 2005)

- a. Help customer to save money
- b. Shared resources
- c. Save customer's time

Social

- a. Image / brand / country of origin (S. & L. 2005)
- b. Personal relationships (S. & L. 2005)
- c. Risk sharing (S. & L. 2005)
- d. Trust (Morgan and Hunt 1994)
- e. Commitment (Morgan and Hunt 1994)
- f. Communication in every level in organization (Ulaga and Eggert 2006)
- g. Understanding customer's problems (Barry and Terry 2008)
- h. Honestly helpinc customer (Barry and Terry 2008)

Strategic /Information

- a. Information about usage of offering (S. & L. 2005)
- b. Shared information (S. & L. 2005)
- c. Know-how and knowledge (Ulaga and Eggert 2006)

APPENDIX 6 - SOURCES OF VALUE - INTERVIEWS

Value from the offering

Product

- a. Spare parts
- b. Product performance
- c. Different products for different purposes
- d. Product quality
- e. Price: low prices, right price, constant price

Delivery

- a. Logistics
- b. Reliable deliveries
- c. Fast deliveries
- d. Products near to customer

Service

- a. "Services"
- b. Possibility to use warehouses
- c. Smart invoicing
- d. Training
- e. Online services

Value from the relationship

Economical

- a. Efficient processes
- b. Measurement of cooperation
- c. Predictability

Social

- a. Country of origin
- b. Personal relationships
- c. Risk sharing
- d. Trust
- e. Commitment
- f. Communication in high level in organization
- g. Understanding customer's needs
- h. Proactive

Strategic /Information

- a. Know the best possibilities globally
- b. Innovativeness and willingness for development
- c. Know-how and knowledge (market knowledge)

APPENDIX 7 - Survey

Uusiasiakaskysely-Infra-2014

Meille on tärkeää tietää, miten voimme auttaa Teitä menestymään. Siksi toivomme Teiltä avoimia vastauksia, ideoita ja näkemyksiä siitä, miten Te näette toimintanne ja tarpeen; tällä hetkellä sekä tulevaisuudessa.

Minkä alan tuotteita yrityksenne pääosin ostaa?

- Sähkö
- LV
- Maa- ja vesirakennus
- Televerkko
- Muu, mikä? _____

Mihin ryhmään yrityksenne kuuluu?

- Kaupungit ja kunnat
- MVR-urakoitsijat
- Sähköverkkourakoitsijat
- Sähkölaitokset
- Vesilaitokset
- Urakoitsija muu _____
- Muu, mikä _____

Henkilöstön lukumäärä yrityksessä

- < 100
- 100 - 250
- 250 <

Edellisen tilikauden liikevaihto

- < 1 000 000
- 1 000 000 - 4 999 999
- 5 000 000 - 19 999 999
- 20 000 000 <

Millä alueella /alueilla yrityksenne toimii Suomessa?

- Etelä-Suomi
- Länsi-Suomi
- Itä-Suomi
- Pohjois-Suomi

0 100

Henkilökunta on asiantuntevaa ja pystyy aina pyydettyäessä auttamaan

0 100

Myyjä tuntee yrityksenne ja tarjoaa omatoimisesti neuvoja, vinkkejä ja tietoa tuotteista ja mahdollisuuksista ratkaista tietyt ongelmat

0 100

Tukkuliikkeen hinnat ovat edullisemmat kuin kilpailijoilla

0 100

Tarjoaa laajan valikoiman yhdeltä luukulta

0 100

Tarjoaa kilpailijoitaan parempaa asiantuntijapalvelua

0 100

Pystyy tarjoamaan kilpailijoita paremman saatavuuden erityistilanteessa

0 100

Tukkuliikkeen tuotteet ovat laadukkaita

0 100

Tarjoaa toimitukset pika-aikataululla työmaalle

0 100

Tukkuliikkeen toimitusvarmuus on huippuluokkaa

0 100

Tarjoaa mahdollisuuden seurata tuotteiden toimituksia koko prosessin ajan

0 100

Tarjoaa mahdollisuuden muuttaa toimitusaikoja joustavasti0 100

Tarjoaa kilpailukykyiset sähköisen kaupan palvelut0 100

Luo yhteiset tavoitteet ja mittarit sekä kehittää toimintaa niiden mukaisesti0, Ei lainkaan tärkeä Erittäin tärkeä, 100

Luottamukselliset henkilösuhteet0 100

Nopea tavoitettavuus tarvittaessa0 100

Tuo suunnittelijoiden tietoon uusia ratkaisuja

0 100

Hakee parhaat ratkaisut globaaleilta markkinoilta ja tarjoaa niitä omatoimisesti Teille

0 100

Suhtautuu ennakkoluulottomasti uusiin ideoihin ja on valmis kehittämään niitä eteenpäin

0 100

Asiakkaan ja tukkuliikkeen yritysjohdo keskustelelee säännöllisin väliajoin strategisesta yhteistyöstä

0 100

Operatiivinen sekä strateginen taso keskustelelee keskenään

0 100

Luotettavuus; toimii aina yhteistyön parhaaksi0 100

Sitoutuneisuus; tavoittelee pitkäjänteistä yhteistyötä0 100

Suomalaisuus0 100

Perheyritys0 100

Brändi0 100

Alla on kuvattuna muutamia asiointitilanteita tukkuliikkeen kanssa. Teidän tulisi valita vastausvaihtoehdoista se, joka kuvaa parhaiten Teidän yrityksellenne sopivaa mallia. Jos täysin oikeaa vaihtoehtoa ei ole tarjolla, valitkaa se, joka on lähimpänä tai joka pätee useimmin.

Hankkiessanne tuotteita tukkuliikkeestä, ensisijaisesti

- Sovitte tapaamisen myyjän kanssa
- Soitate myyjälle
- Käytätte sähköpostia
- Käytätte verkkokauppaa
- Käytätte tukkuliikkeen kanssa yhteistä tietojärjestelmää
- Hoidatte ostokset myymälässä

Tukkuliike tarjoaa hintaa, joka on hieman kalliimpi muihin nähden; tällöin tukkuliikkeen täytyy (voitte valita useita)

- taata tuotteiden parempi saatavuus kilpailijoihin nähden
 - pystyä tarjoamaan joustavammat toimitukset
 - tarjota parempi / sopivampi tuotelaatu
 - tarjota paremmat palvelut
 - olla sitoutunut Teihin
 - otatte tuotteet kilpailijalta
 - pystyä tarjoamaan jotain muuta, mitä:
-

Miten odotatte tukkuliikkeen toimivan uusien ideoiden eteenpäin viemisessä?

- Odottavan niin kauan, että Teillä on suunnitelma valmiina ja toteuttavan sitä Teidän haluamallanne tavalla
- Ottavan osaa suunnitteluun, jotta lopputulos on halutunlainen
- Olevan aktiivinen ja innovatiivinen uusien ideoiden suunnittelussa ja käytäntöönviennissä
- Innovoivan yhdessä Teidän kanssanne uusia toimivia ratkaisuja