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**VALUE CREATION IN PROJECT BUSINESS RELATIONSHIPS: SUPPLIER
AND CUSTOMER'S PERSPECTIVES**

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ABSTRACT

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The purpose of this study is to analyze supplier's value creation ability in project business in order to enhance customer's business. In addition, the aim is to identify the role of business relationships in value creation and analyze the applicability of key account management in project business. The study considers value from the customer's point of view. The concepts of value and value creation are widely discussed in marketing literature. Theory emphasizes the importance of value creation and business relationships in business markets. The empirical part of the study is conducted as a case study research. The empirical evidence is collected by interviewing one supplier organization and their three customer organizations. These companies operate in Finnish and global industrial markets. Data is collected through semi-structured interviews and analyzed by using qualitative content analysis. The study identifies several customer value drivers influencing on the value creation, which can be divided into product, service and relationship elements. One of the recognized value drivers is customer-supplier relationship. The findings show that a closer relationship enhances value creation possibilities and the key account management program allows effective managing of business relationships. As managerial implications, suppliers should seek to create continuous and conversational relationships with the key account customers.

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Tutkimuksen tarkoituksena on analysoida toimittajien arvonluontia projektiliiketoiminnassa ja sitä kuinka toimittaja voi arvonluonnilla auttaa asiakasta heidän omassa liiketoiminnassaan. Tämän lisäksi tutkimus käsittelee yritysten välisten suhteiden merkitystä arvonluonnissa sekä mahdollisuuksia hyödyntää avainasiakkaiden hallintaa / johtamista projektiliiketoiminnassa. Tutkimus lähestyy arvonluontia asiakkaan näkökulmasta. Arvo ja arvonluonti ovat laajasti tutkittuja käsitteitä kirjallisuudessa. Teoria korostaa arvonluonnin ja yrityssuhteiden merkitystä yritysten välisessä liiketoiminnassa. Tutkimus on toteutettu tapaustutkimuksena. Empiirinen aineisto on kerätty haastattelemassa toimittaja yritystä sekä kolmea asiakasyritystä. Nämä yritykset toimivat teollisuudessa niin Suomessa kuin ulkomaillakin. Data on kerätty puolistrukturoidulla haastatteluilla ja analysoitu käyttämällä laadullista sisältöanalyysiä. Tulokset osoittavat useita asiakkaiden arvonmuodostustekijöitä jotka vaikuttavat heidän kokemukseensa toimittajan arvonluontikyvystä. Yksi näistä tekijöistä on asiakas-toimittajasuhde. Tulosten mukaan tiivis asiakas-toimittajasuhde edistää arvonluontia yrityksissä. Tulokset myös viittaavat siihen että avainasiakkaidenhallinta on tehokas tapa hoitaa suhdemarkkinointia. Tutkimuksen perusteella toimittajayritysten tulisi pyrkiä luomaan jatkuva asiakassuhde avainasiakkaiden kanssa.

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As I finish my studies at LUT and my Master's Thesis it feels surprising that one of my long-term goals is reached. Looking back, I can say that studying has been only a small part of my life but during the last six years it has been a large part. More than once I have struggled with a tight schedule. The Master's Thesis was no exception. The studying years have been taught me a lot of persistence, challenging myself but also overcoming setbacks. I have to admit that without a year in Australia, I would not be in this situation and finalize the Master's Thesis and studying. In 2009 I started studying at Lappeenranta University of Technology and I can say it has been pleasant time for me. I have been very happy to study in my hometown and retain friends in my life but also meet wonderful people during my studies. I hope these relationships will maintain after graduation.

In the beginning of writing the Master's Thesis I was not worried about the writing process but at the end it turned to be one of the most challenging aspects. There has been times when my motivation was been lost and I felt like I am in a dead end but as I always try to think: a solution can always be found. It is ironic but I could describe the writing process of Master's Thesis as an endurance sport competition. Since during the journey you face difficult moments and you would like to give up but there is an underlying goal to finish the race and the imagination of crossing the finish line is the motivation that drives you forward. As like I said, this has been one of the long-term goal and competition in my life.

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1 INTRODUCTION

Today, companies increasingly outsource activities to suppliers and focus on their core competences (Kibbeling *et al.* 2013). In business, there is a growing interest in collaborative relationships due to the customers' trend to develop closer relationships with the most preferred suppliers instead of having a large number of suppliers (Homburg *et al.*, 2002). In addition, today's customers are more powerful and demand the special value-adding activities from their business partners (Homburg *et al.*, 2002). In turn, suppliers are facing a growing competition and having problems to differentiate themselves from competitors only based on products (Ulaga, 2003). A dramatic change in customers' buying behavior has forced suppliers to adopt more flexible selling approaches and leave the old process-driven selling models (Adamson, 2013). Additionally, recent changes have induced companies to reconfigure the management of their most important business customers and redesign their organization in order to meet key account customers' needs in business markets (Homburg *et al.*, 2002). As a consequence, suppliers have begun to implement key account management programs in the business markets in order to manage and serve their most important customers (Ivens & Pardo, 2007).

Value creation and relationship marketing concepts such as key account management are gaining growing interest in marketing literature. These marketing approaches and concepts have been known for decades but recent studies provide a new knowledge of these research topics (e.g. Eggert *et al.*, 2006; Ulaga & Eggert, 2005; Grönroos, 1994). Recently, companies leave behind the transactional-oriented marketing strategies and adopt a more relational-oriented approach (Wengler, 2005). As a result of improved business relationship suppliers recognize increased customer retention and loyalty, which in turn enhance supplier's competitiveness (Abrat & Kelly, 2001). Researchers state the suppliers must understand their offerings and value creation ability in order to be more effective in business relationships (Lapierre, 2000). In addition, suppliers have to be aware of the drivers and activities that build a competitive advantage and create value to the customers (Ravald & Grönroos, 1996). Besides, customers are increasingly considered to be part of the company's assets in resource-based management

approaches (Ives & Pardo, 2007). By offering a superior customer value, the organization enhances the creation and maintaining of long-term relationships between the supplier and the customer (Eggert *et al*, 2006).

One of the relationship marketing approaches is key account management, which also address the importance of value creation. The adoption of key account management approach has become common among business. Researchers characterize key account management program as the organization's approach to organize their sales and marketing efforts in business-to-business markets (Homburg *et al.*, 2002). Key account management program imply the strategic importance of the most valuable customers for the supplier organization. As a consequence, applying the key account management program may also increase customers' expectations of business relationships. (Ives & Pardo, 2007) It is worth emphasizing that suppliers need to effectively evaluate their core strengths and utilize that information in a way that add value to their key account customers. Therefore suppliers need an effective process for understanding the key account customer's needs and their value drivers. (Abrat & Kelly, 2001) In order to enhance the process of value creation in a key account context, suppliers have to identify especially those customer's value drivers and needs, in which they are able to respond (Georges & Eggert, 2003).

In the project business, there are at least three parties in the supply chain: a subcontractor, a focal company and a customer. Although the supplier (subcontractor) mainly discuss and negotiate with the project supplier (a focal company) it should focus on delivering value to the end-customer (Kibbeling *et al.*, 2013). The project suppliers may use tens of subcontractors in order to assemble the end product. In this specific case, research field is characterized by project business and heavy industry. The purpose of this study is to examine the supplier's value creation in order to enhance the customer's business / selling process, value creation to the key account customers and business relationships in the project business. The aim of the study is to describe how suppliers create value in the context of project business and how supplier can implement key account management in the business where delivery times are long and projects take place infrequently.

1.1 Literature review

There is a large amount of academic literature considering concepts such as relationship marketing, key account management and value creation. However, research on selling is

less discussed topic in marketing literature. The majority of observed relationship marketing studies address on-going relationships between business partners and seek to quantify the value of relationships. Existing key account management studies have divided into individual key account managers, dyadic supplier-customer relationships and the design of key account programs (Homburg, et al., 2012). The dyadic key account relationships are also closely related to relationship marketing research whereas studies of key account managers reflect personal selling approach. Most of the value creation studies investigate value from either the customer's or the supplier's point of view (Pardo *et al.*, 2006). Further, researchers suggest defining value creation as a company's competence, relational activity, customer perception or a construct co-created by a supplier and a customer (Sullivan *et al.*, 2012). However, value creation is seen as an important aspect in all marketing activities and collaborative relationships where the key account management also contributes to value creation. Still the marketing studies have not successfully combined these concepts and find their interconnections. After all, concepts applied in these studies are in relation to each other. For example, key account management is considered as a relationship marketing approach but it also can be defined as a personal selling strategy.

Several studies have examined value creation at the company level in the business-to-business context (e.g. Eggert, Ulaga & Schultz, 2006; Flint, Woodruff & Gardial, 2002; Lapierre, 2000; Ulaga & Eggert, 2005). However, Ulaga (2003) states that the understanding of value creation in business relationships is still in its infancy and research should measure how firms create and deliver value in buyer-seller relationships. In addition, the main focus of the value research has been limited to a supplier perspective whereas only a few studies have concerned a customer perspective (Ulaga, 2003). Also Flint *et al.* (2002) state that customer value research in business markets is in an early stage. Although the main deficiency of value creation research is the supplier focus, Dwyer and Tanner (1999) define that studies also ignore relational dimensions of customer value and instead focus on the value of the physical product. The current classification of the value either from a supplier or a customer's point of view is particularly inappropriate in the key account management programs that based on the co-creation of value (Pardo *et al.*, 2006). Some studies (e.g. Vargo & Lusch 2004; Payne, Storbacka & Frow, 2008; Grönroos, 2011) suggest that suppliers and customers co-create value but there are only a few studies written about value creation in key account context (Georger & Eggert, 2003; Pardo *et al.*, 2006).

The majority of studies discuss characteristics, implications, and evolution of key account management programs (Pardo, 1997). Similarly to studies of value creation, key account management literature considers key account programs either from suppliers (Homburg *et al.*, 2002; Workman *et al.*, 2003) or customers point of view (Abrat & Kelly, 2001; Pardo, 1997). However, current literature is mainly focused on the supplier perspective. Although, value is examined in various contexts, Pardo *et al.* (2006) state that value is insufficiently explored in the context of key account management. For example, Georges and Eggert (2003) point out that key account management is not investigated from the value perspective. They analyze the value in key account management context from the customer's perspective and examine the key account manager's role in the value creation process. In addition, a limited number of research examines factors that impact on the success of individual key account relationships (Sharma, 2006). Moreover, according to Friend *et al.* (2014) there is even less literature focused on understanding sales failures in the key account management context.

1.2 Research objectives and questions

This study is carried out in co-operation with a Finnish manufacture company, which produces material handling equipment and their three customer organizations that operate in power industry. The case company operates in domestic markets but also a large part of manufacture is delivered globally. The company plans to grow, service larger scale projects, and offer more extensive services to customers. The company designates experience, knowledge and services through the customer lifecycle as their core competence. The study is primarily concerned with the issue of customer value creation in business markets. The aim is to provide deeper understanding of how value creation enhances customers' own business and how value can be created to the key account customers. The specific interests of this study are the customers who supply a whole power plant to the end-customer and therefore they are seen as intermediaries between the supplier and the end-customer. As a consequence, the supplier needs to understand a value-generating process to reach a customer's customers. To support this aim, the study develops a conception of value creation, relationship marketing, key account management, and selling process in the project business. The study does not seek to generalize the supplier's value creation or universal selling process but rather describe the unique process and situation in the research context. In order to explore understanding of value creation in business markets, the study defines similarities and differences between the supplier and the customer's perceptions of value creation.

From a managerial point of view, the study seeks to reveal the customers' value drivers in heavy industries and the suppliers' activities that improve customer-perceived value and consequently support customer's own business processes. However, it should be noted that these value drivers are probably not applicable to other contexts because they are industry and even company-related. However, the study identifies the unique value drivers in the research context. In addition, the findings of the study should inform the supplier where the customer has been satisfied and where in the relationship has room for improvement. Also, the study seeks to describe the suitable key account management approach in the project business. From a theoretical perspective, the main advantage of this study is the improved understanding of the supplier's value creation in business relationships as well as value creation that enhances the key account customer's business processes. Moreover, the study provides insight of customer's value drivers and decision-making process in project business. The customer-supplier relationship is also described in business markets providing new knowledge. The study also offers an example of selling process in project business comparing it to the previously studied processes. In addition, the results reveal difference between the supplier and the customer's perceptions of customer value creation.

The main research question:

- 1. How does supplier create value in order to enhance customer's selling process in project business?**

The sub-research questions:

- 2. What is the role of customer-supplier relationships in value creation?**
- 3. What is the difference between the supplier and the buyer's perceptions of value creation?**
- 4. How could the supplier implement key account management in project business?**

1.3 Definitions of key concepts

This chapter presents and defines the key concepts applied in this study. It is important to point out there are no commonly accepted definitions for the concepts used in this study. Therefore the study applies the most suitable definitions considering the research topic. The main concepts are relationship marketing, key account management, customer value

and value creation as well as selling process. These concepts and related studies are discussed more in Chapter 2.

1.3.1 Relationship marketing

Relationship marketing perspective has existed for a long time and it has a strong influence in business-to-business markets (Grönroos, 1990; Ivens & Pardo, 2007). A term 'relationship marketing' was first introduced by Berry (1983) and he defined it as "attracting, maintaining, and enhancing customer relationships". This viewpoint stresses the importance of retention and development of customer relationships instead of customer acquisition (Egan, 2001). Many researchers such as Reid and Plank (2000) define relationship marketing as developing a long-term relationship with customers. However, relationship marketing is considered as a philosophy with several relational variations instead of an explicitly understood concept with identified objectives and strategies (Egan, 2001). Payne *et al.* (1995) compare relationship marketing and transactional marketing approaches. They consider factors such as customers' retention, continuous communication, focus of customer value and commitment to meet customers' expectations describe the relationship marketing approach. Instead, the transaction marketing approach focuses on a single sale, product features and do not emphasize the customer service.

Later, Berry (2002) considers applying relationship marketing within the organization results in sustainable competitive advantages and continuous development of collaborative relationships. Grönroos (1994) defines relationship marketing as follows: "to identify, establish, maintain and enhance and when necessary, terminate relationships with customers and other stakeholders, at a profit so that the objectives of all parties are met". Similarly, Morgan and Hunt (1994) propose that "successful relationship marketing process consists of establishing, developing and maintaining exchanges with customers". According to Gummesson (1994), the long-term profitability and interactive relationships are emphasized in relationship marketing. In addition, the approach seeks to create strategies that create value for both parties in business relationships (Gummesson, 1997). From the value creation perspective, Gordon (1998) defines relationship marketing as "an on-going process of identifying and creating new value with individual customers and then sharing the value benefits with them over the lifetime of the association".

1.3.2 Key account management and key account customer

Key Account Management (KAM) is an approach based on relationship marketing (Wengler *et al.*, 2006). Researchers use a variety of terms to describe key account management approach and for example Homburg *et al.* (2002) name key account selling, national account management, national account selling, strategic account management, and global account management as synonyms for the key account management. Although key account management is discussed under variety of terms, most of the descriptions consider a key account customer as the customer who generates a significant share of the company's profits (Wengler, 2005). In other words, key account management is based on the assumption that some customers represent a higher share of sales or profits than others and therefore customers are in an unequal position from the company's perspective (Håkansson & Snehota, 1995). In addition, researchers point out that key account customers receive more dedicated services and resources from different organizational functions than non-key account customers (Barret, 1986; Guenzi *et al.*, 2007).

Key account management can be described as a supplier's marketing program, whose purpose is to develop and maintain collaborative relationships in business-to-business markets (Wenger's *et al.*, 2006; Georges & Eggert, 2003). The conceptualization of key account management is essential to differentiate from customer relationship management approach. Due to the research topic of this study it is meaningful to define the key account management from the value creation perspective. Besides, some researchers such as McDonald *et al.* (1997) and Pardo *et al.* (2006) highlight key account management as a value-adding approach. In addition, recent studies propose that key account management is based on the exchange of value and suppliers' trend to integrate value creation with customers (Pardo *et al.*, 2006; Ivens & Pardo, 2007). In this study, the definition of key account management is based on Boles' *et al.* (1999) proposition that "key account management is a supplier's relationship marketing program, which aims at establishing, developing and maintaining a successful and mutually beneficial business relationships with the company's most important customers".

1.3.3 Customer value and value creation

Literature consists of several definitions of customer value. Some studies define value primarily in monetary terms while others adopt a broader definition of customer value including non-monetary benefits and sacrifices (Walter *et al.*, 2001). However, four principle value characteristics can be recognized: 1) value is a subjective concept, 2) it is conceptualized as a trade-off between benefits and sacrifices, 3) benefits and sacrifices

are complex concepts, and 4) perception of value depends on competition (Georges & Eggert, 2003). In general, the value concept is multifaceted and complicated (Ravald & Grönroos, 1996). According to Holbrook (1994) value is fundamental in all marketing activities and value concept is closely related to the exchange theory of marketing (Georges & Eggert, 2003). Therefore, the concept of value is essential to understand market exchanges where all parties search for value (Ulaga, 2003).

The basic definition of customer value is a trade-off between the benefits and sacrifices in the market exchange (Zeithaml, 1988). Zeithaml (1988) defines customer-perceived value as “the overall assessment of the utility of a product based on a perception of what is received and what is given”. Monroe (1991) suggest that value is “a buyer’s perception of value representing a trade-off between the quality or benefits they receive in the product relative to the sacrifices they perceive by paying the price”. These two definitions are almost identical but Zeithaml notes that perceived value is a subjective concept and varies among customers. Grönroos (1997) defines a customer-perceived value as “a core solution plus additional services divided by price and relationship costs or core plus/minus added value”. Instead, Eggert and Ulaga (2002) define customer value in business markets as the customer’s perception of multiple benefits and sacrifices, which are included in supplier’s offering and compare them to other suppliers’ offerings.

From the customer’s perspective value creation and customer-perceived value are described as desired benefits (Singh & Koshy, 2011). A supplier can provide value for its customers in many ways but generally the market price and resources reflect the value for the customer (Möller & Törrönen, 2003). Although the majority of value research considers customer value from a transactional perspective and focus mainly on products, new studies define value from the relationship marketing perspective and pay more attention to relationship value (Payne & Holt, 1999; Ulaga, 2003). Georges and Eggert (2003) state that customer-perceived value is a subjective concept, which is affected by personal needs and it is relative to competition (Georges & Eggert, 2003). In addition, attraction, trust and commitment are seen as perceptual dimensions of value (Grönroos, 2011).

1.3.4 Selling process

Sales refers to the activities of selling, conducted by the salesperson and targeted to engage prospective customers. Instead, selling describes actual implement of sales and the process of activities and actions executed by the seller (Viio & Grönroos, 2014).

Barber and Tietje (2008) identify sales process as a process where both a seller and a buyer participate and co-create value. First, sales process was identified as a monadic perspective focusing on a single relationship that takes place between a customer and a salesperson and mainly considers a sales process from the salesperson's perspective (Borg & Young, 2014). Later, Spiro *et al.* (1977) identify sales process a dyadic process that includes both a buyer and a seller's perspectives. Relationship thinking has also effected the definition of selling process, which adopts the importance of long-term relationships between the buyer and the seller (Daniel *et al.*, 2003). Another issue that is increased among the selling literature is the developing of relationship based on trust and mutual value creation (Wotruba, 1996).

1.4 Theoretical framework

The context and aim of this study are presented in the theoretical framework in Figure 1. on the following page. The framework is based on a literature review and the main theoretical concepts applied in this study. To examine the supplier's value creation that enhances the customer's business the study proposes a theoretical framework, in which the main concepts are value creation, customer-supplier relationships, selling process and key account management. The concepts are studied at the supplier and the customer companies. Relationship marketing theory is used to describe the role of collaborative and on-going interactions between the supplier and the customer. Relationship marketing also provides a theoretical framework for the industrial business relationships in this specific project industry. Key account management approach reflects the special long-term relationships with the most important customers as well as the selling process to these customers. The selling process illustrates the value delivery process to the customers and the relationship between the business partners on the selling stage. The value creation reflects the exchange theory and forces that drive suppliers and customers to market transactions and relationships. Here, value creation means an ultimate goal of relationship marketing, selling process and key account management where all resources are harnessed to enable value creation. The theoretical framework describes the value chain from the supplier through the customer and further to the end-customer. The same framework can be used to analyze the supplier and customer's perceptions of customer value.

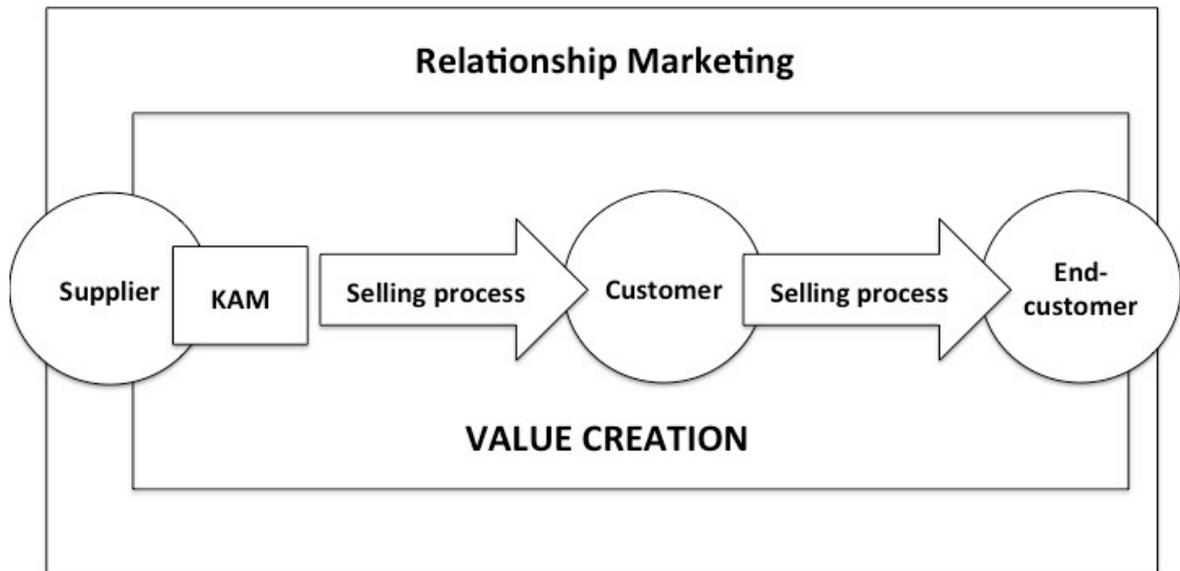


Figure 1. Theoretical framework

1.5 Methodology

The theoretical part of this thesis is based on collecting and analyzing literature published in the business management and marketing management field. The aim of the literature review is to provide a coherent theoretical basis for the research and to understand the main concepts of the study, including relationship marketing, key account management, value creation and selling process. As Cooper and Schindler (2006) explain that the underlying purpose of business research, especially in qualitative research is to understand how and why things happen as they do. The references are mainly retrieved from academically approved scientific articles published in academic journals, which are access through Lappeenranta University of Technology's databases. Also some printed books and online documents are used as a reference.

The empirical part of this study is carried out applying a qualitative research method. As Cooper and Schindler (2006) state the purpose of qualitative research is to achieve a deeper understanding of a situation and explore the underlying factors behind the phenomenon such as behavior, motivation and perceptions the method is seen appropriate for this study. This research follows a descriptive study and it is implemented as a case study. Data collection is conducted by individual interviews. The in-depth interviews consist of two focus groups: the supplier organization, which is a case company and their customer organizations. The interviewed persons are from sales, purchasing,

and project departments as well as from senior management. The inductive case study is selected to answer research questions and enhance the understanding of value creation in business relationships. Interviews are conducted by semi-structured interviews, which follow the questionnaires that are available in both English and Finnish in the Appendix 1. Two separate questionnaires were carried out, one for the supplier company and another for the customer companies. Both questionnaires consist of four parts investigating the supplier's offering and value creation, buyer-seller relationships, selling or buying process and key account management. By analyzing results from the empirical part and combining them with theory, the study develops a deeper understanding of value creation in industrial business relationships and the feasibility of key account management in the project business.

1.6 Delimitations

The concepts applied in this study are extensively studied and conceptualized in marketing literature. In addition, they are studied from various perspectives and for example value creation and key account management researchers cover several aspects. The study investigates value creation between the supplier and the customer but does not address the end-customer's experience of value creation. This research focuses on on-going business relationships instead of a transactional based exchanges. The relationship development models are underlying theories but the study does not focus on the identifying the evolving relationship stages. The key account management literature is mainly concerned with the issue of implementing and developing key account management program. However, the purpose of this study is not to examine developing process of key account management program or identify selection of key account customers. Instead, the aim is to identify benefits of key account management and explore the possibility to adopt key account management program in project business. Although, some studies investigate a role of individual key account managers in value creation process, this study focuses on understanding company's overall value creation ability for key account customers not a single person's sales skills. The main focus of this thesis is to examine value from a customer's perspective in business relationships and therefore delimit the value creation that seeks to improve supplier's own performance.

1.7 Structure of the thesis

This thesis is divided into two major parts. The theoretical part based on a comprehensive literature review comprises chapters 1 and 2 and the empirical part, which applies previous theories to practice in a form of qualitative research, is presented in chapters 3 and 4. Chapters 5 and 6 conclude the results from the empirical part and compare them to previous studies and theories. In addition, the last chapter suggests theoretical and managerial implications of the study and presents ideas for the future research.

2 VALUE CREATION

The value and value creation concepts are widely discussed and examined in business-to-business literature (e.g. Eggert, Ulaga & Schultz, 2006; Flint, Woodruff & Gardial, 2002; Lapierre, 2000; Ulaga & Eggert, 2005). Recently, customer value is concerned as a major issue among marketing researchers and creating superior value for customers is seen as crucial for the long-term growth of company (Terho *et al.*, 2012). Most marketing approaches state that the exchange process between suppliers and customers culminates in value creation (Pardo *et al.*, 2006). The value concept is a primary driving force towards consumer and business relationships and is closely linked to exchange theory (Georges & Eggert, 2003; Kotler, 2000). Although, research on creating and delivering value for customers have been studied for many years, research on customer value, especially in business markets, is still in an early stage (Sullivan *et al.*, 2012; Flint *et al.*, 2002). Besides, value creation as a concept is complex and evolving, which makes it challenging to gather a deep understanding of the concept (Sullivan *et al.*, 2012). A deeper understanding of value is needed, especially from a customer perspective since value is mainly understood from either a customer's or a supplier's perspective (Pardo *et al.*, 2006).

Marketing studies have identified several different customer value dimensions in business markets (Georges & Eggert, 2003). For example, Anderson *et al.* (1993) propose that value has four benefit dimensions, which are economic, technical, service and social. More recently, Möller and Törrönen (2003) determine value in the supplier-customer relationships and suggest that three dimensions are the supplier's efficiency, effectiveness and network function. According to Möller and Törrönen (2003) efficiency refers the organization's performance to use resources and effectiveness is related to a supplier's ability to produce solutions, which provide more value to customers than previously. Instead, the network function suggests that value creation capacity extends beyond the dyadic supplier-customer relationship and reach the larger network (Möller and Törrönen, 2003). In order to summarize value creation research, the study adapts the Sullivan's *et al.* (2012) classification criteria of research themes, which are seen in Figure 4. Some researchers conceptualize value creation as a firm competence when customer only perceives value in suppliers' competences and delivered solutions. Another research trend proposes that value creation is a relational activity where value is created in the relational exchanges rather than embedded in the product (Srivastava & Singh, 2010; Ulaga & Chacour, 2001). Instead, the third theme reflects value creation as a customer

perception and takes into account a customer-perceived value. A fourth theme states that value creation is co-created process by both the supplier and the customer (Vargo & Lusch, 2004; Grönroos, 2011).

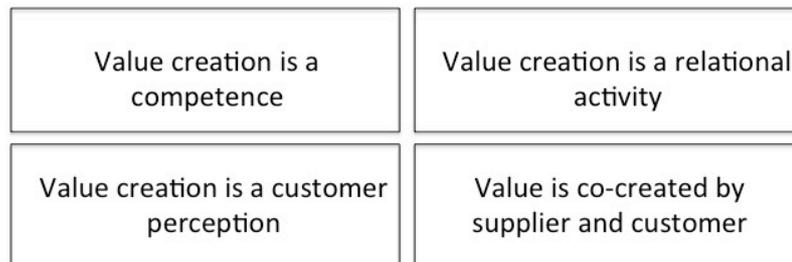


Figure 4. Value creation research themes (Sullivan et al., 2012)

2.1.1 Value in business relationships

Value creation and value sharing are regarded as an underlying reason of collaborative business relationships (Anderson, 1995). Grönroos (2008) states that value for the customer means that they are more satisfied / pleased than before an interactive process with the supplier. In addition, Grönroos (1997) defines customer-perceived value in monetary terms as “a core solution plus additional services divided by price and relationship costs.” Currently, many studies investigate customer value from a relationship marketing perspective and adopt a relational approach, (e.g. Raval & Grönroos, 1996; Grönroos, 1996; Grönroos 1997; Lapierre, 2000; Möller & Törrönen, 2003 and Walter et al., 2003) which is regarded as relationship value (Payne & Holt, 1999). The importance of customer value is most essential / evident in collaborative relationships where both a customer and a supplier achieve mutual outcomes / win-win situation (Anderson & Narus, 1990). Value is defined a fundamental element of relationship marketing and the ability to provide superior value can be the most successful competitive strategy (Raval & Grönroos, 1996). They even suggest that the relationship itself might have a greater impact on the total customer-perceived value than the company’s core offering even though relationship may not be the ultimate reason to choose a preferred supplier.

Previously, value research focuses predominantly on the physical product, which reflects value but does not pay attention to the customer-perceived value or relational dimensions of exchange (Dwyer & Tanner, 1999; Grönroos, 2011). Singh and Koshy (2011) focus on defining customer value beyond the product offering, including customer-perceived value

in the relationships. Also, Grönroos (2011) defines customer value and states that value emerges from several resources and all customer interactions support the core product. McMillan and McGrath (1997) observe that a supplier cannot only focus on the core product since well-managed providing of the product is not the only factor that determines the success of supplier. Instead, they have to pay attention to the customers' practices related to the purchasing process, delivering, installing, intended use of the product, and required support services (McMillan & McGrath, 1997). Grönroos (2011) studies the possibilities what a supplier can do in value-generating process in order to support customer's value creation. He states that supplier does not only provide products or services for customers but offers solutions that supports the customer's practices and enhance the customer's own business and value creation (Grönroos, 2011).

Basically, customer-perceived value can be enhanced in business relationships by increasing benefits or decreasing costs (Eggert et al., 2006). Results from Ulaga's (2003) and Lapierre's (2000) studies add understanding of supplier's value creation abilities in customer relationships. Ulaga (2003) identifies six generic benefit dimensions of relationships influencing customer-perceived value and finds that service support and personal interaction are the main value drivers in relationships. Other relevant factors in business relationships are product quality, delivery performance, supplier know-how, and time-to-market. Surprisingly, Ulaga's (2003) results show that supplier's core offering presents the lower impact on value creation. Cannon and Homburg (2001) consider that the core product, sourcing process and customer's internal operations are the main value sources. Figure 4. combines Ulaga's (2003) benefit dimensions and Cannon and Homburg's (2001) value creation sources in business relationships.

Lapierre (2000) identifies 13 relationship value drivers and divides them into benefit dimensions (product, service, relationship benefits) as well as sacrifice dimensions (price and relationship costs) in business-to-business services field. The following value-based drivers are identified as relationship benefits: alternative solutions, product quality, product customization, responsiveness, flexibility reliability, technical competence, supplier's image, trust and supplier solidarity with customers. Lapierre (2000) determines price, time and effort, and conflict as relationship sacrifices. As stated earlier, customer value is a dynamic concept, and therefore it is not meaningful to expect that mentioned value drivers remain unchanged. In addition to value creation in relationships, Georges and Eggert (2003) study value drivers in key account management context. They identify that the offer adjustment, coordination, lateral interaction, vertical interaction, buying center

consultation, role formalization, decision authority and transparency have impact on customer-perceived value.

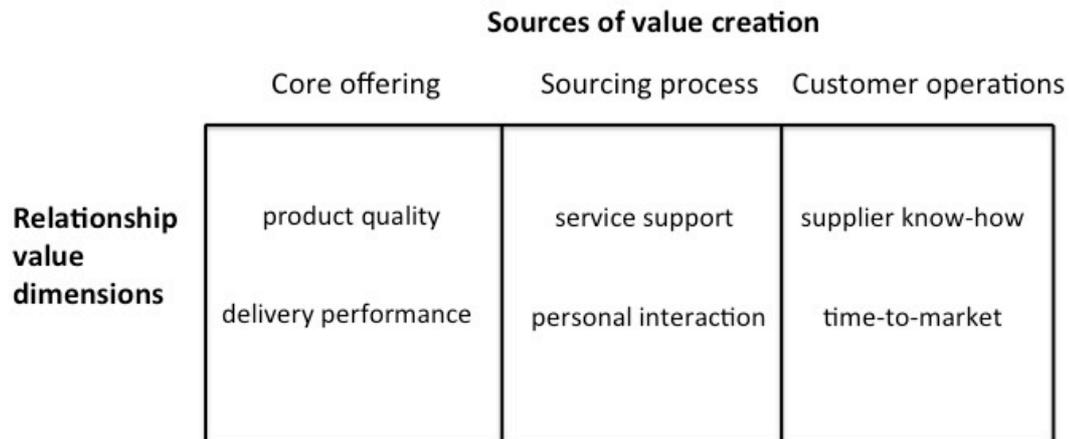


Figure 5. Sources of value creation and value dimensions (Eggert et al., 2006)

Studies show there are multiple ways to add value in business relationships (Ulaga, 2003). By understanding customers' business, challenges, markets and what they actually value, suppliers can successfully create superior value for them (Sullivan *et al.*, 2012; Anderson & Narus, 1998). As a consequence, the organizational routines of a supplier company needs to be designed to add understanding of a customer's business resulting in increased performance of their own company as well as the customer organization. In addition, Möller (2006) and Golfetto and Gibbert (2006) discuss the marketing competences in the buyer-supplier relationships, and the meaning of competencies in the value creation process for a customer. As a consequence of changing business environment, the understanding value creation and delivery in business relationships are necessary for suppliers in order to develop and maintain the successful partnerships (Ulaga, 2003; Sullivan *et al.*, 2012). In order to meet customers' expectations of value benefits, the supplier has to understand the overall customer-perceived value, the customer's value chain and the actual value that the customer seeks from the supplier's offering (Sullivan *et al.*, 2012). Although the supplier attempts to create customer value, customers always determine themselves what is the value (Grönroos, 2011). As a consequence, Grönroos (2011) states that suppliers are not able to create value but their role is to be "a value facilitator providing customers with value-supporting resources and interactive processes that facilitate the customers' value creation".

2.1.2 Value in key account management

The value creation in collaborative business relationships achieves a growing interest in literature but most studies define relationship value at a single point of time (e.g. Lapierre, 2000; Ulaga & Eggert, 2005). Eggert's *et al.* (2006) study takes into account the lifecycle of relationship and emphasizes an increased value creation potential of the supplier as the relationship moves through its lifecycle. It is defined that supplier's value creation potential is highest in the beginning of the relationship lifecycle (Ulaga, 2003). However, Eggert *et al.* (2006) state that creating and maintaining long-term business relationships requires a superior value offering from the supplier. As a consequence, they suggest that key account management programs enhance maintenance of long-term business relationships (Eggert *et al.*, 2006). Sullivan *et al.* (2012) state that the competency to create value and the supplier's ability to manage relationships with the key account customers are closely related. As a consequence, a competency based on customer value creation has positive effects on customer management (Sullivan *et al.*, 2012). Also Gosselin and Bauwen (2006) examine value creation and its effects on strategic key account management. Georges and Eggert (2003) study value creation in key account context and examine how key account managers create value in business relationships and improve customer's overall value proposition. They find that key account managers can influence on customer-perceived value by improving their organization's ability to deliver customized solutions and enhancing customer orientation within the organization (Georges and Eggert, 2003). The customized products and services require a close interaction with the key account customers, which allows the collection of customer insights and to reduce costs of the relationship (Georges & Eggert, 2003).

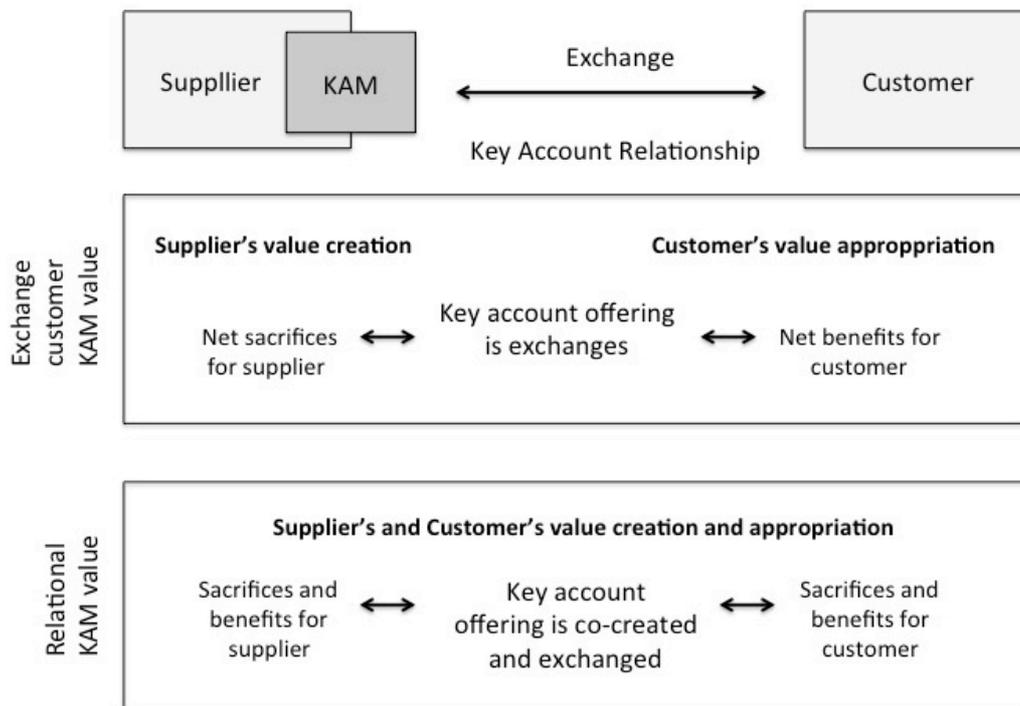


Figure 6. Key account value model (Pardo et al., 2006)

Pardo *et al.* (2006) develop a model of key account management value, which consists of an exchange customer value, a proprietary supplier value and a relational value. Figure 5. shows the two facets of value in key account management context. One value dimension, proprietary supplier value, is not included because it creates value only for a supplier. More often value is defined from the perspective where a supplier creates value and a customer takes advantages of it (Pardo *et al.*, 2006). In the Pardo's *et al.* (2006) model this traditional approach of value is defined as an exchange customer value. According to Anderson and Narus (1999) value from traditional perspective can be defined as “the perceived worth in monetary units of the set of economic, technical, service and social benefits received by a customer firm in exchange for the price paid for a product offering”. Instead, relational key account management value is co-created by a supplier and a customer. This perspective takes into account the relationship itself as resource of value and the relational value is relative to competitive offerings (Pardo *et al.*, 2006; Anderson *et al.*, 1993).

2.1.3 Value proposition

The identification and development of value propositions is identified as one of the main topics in marketing literature (Andersen et al., 2006). The concept of value proposition was first discussed by Bower and Garda (1985) but Lanning and Michaels (1988) provide a more comprehensive description of the value proposition. They define value proposition as “what precise benefit or benefits at what price will be offered to what customer group, at what cost” (Lanning & Michaels, 1988). The value proposition concerns issues such as the company’s plans to deliver superior value to the customers and its effectiveness to solve customer problems (Webster, 2002; Sheehan & Bruni-Bossio, 2015). As a consequence, Lanning and Michaels (1988) suggest that developing a value proposition and creating value-delivering system are the key activities. The key processes to improve the value propositions consist of analyzing customer groups based on the value attributes, assessing opportunities of each group and selecting the value proposition that maximize these opportunities (Lanning & Michaels, 1988). More recently, research considers that value proposition should understand from a more interactive and relational perspective (Lanning, 1988). Besides, Vargo and Lusch (2004) notice that the firm is only able to make value proposition since the customer will always determine what is value in their own terms. In addition, Lanning (1998) defines a value proposition as the experience that customers obtain through interacting with the company.

Anderson et al. (2006) suggest three alternative value proposition strategies for organizations. The company can either identify the benefits that company is able to deliver for the customer, assess the benefits in relation to the competitive offerings or determine the key benefits that customer truly value. Instead, Rintamäki et al. (2007) focus more on customer experience. Webster (2002) argues that the value proposition should be the firm’s most important principle. Additionally, Frow and Payne (2011) suggest that a value proposition helps to identify the value creation opportunities within the organization but only a few studies consider how organizations develop value propositions and what is the ultimate meaning of value proposition (Payne & Frow, 2011). Payne and Frow (2014) also identify and develop a value proposition process to transform companies’ value propositions in order to improve their competitive position and increase the superior value creation. Sheehan and Bruni-Bossio (2015) study how the firms can improve their value proposition by using a strategic value curve analysis. In order to develop successful value proposition, the firm has to understand their customer’s needs, competitors’ offerings, as well as their own strengths (Sheehan & Bruni-Bossio, 2015).

Frow and Payne (2011) identify how an organization can use its value proposition and offer a new insight of value creation in a value network. They provide a five step value proposition framework, which includes identifying customers, determining core values, facilitating dialogue and knowledge sharing, identifying value co-creation opportunities and co-creating customers value propositions.

2.2 Relationship marketing

Relationship marketing has been an essential topic in marketing management literature over decades (Grönroos, 1994; Eiriz & Wilson, 2006). Since 1960s the importance of relationships is considered a core phenomenon in marketing and relationship marketing has retained its strong position among academics until today (Grönroos, 1990; Egan, 2001). In 1970s, also the exchange of value has a growing interest in management literature (Grönroos, 1990). Until 1960s, the basis of marketing was in the selling concept and the market situation where mass production and impersonal relationships between business partners dominated (Egan, 2001). In this kind of transactional marketing approach, companies focus on creating purchases and improve product quality that is seen as the main source of competitive advantage (Grönroos, 1990). A new marketing approach, relationship marketing (Berry, 1983), emerged and partly replaced the previous transactional marketing. Instead of market exchanges, a relationship marketing approach focuses on identifying the customer needs, treating customers as valued partners and increasing their loyalty (Wengler, 2005; Egan, 2001).

Christopher *et al.* (1991) consider that relationship marketing is an approach, which brings concepts such as marketing, customer service and quality together. Instead, Gummesson (1999) emphasizes phenomena such as interactions, relationships and networks in relationship marketing perspective. The underlying purpose of relationship marketing is that supplier's offer supports the customer's value generating processes and all product elements are combined to provide value to the customer (Grönroos, 1990). Grönroos (1990) sees that relationships are essential in marketing and exchanges between business partners take place in on-going relationships. Sheth and Parvatiyar (1995) consider that compared to the relationship-oriented marketing, the transaction-oriented marketing emphasizes the organization's value creation ability, which embedded in a product and finally distribute to the customers. Business relationships gain more interest since Grönroos (1990) notes that well-managed interactions between a supplier and a buyer have a positive impact on customers' purchasing behavior. Also Ravald and

Grönroos (1996) state that a growing trend relating to relationship marketing research is to study the customer value that is created in business relationships. In addition, Lapierre (1997) and Payne and Holt (1999) demonstrate the importance of value adding activities to the organizations. Grönroos (1990) suggests that the relationship itself may impact on customer-perceived value and therefore it can be seen as a competitive advantage. Moreover, Egan (2001) implies that information gathered from the relationships is a valuable resource, which makes easier to meet customer needs.

The aim of relationship marketing theory is to create continuous exchange between business partners and enhance collaboration and commitment, which can be achieved by developing mutual norms and routines (Andersen, 2001). Communication is regarded crucial to creating trust between the business partners (Anderson & Narus, 1990). In the other hand, communication explores business partners' understanding of each other's intentions and capabilities in a relationship and therefore provides a basis for the relationship development (Andersen, 2001). Other benefits of continuous relationships include an increased control, better customer security, and minimized purchasing risk (Grönroos, 2004). In relationship marketing instead of being satisfied only with a basic product or a service, customers demand a holistic offering, in which physical goods become part of the process together with the relationship elements (Grönroos, 2004). Organizations basically apply transaction-oriented approach by focusing only on the product as the outcome of the business process. Although the overall purpose of relationship marketing is to create value, Gordon (1998) names five other dimensions of relationship marketing. First, he considers that customers both purchase and determine the value. Second, the aim of relationship marketing is to support customer value by aligning technology, communication and processes. In addition, relationship marketing requires a continuous cooperative effort between a buyer and a seller and recognizes the customers' lifetime value. Finally, relational marketing approach seeks to form a chain of relationships in the organization including suppliers, distribution channels, intermediaries and shareholders.

Despite various theories of buyer-seller relationships, Reid and Plank (2000) state that only a few studies have empirically tested the theories. Most definitions imply relationship marketing as a process and Grönroos (2004) identifies relationship marketing as a process, which begins by identifying potential customers followed by establishing a relationship with them, and then maintaining the established relationship. In addition, Ford (1980) identifies the characteristics and phases of relationships and creates a business

relationship model. Ford (1980) states that the experience of the other firm, uncertainty, power distance and beliefs about the business partner's commitment to the relationship influence the development of relationship. The identified phases in Ford's (1980) model are a pre-relationship phase, followed by a relationship development phase, an expansion phase and finally a development stage where uncertainty and distance are reduced between business partners. Also, Dwyer *et al.* (1987) discuss the phases and processes of buyer-seller relationships. They identified that relationships develop through the five general stages: awareness, exploration, expansion, commitment and dissolution. Dwyer's *et al.* (1987) model states that developing relationships enable the continued increase in benefits obtained by the business partners. Instead, Andersen (2001) describes a pre-relationship phase, a negotiation phase and a relationship development phase as the three phases of the relationship marketing development process and suggests that the development of buyer-seller relationships is the outcome of cumulative phases during the exchange activities.

Gummesson (1994) suggests that relationship marketing consists of relationships, networks and interaction concepts. Other researchers see that building networks (Håkansson & Snehota, 1995), creating strategic alliances and making partnership agreements (Morgan & Hunt, 1994) support relationship marketing. According to Grönroos (2004), processes such as communication, interaction and value are crucial in relationship marketing planning in order to create a successful relationship marketing strategy, in which the value process is the outcome of relationship marketing. In addition, the relationship marketing approach considers that the internal value-generating processes are a core of marketing and the supplier has to utilize its resources, competencies and processes to serve value processes (Grönroos, 2004). Berry (2002) identifies that a core service strategy, relationship customization, service augmentation, relationship pricing and internal marketing are the five relationship marketing strategies. Gummesson (2002) discusses the core values and beliefs of relationship marketing and states that relationship marketing enhances customization and considers each customer as an individual. In addition, he / she states that collaboration and mutual value-creation with customers are the main outputs of relationship marketing and long-term relationships increase the customer loyalty and reduce marketing costs making relationships more profitable.

2.3 Key account management

A concept of key account management (KAM) is well defined in marketing literature (Wengler *et al.*, 2006). The origin of key account management is in selling concept and in the U.S where NAMA (National Account Management Association) developed this marketing approach in 1960s. A key account management approach faced the growing interest in 1970s and early 1980s among business research (Wengler, 2005). Especially increasing customer demand and market situation influence on notion of the positive effects of cooperation in the long-term relationships (Jaworski & Kohli, 1993). Later, interest continued together with relationship marketing studies. An increased pressure to reduce costs, improve communication and develop partnerships as well as the customers' unequal relevance for the company have affected the development of key account management concept (Weilbaker & Weeks, 1997; (Håkansson & Shehota, 1995) As a consequence, customers have more strategic role (Wengler, 2005) and more companies adopted a new way to manage customers and dedicate their resources to the most important customers, key accounts (Weilbaker & Weeks, 1997; Pardo, 1997).

Over the years, the focus of marketing has changed towards a relational approach and similar change from a transactional to relational approach can be seen in key account management (Wengler, 2005). Li and Nicholls (2000) suggest a relational marketing approach enables greater provision of greater value within business relationships than transactional approaches. The traditional marketing approaches stress the importance of exchange and the satisfaction of customer needs whereas the key account approaches emphasize the identification of specific customer's needs, followed by the customer satisfaction (Sharma, 2003). Although the approach and content of key account management has changed, the importance of key account management is strong in business marketing and is regarded as one of the marketing trends in the twenty-first century (Weilbaker & Weeks, 1997; Abrat & Kelly, 2001).

Table 1. Definitions of key account management

	KAM definition
Abrat & Kelly, 2001	A management strategy that used by selling organizations to serve high-potential, multi-location accounts with complex needs, requiring individual attention through the carefully established relationships.

Ivens & Pardo, 2007	A program to serve strategically important customers in a more individual manner than ordinary accounts (customers).
Ojasalo, 2001	A systematic supplier's process for managing strategically important business-to-business relationships.
Narus & Anderson, 1995	An organizational program to manage and develop relationships, in a more or less formal structure.
Pardo, Henneberg, Mouzas & Naude, 2006	A program that is formed between companies in order to achieve mutual gains; value creation.
Weilbaker & Weeks, 1997	A management approach to maintain collaborative relationships with the most important customers.
Wengler, Ehret & Saab, 2006	A relationship marketing approach where a company focuses on a single customer.

Homburg *et al.* (2002) categorize three research orientations of key account management literature: 1) individual key account managers that reflects personal selling research 2) dyadic relationship between suppliers and customers that is closely related to relationship marketing research and 3) the design of key account programs. Literature review of this study follows similar classification. Among the key account literature Weeks and Stevent (1997) and Georges and Eggert (2003) have studied individual key account managers. Major of the authors (e.g. Pardo, 1997; McDonald, Millman and Rogers, 1997; Sengupta, Krapfel and Pusateri, 1997; Sharma, 1997) focus on key account relationships in their studies whereas Homburg, Workman and Jensen (2002) and Brehmer and Rehme (2009) study the design of key account programs. Table 1. summarizes the definitions of key account management in business literature.

Key account management is strongly connected to personal selling literature (Wengler *et al.*, 2006). Selling in the key account context focus on selling more to established and significant customers (Weilbaker & Weeks, 1997). However, researchers state that key account management differs from a simple selling marketing approach (McDonald *et al.*, 1997) and key account management need to be a more collaborative program that is also accepted by the customer (Wengler, 2005). Selling is also seen as a benefit of key account management program when the improved communication and the quality of

customer relationship enable the company to increase sales (Brehmer and Rehme, 2009). Table 2. shows distinction between transactional selling and key account management approaches (Jobber & Lancaster, 2003. According to Sengupta *et al.* (1997), most companies are not aware of the difference between the traditional key account selling and the value-adding key account management approach.

Table 2. Distinction between selling and key account management (Jobber & Lancaster, 2003)

	Transactional Selling	Key account management
Overall objective	Sales	Preferred supplier status
Sales skills	Asking questions, handling objections, closing	Building trust, providing excellent service
Nature of relationship	Short, intermittent	Long, more intense interaction
Salesperson goal	Closed sales	Relationship management
Nature of salesforce	One or two salespeople per customer	Many salespeople often involving multifunctional teams

2.3.1 Implementation of key account management

A number of studies consider the relational viewpoint of key account management. Narus and Anderson (1995) see that a key account management program follows the supplier's marketing strategy and provides a structure to manage and develop the relationships with their most important customers. Ivens and Pardo (2007) state that companies have a positive attitude towards investing in customer relationships as a way to improve the relationship outcome. In addition, Pardo *et al.* (2006) consider that by adopting a key account management approach supplier companies are able to create more value within business relationships. In order to add value for key account customers, suppliers have to evaluate the core strengths of their key account management program (Abrat & Kelly, 2001). In general, key account programs are formed between companies in order to achieve gains for both parties and therefore the current view of value in business relationships from either the customer or supplier's perspective is inadequate (Pardo *et al.*, 2006). Millman and Wilson (1995) develop a six-stage model of key account relationships and their development. The model identifies sources of competitive

advantage and describes managerial behavior. Different stages are shown in Figure 2 on the following page. The key account relationship stages also reflect the nature of customer knowledge. Either the supplier gathers data from the customer interactions, transactions and behaviors, or by understanding their customer’s business challenges and customer’s customers and co-create knowledge with the customer. (Gordon, 1998).

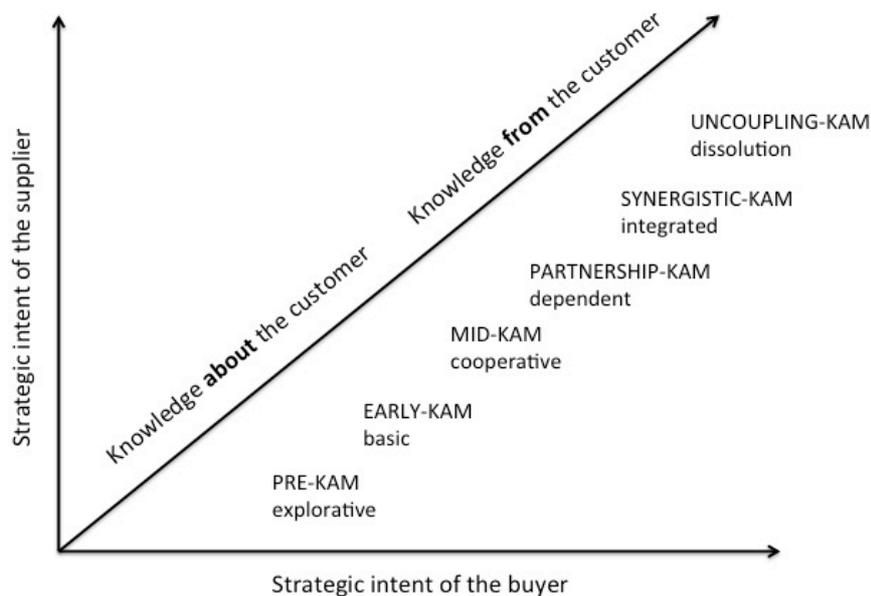


Figure 2. Development of key account relationships (Millman & Wilson, 1995)

The majority of literature considers the driving forces to adapt key account management approach from the supplier company’s viewpoint (Barret, 1986; Boles *et al.*, 1994; Weilbaker & Weeks, 1997). Some studies approach the issue from the customer’s viewpoint such as Pardo (1997), Sharma (1997) and Pardo *et al.* (2006). Wengler *et al.* (2006) see that “the implementation of key account management is the result of a strategic marketing management decision that leads to the internal organizational changes”. Research also found that changes in customer structures and processes are the most common reasons why companies adopt key account management program. In addition, intensive competition, increased cooperation between companies and customer integration in the development process are other driving factors influencing the decision to implement key account management program. Besides, increased customer orientation and closer business relationships impact on companies’ adoption of key account

management whereas desire to differentiate the organization and minimize market risk are not relevant factors (Wengler *et al.*, 2006).

Håkansson and Snehota (1995) state that mostly a few customers and suppliers of the company determine the most of the total sales and purchases in industrial markets. These particular relationships are crucial for the company and its success in many ways (Håkansson & Snehota, 1995). Therefore, companies direct the majority of the resources to their key account customers, which form the portfolio consisting of customers who represent a significant part of revenue (Pardo, 1997). Researchers define key accounts as the most important customers for the company (Ivens & Pardo, 2007; Ojasalo, 2001) and the most common criteria for selecting key accounts has been the sales volume (Wengler *et al.*, 2006). However, Walter *et al.* (2003) point out that key accounts are not necessarily large customers. Instead, key accounts should be seen as the customers that fulfill the supplier company's key function (Walter *et al.*, 2003). In addition, Abrat and Kelly (2001) state that key accounts are customers who are essential to gain success in the market.

It is not always a supplier who drives implementation of key account management program. Also customers may demand key account management and drives supplier to implementation (Davies & Ryals, 2014). Researchers examine customer's attitudes towards key account management and find that some customers see the key account management program as more positive than others (Pardo, 1997; Pardo *et al.*, 2006). Literature states several benefits that customers associate in the key account management approach and for example Sharma (1997) discussed customers expectations of key account management. Some studies have focused on the key account managers' skills to serve the key account customers and capabilities to add value within the customer-supplier relationships (George & Eggert, 2003). However, Pardo (1997) highlights that the key account manager's task is to add value to the relationship and take responsibility of coordination between a supplier and a customer organization. Although the key account manager develops existing relationships, he or she also initiates new relationships with the key accounts (Pardo, 1997). Napolitano (1997) states that the key account manager needs to possess high-level selling skills in order to managing customer relationships as well as relationships within the organization and to ensure realization of mutually beneficial goals. In order to increase customer-perceived value, Georges and Eggerst (2003) state that key account managers needs to serve both internal and external function. Internal function consists of the organizing the several customer-related processes within the supplier organization that create value for

customers. In contrast, external function means value creation by improving the fit between the supplier's value offer and customer's needs. (Georges & Eggert, 2003)

2.3.2 Benefits of key account management

One of the key account management research orientations is to explore the benefits of management approach (Barrett, 1986; Boles *et al.*, 1994). According to Sharma (2006) the benefits of key account management and long-term customer-supplier relationships are well examined. Napolitano (1997), Hannah (1998), and Sengupta *et al.* (1997) study the key benefits of key account management program from the supplier's point of view. Instead, Pardo (1997) studies the customer's perceived benefits of key account management approach. Jobber and Lancaster (2003) identify the improved communication and a dedicated contact person as the customer's perceived benefits of key account management program. However, Pardo (1997) considers that key account customers do not form a homogeneous group and identifies three types of key accounts. First group of key account are those who do not see the key account management program as a solution for problems in the supplier-customer relationship. Second, customers who perceive key account management as a positive effort of supplier as long as it does not represent a disadvantage for them and third, the customers who see key account management program as a positive solution to a number of problems. Pardo (1997) also identifies the factors that reflect the differences on the attitude towards the key account management program. According to her study, the importance of the supplier's product or service, knowledge of the existence and meaning of key account management program, assumed position within the supplier portfolio, managerial practices and characteristics of buying process influence the customer's perception of key account management program.

From the supplier's viewpoint, Barrett (1986) and Boles *et al.* (1994) identify improved relationship with the customers, increased sales, and improved communication as the advantages of implementing key account program. Similarly, Jobber and Lancaster (2003) state the close relationships with the key account customers increase a salesperson's awareness of the players who are involved in the decision-making process. According to Brehmer and Rehme (2009) key account management can be turned into a competitive advantage when supplier's capabilities are based on the internal knowledge and market awareness, which makes it more difficult to replicate these resources to the competitors. In addition, key account management program may increase the likelihood of continued orders from the customer due to the improved supplier's problems solving ability

(Weilbaker & Weeks, 1997). The better ability to solve problems is also the result of a dedicated key account manager, who gathers knowledge about the entire customer organization (Weilbaker & Weeks, 1997). The underlying reason for understanding the key account customers and their business is to proactively predict customers' future demand (Abrat & Kelly, 2001; Hannah, 1998). As a consequence, suppliers should search new opportunities to serve their customers in order to be more proactive (Brehmer & Rehme, 2009).

Wengler *et al.* (2006) name the establishment of trust, relationship management, customer-orientation development and increased customer satisfaction the main tasks of key account management. Non-monetary factors such as trust and satisfaction are also emphasized as benefits of key account management (Homburg *et al.*, 2002). Key account management can be utilized to address and solve the problems in the sales process and meet constantly changing customer needs (Brehmer & Rehme, 2009). Homburg *et al.* (2002) and Workman *et al.* (2003) show that effective implementing of key account management indicates the higher performance compared to the suppliers who do not apply a key account management program. The main stream of research focuses on understanding the positive effects of key account management such as how to improve effectiveness of the selling process in key account management context (Friend *et al.*, 2013). Instead, Friend's *et al.* (2013) study examines key account sales failures and identifies the drivers of unsuccessful key account sales proposals. He and his colleagues find out that the company's inability to understand and offer a solution that meets customer's needs, the sales organization's ineffective demonstration or communication of customer benefits and costs' inequality over the received benefits result in sales failures in key account management.

2.3.3 Successful factors in key account management

3. Ojasalo (2001) propose the four steps model of successful key account management program. The process of key account management starts by identifying the company's key account customers (seen in the Figure 3). Some researchers suggest that definition and characteristics of key accounts need to examine individually in each organization (Homburg *et al.*, 2002; Workman *et al.*, 2003). However, key account management research considers methods aiming at defining and selecting the key accounts and allocating relevant resources among customers (Pardo, 1997). For example, Campbell and Cunningham (1983) determine criteria for key accounts including sales volume, the supplier's share of the customer's purchases, and the customer's profitability to the

supplier. The factors selecting key accounts can be divided into quantitative factors such as high turnover and profit-margin, the high proportion of a given market segment and qualitative factors such as brand image, innovating capacity, and reference marketing in order to reach new customers (Pardo, 1997). The factors to define the key account customers may vary among the companies but more important is to define an effective process for understanding the key account customer's needs (Abrat & Kelly, 2001). Thus, the next step in the key account management process is to analyze the specific characteristics of a key account, the history of the relationship, the level of commitment between the parties and switching costs (Ojasalo, 2001). After analyzing the key accounts, Ojasalo (2001) sees it's relevant to select the most suitable strategies for key accounts depending on the power position between the customer and the supplier. For this purpose, Krampf et al. (1991) identify collaboration, negotiation, administration, domination, accommodation and submission as a strategic relationship options for the organization. The fourth stage of the model refers customization and development of capabilities related to the product and services, organizational structure, individuals and information exchange which is particularly important in key account management (Ojasalo, 2001).

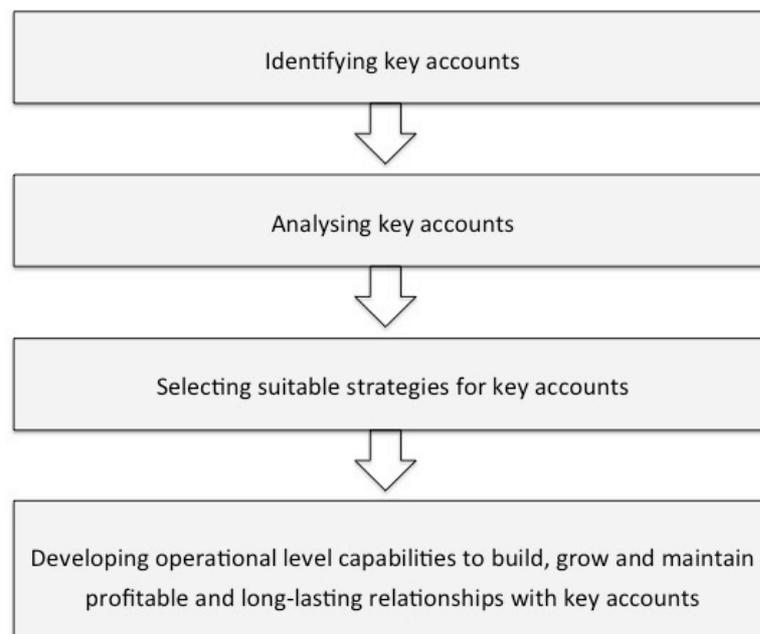


Figure 3. Key account management as a process (Ojasalo, 2001)

Napolitano (1997), Hannah (1998) Abratt and Kelly (2002) and Sharma (2006) study the successful key account management programs and identify several factors of customer-supplier relationships. According to Napolitano (1997) one of the main success factors is the senior management's involvement and support in key account management program, which also consider the reporting at the highest organization level. Same research also notices that selection of key accounts is based on the fit between the supplier's core competence and the customer's needs. The purpose of a key account manager is to manage both customer relationships but also the company's internal relationships in order to share information about key account customers (Napolitano, 1997). Hannah (1998) identify that an effective key account management program requires managing relationships with key accounts, understanding customer's needs, and committing other company's personnel to the key account management program. Abratt and Kelly (2002) stress the customer's understanding of the meaning of key account management and customer's awareness of launched program by the supplier have positive effect program's success. In addition, open mind towards the relationship management program may influence on key account management. The results of Abratt and Kelly's (2002) study point out the importance of proper implementation and both parties' commitment to the key account management program have the effect. The same study also find that the supplier should evaluate the main benefits of key account management and use these in order to create value to the customers.

2.4 Selling process

Over the decades, identifying the most optimal selling method has been a topic in marketing research (Viio & Grönroos, 2014). Traditionally, the selling process is described as very specific and tactical, which has a role in the marketing mix (Ingram et al., 2002). The seven steps of selling (Dubinsky 1980/1981) is one of the first and widely accepted selling frameworks, which has remained almost unchanged for decades (Moncrief & Marshall, 2005). Seven steps of selling reflects a sequential and one-way perspective and focuses on a single relationship between a salesperson and a buyer (Borg & Young, 2014). During the era of seven steps of selling, the primary goal was to enhance sales productivity (Adamson *et al.*, 2013). However, transformative factors such as technology and broadened strategic meaning of selling effect on the evolved selling approaches and the understanding of relationships in the selling process (Moncrief & Marshall, 2005; Borg & Young, 2014). As a consequence, sales organizations are increasingly adopting selling processes that are non-sequential and reflect the dynamism of the real selling process

(Moncrief & Marshall, 2005; Åge, 2011). In the 1970s Spiro, Perreault and Reynolds (1977) describe the selling process as a dyadic, two-way process where both a buyer and a seller have a central role. Consequently, researchers increasingly emphasize the importance of a long-term relationship between a seller and a buyer in selling process (Daniel *et al.*, 2003). One of the relational selling models is Moncrief and Marshall's (2005) evolved selling process model, which based on the seven steps of selling but reflects a customer orientation and focuses on relationship selling. However, more comprehensive marketing research is needed to understand the complex selling processes in industrial context (Åge, 2011).

2.4.1 Seven steps of selling

Dubinsky's (1980/1981) seven steps of selling model traditionally consist of stages that present the typical sales process: prospecting, pre-approach, approach, presentation, overcoming objections, close and follow-up (Åge, 2011; Moncrief & Marshall, 2005). The first step, prospecting, includes the methods to search for new customers and expand the customer base. In the pre-approach step, a seller investigates customers to find out the customer's needs, survey the customer history, and bring together any other relevant information of the customer. The approach step considers applied strategies and tactics to reach customers and establish an initial relationship with them. Presentation phase is seen as the main part of the selling process that occurs after the customer needs are well defined. Therefore, buyers need to get information of products to understand the benefits for them. However, the selling process may face objections such as customers' questions and hesitance of the product or the firm that seller should overcome. The close means the successful completion of the sale process and customer's commitment to purchase the product. The last step in the selling process is the follow-up, where the salesperson ensures that customer is satisfied and the purchased product meets their expectations. Therefore the seller cannot assume sale is over when product is delivered.

2.4.2 Emerging selling process

Moncrief and Marshall (2013) introduce the evolved seven steps of selling model, which reflects current business behavior between sellers and customers. In the evolved selling model a salesperson still conduct several steps of the traditional selling process, but these steps occur over time than in each sale (Moncrief & Marshall, 2013). According to Dawson (1970) traditional steps in selling process do not emphasize the customer orientation or building the long-term customer relationships. Moncrief and Marshall's (2013) evolved

selling process consists of customer retention, knowledge management, relationship selling, product marketing, problem solving, value adding and satisfaction, and customer relationship maintenance. The figure on the following page compares the stages of the traditional seven steps of selling and the evolved selling model. Organizations still find that 80 per cent of profit comes from 20 per cent of customers. Based on this, sales organizations more often focus on retaining existing profitable customers rather than prospecting for new customers. Instead of increasing customer base, resources are directed to provide value-adding assets to the key customers and increase their lifetime value.

Today, organizations have a broad knowledge of customer needs and their previous purchases and together with data and knowledge management they enable more professional selling and awareness of customer's business. In addition, the purpose of personal selling is no anymore to close the sale but to focus on the long-term customer relationships (Beverland, 2001). Since sales personnel are more involved in marketing function, presentations are not anymore the main focus in sales process. The evolved selling process stresses the implementation of consultative selling approach and the focus of problem solving. In addition, the aim of the evolved selling process is to enhance the relationship, increase customer satisfaction and create mutually beneficial solutions instead of directly close the sale. As a consequence, selling organizations needs to create win-win relationships, which based on the value adding and customer satisfaction. (Moncrief and Marshall, 2005)

Traditional seven steps of selling	Evolved selling process
1. Prospecting	1. Customer retention and deletion
2. Pre-approach	2. Database and knowledge management
3. Approach	3. Nurturing the relationship (relationship selling)
4. Presentation	4. Marketing the product
5. Overcoming objections	5. Problem solving
6. Close	6. Adding value / satisfying needs
7. Follow-up	7. Customer relationship maintenance

Figure 7. The evolution of seven steps of selling (Moncrief & Marshall, 2005)

2.4.3 Relational selling process

Although many selling frameworks are based on the seven steps of selling, the focus of sales has shifted towards relationship selling and value-based selling (Moncrief & Marshall, 2005; Viio & Grönroos, 2014). Relationship-oriented selling becomes more relevant because of the growing interest of value-based and relationship-oriented sales and purchasing (Viio & Grönroos, 2014). Other emerging selling models and philosophies are for example consultative selling, adaptive selling, customer-oriented selling and team selling (Moncrief & Marshall, 2005; Guenzi *et al.*, 2007). Adaptive selling refers to salespeople's ability to develop and tailor their sales presentations based on the collected information to fit each customer (Viio & Grönroos, 2014). According to Guenzi *et al.* (2007) adaptive selling means the adaptation to the customer needs at the organizational level and the customization and adaptive selling at the individual level, which is closely related to the relationship selling strategy. However, an organization that only adjusts sales behavior in order to close the sale follows transaction orientation, in which case the adaptation is only used as a tactical tool (Viio & Grönroos, 2014). In addition, by implementing adaptive selling, an organization is not able to deduce what behavior leads to the creation of customer value (Terho *et al.*, 2012). Viio and Grönroos (2014) state that

many selling organizations have difficulties to strategically develop their relationships and adapt to their customers' buying processes and expectations to create value.

Traditionally, a salesperson tries to get a buyer to do something that has benefit for an organization (Wilson, 2000). Instead, customer-oriented selling seeks to create a win-win relationship and develop a partnership between a seller and a buyer (Stock & Hoyer, 2005; Weitz & Bradford, 1999). The customer-oriented selling also refers to the salesperson's behavior that intends to help customers in their own business and satisfy their needs (Saxe & Weitz, 1982; Stock & Hoyer, 2005). However, explaining and understanding the selling performance needs a broader conceptualization of customer value-based selling as well as customer-oriented selling (Terho *et al.*, 2012). The team selling approach responds to the complexity of the relationships with the key account customers and considers relational behaviors of key account managers (Guenzi *et al.*, 2007).

The emerging selling theories consider selling process as a more relational and flexible process than the traditional seven steps of selling. The main focus is on results instead of the selling process and salesperson's performance to close the sale (Adamson *et al.*, 2013). Also, Ingram *et al.* (2012) state that the successful selling requires critical thinking and improvement of professional competence. Adamson *et al.* (2013) name insight selling as one of the flexible selling approaches, which stresses the salespeople's own judgment. The basis of insight selling is to offer the right information in the right way and to understand that an effective selling method varies in each sale. This selling approach is based on creating demand instead of only responding to it and therefore the better results are not achieved by using the pre-defined tactics and sequential steps (Adamson *et al.*, 2013).

From a relational perspective, Borg and Young's (2014) study enhances the understanding of selling process and related activities to develop relationships. Also Ingram *et al.* (2012) explore the relationship perspective of selling and suggest that sales organizations should seek to become strategic partners with their customers. Moreover, researchers are interested to explore studying selling process in business markets. For example, Åge (2011) develops a model that reflects the reality of diverse business selling processes and according to Terho's *et al.* (2012) the value-based selling is an effective sales approach in business markets. In addition, Viio and Grönroos (2014) study how organizations adapt their sales process to the buyer and suggest that adaptation can be

divided into sales process adaptation, seller-buyer relationship orientation and the purchasing portfolio.

2.4.4 Value-based selling

Recently, the focus on selling process has changed towards value-aspects and especially in business markets value-based selling is recognized as an effective selling approach (Terho *et al.*, 2012). Grönroos (2008) as well as Vargo and Lusch (2004) studied the customer value and suggest the seller's purpose is to make superior value propositions and enable value co-creation with the customer but in addition the customer plays an active role in the value creation process. Barber and Tietje (2008) consider that sales literature has not been able to develop metrics to measure the value-add and studies only recognize the conceptual meaning of value. In addition, research does not implement value creation at sales force level although superior value creation is regarded as essential for a firm's long-term growth (Terho *et al.*, 2012).

Terho *et al.* (2012) propose that value-based selling approach focuses on implementing a customer value orientation at sales personnel level and sees a connection between value-based selling and performance outcomes. As a result, the value-based selling behavior supports value creation and contributes to achieve the organization's business goals. Research considers value-based selling as a multidimensional concept, consisting of three dimensions. The first dimension is to understand the customer's business model, which is critical because it allows identification of value drivers and implementation of proactive value creation to customers. In addition, if the customer's business model is well-defined, a value-oriented seller is able to make offerings that have a positive impact on customer profits. Secondly, performing the value proposition and communicating customer value are two other dimensions. (Terho *et al.*, 2012) Similarly, Barber & Tietje (2008) find the importance of value-based selling and suggest that building customer relationships, identifying customer needs and developing solutions instead of products are the main objectives of the sales function. As well as Grönroos (2008) and Vargo and Lusch (2004), Barber and Tietje (2008) demonstrate that in sales both the customer and the seller participate in the value creation process and develop strategic options to enhance the value creation of personal selling. The study proposes that the seller organization could more effectively create value for customers by implementing lean principles and minimizing wasteful activities in the value creation process. This means identifying both the value that customers actually want and the value stream of products and eliminating the phases that do not create value. Barber & Tietje (2008) see that in the

future selling firms will need to change their focus to help customers in buying process instead of only focusing on selling and proactively seeking information of customer needs.

2.4.5 Selling for key account customers

Relationships with key account customers and the current development of business markets result in complex selling process (Guenzi *et al.*, 2007; Åge, 2011). For example Plouffe, Williams and Wackliner (2008) state the conceptualization of selling process in business markets and selling strategies implementation in key account management context are inadequate (Guenzi *et al.*, 2007). Instead, Åge (2011) study the complex selling processes in business-to-business markets and points out that increased focus on collaborative relationships in business markets requires more comprehensive research on selling processes. According to Guenzi *et al.* (2007), key account management reflects relational selling strategy and adoption of this approach is a solution for relationship management especially in industrial markets. Research suggests that tasks and implementation of the selling strategies are different for the key account manager than for the traditional salesperson (Guenzi *et al.*, 2007). Not all customers are equally important to suppliers and as a consequence, salespeople have to interact with those different customer groups in a different way (Håkansson & Snehota, 1995; Ingram *et al.*, 2012). In addition, different selling models are required at the different point of relationship depending on the depth of relationship (Ingram *et al.*, 2012). For example, Millman & Wilson (1995) develop a six-stage model of key account relationships to describe phases in evolving relationships.

Selling and relationship marketing literature identify potential relationships in selling process and consider relationships form either monadic, dyadic or network perspective and explain how value can be created in these relationships (Borg & Young, 2014). In a relational selling context personal selling includes collaboration, cooperation and communication between the customer and the salesperson (Moncrief & Marshall, 2005). Shannahan *et al.* (2013) argue that personal selling is concerned with uncertainty reduction in customer-salesperson relationship and recent personal selling focuses on informing customers instead of sales-orientation. Due to the high costs and risks that are related to a relational selling strategy, it is mostly adopted only with the key account customers in order to establish a long-term and mutually profitable relationships with them (Guenzi *et al.*, 2007; Day, 2000). In addition, Guenzi *et al.* (2007) suggest that the relationship selling strategy increases behavior that have a positive impact on key account

customers. Wotruba (1991) develops a five-stage model of seller's relational strategies among personal selling approach. This consists of the provider, persuader, prospector, problem solver and procreator stages, which reflect different personal skills and approaches to meet customer needs. According to Cardozo *et al.* (1987) the classification of customers as key accounts reflects a team selling approach, which allows salespeople to improve their communication and selling techniques. Cardozo *et al.* (1987) show the seven-stage model of selling including situation, problem formulation, analyzing alternatives, classification of customers, mix selection, and changing the organizational structure to match in the current selling mix. The model results in assigning customers in the most efficient way (Cardozo *et al.*, 1987).

3 RESEARCH DESIGN AND METHODS

This chapter considers the research methods applied in the study. A qualitative research method was chosen because the study aims to understand and interpret value creation in the industrial markets without the previously formed hypothesis. The study is carried out as a case study with a Finnish small-sized company that designs and manufactures material handling equipment for industrial companies. The study gathers data through depth interviews, which follow a semi-structured questionnaire. The empirical part of the study was conducted by interviewing company representatives from four industrial companies including a supplier company and three customer organizations from the power industry. The companies and interviewees are described in more detail later in this chapter. In addition, the questionnaire is attached (in Finnish and in English). The following chapters present the research method, the data collection process and describe the main analysis methods applied in the study. In addition, questions of reliability and validity of the study are discussed.

3.1 Research method

The research pursues to understand why and how things happen in real life. Basically the qualitative research deals with interpretation and understanding, whereas the quantitative research is concerned with explanation, testing of hypothesis, and statistics analysis (Eriksson & Kovalainen, 2008). In addition to the focus of the study, there are several distinctions between qualitative and quantitative research, including level of researcher involvement, sampling methodology and size, data collection process, data analysis, processes for reaching insights and meaning, time frame of insight discovery, and the level of data security (Holliday, 2002). Specific research techniques are required especially to reveal people's invisible behaviors and motivations (Cooper & Schindler, 2014). The qualitative research method is an appropriate research method to identify people's feelings, emotions, perceptions and behavior to obtain a throughout understanding of a situation (Cooper & Schindler, 2014). The aim of this study is to understand, explain, and interpret the value creation process in the project business industry, in which the key account customers are the target group. For this purpose the qualitative research is an appropriate method because it provides better understanding of the complex business-related phenomena that have remained unclear in quantitative research (Eriksson & Kovalainen, 2008).

Eriksson and Kovalainen (2008) suggest the selected research method has to be related to the theoretical context of the study to answer the formulated research questions. Considering the research questions of the study and the relatively limited studies of the value creation in business markets, the intensive case study is applied as a qualitative research method, in which the research focuses on to understanding a specific phenomenon in-depth (Eriksson & Kovalainen, 2008; Yin, 2014). Yin (2003) defines a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context when the boundaries between the phenomenon and the context are not clearly evident”. Ghauri & Gronhaug (2005) suggest the case study research is an appropriate research strategy when the study deals with complex organizational or managerial business issues and the use of quantitative methodology is inadequate. Therefore the adoption of case study in business research is popular because it is able to present complex business phenomena (Eriksson & Kovalainen, 2008). The business case study can be both practical and normative, which means the researcher is able to make suggestions related to the topics of case study at least in a specific business context or an organization (Eriksson & Kovalainen, 2008). In addition, the intensive case study suggests that researcher constructs and analysis the case as an interpreter (Eriksson & Kovalainen, 2008). The aim of the intensive case study is to understand how a specific and unique case works, define the reasons behind the multidimensional case, and interpret the meaning of the case (Shank, 2006). Thus, the intensive case study does not seek to produce knowledge that could be extended to other contexts (Eriksson & Kovalainen, 2008).

The purpose of the study, theoretical background, research questions, and research design influence the way a case study is carried out (Eriksson & Kovalainen, 2008). This study is conducted as a single case study, in which a supplier and its customers are embedded as one investigated unit. Figure 8. shows the process of case study described by Yin (2003). This study follows the same pattern. The process begins with constructing a literature review, which is followed by the case companies selection and planning the data collection. When interviews are carried out with the company representatives, each company is analyzed as an individual unit in order to find similarities and themes related to the one company. Then the cross-case analysis is conducted, which allows forming the comprehensive findings related to this single case. The final step is to conclude the case report.

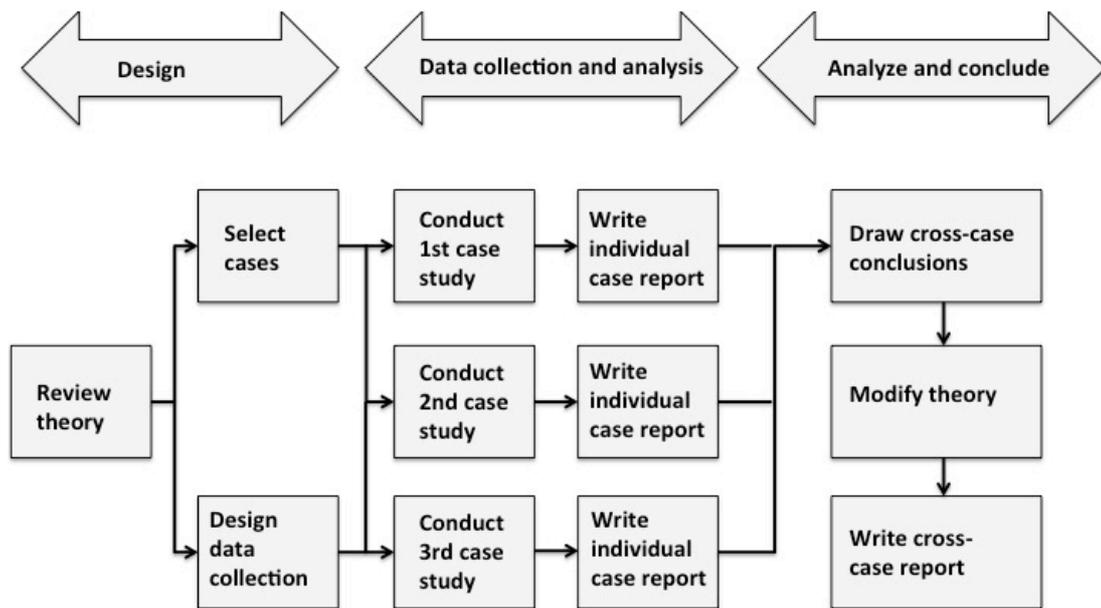


Figure 8. Case study process (Yin, 2003)

Often qualitative research does not follow a pre-formed plan and during the process changes and surprises occur relating to the research settings, data collection and analysis. The research topic and the research plan belong to the initial phase of research process. Research design consists of the basic ideas and the viewpoints and the theoretical framework of the project. It also includes the time plan for the project and the available data collection and analyzing methods. However, there is no universal guideline how to conduct various qualitative research approaches, including the definition of the research questions, collection and analysis of empirical data, links between theory and empirical results and the production of conclusions. In the case studies, research process begins with one or several preliminary topics, questions, or problems that drive collection of empirical data. In case studies where data is collected by interviews the development of questionnaire implements an important role of the research outcome. However, during the study new existing questions often emerge. This occurred in this study and caused a few changes in research settings and questions. (Eriksson & Kovalainen, 2008)

3.2 Data collection methods

The planning of data collection is a part of research design, which means the selection of data type and collection method, and other decisions about access to information,

documentation and data analyzing methods. Research is able to use various data collection methods for gathering empirical data because qualitative research is not based on unified theories and methodologies (Eriksson & Kovalainen, 2008). In qualitative business research, interviewing is often used as a tool for collecting information. This is partly due to the interviews' features of efficiency and practicality to collect information that is not available in a published form (Eriksson & Kovalainen, 2008). The interview is a conversation that has a structure and a purpose determined by the interviewer (Kvale, 2007). Other strengths of qualitative interviews are the possibility to study people's experiences and opinions and construct causal inferences based on the data (Yin, 2003; Kvale, 2007). However, case studies and in-depth interviews normally require a close interaction and access to the organization (Yin, 2003). Generally researchers collect empirical data in qualitative research, which means the researcher is an integral part of the research process causing reflexivity (Eriksson & Kovalainen, 2008; Yin, 2003).

The research method and research questions guide choice of using interviews as the data collection method. The decision about the depth-interviews is based on the underlying objective to understand interviewees' opinions and expectations. The interview questions are related to the research questions and by analyzing the empirical data they also contribute to answer the research questions (Eriksson & Kovalainen, 2008). Qualitative interviews of this study are carried out with a semi-structured interview method, which reflects the guided conversation rather than structured queries (Yin, 2003). Kvale (2007) describes a semi-structured interview as an approach, which stimulates to obtain interviewee's descriptions and opinions of the phenomenon. In addition of the preplanned questions some follow-up questions and clarifications were asked from interviewees to obtain more detailed responses. In the development phase of questionnaire it should be ensured that aspects of the research are covered by the questions. The research settings of the study require two separate questionnaires: one of supplier and one for the customer organization.

Kvale (2007) implements seven different stages of the interview process, which are shown in Figure 9. A significant part of the data collection process takes place before the actual interviews and begins with thematization, which refers the clarification of the study's purpose and the formulation of research questions. In this case, literature review considers the main theoretical approaches and expands the understanding of key account management and value creation in business markets. Next, the designing phase considers the planning of techniques in order to carry out the interviews followed by

conduction of interviews based on the interview questionnaire. This study adopts a case study research method and gathers empirical data by depth-interviews, which are carried out with the supplier organization and three customer organizations. The tape-recorded interviews are transcribed from an oral to a written mode to prepare for a closer analysis. All 14 interviews were transcribed verbatim, resulting in 106 pages of transcripts. The analysis phase refers to the selection of appropriate analyzing modes and analytic tools to describe the data gathered by interviews. An important part of process is also a verifying phase, which considers the validity, reliability and generalizability of the research. These are discussed in more detail in Chapter 3.4. In the final phase, the findings of the study are reported.

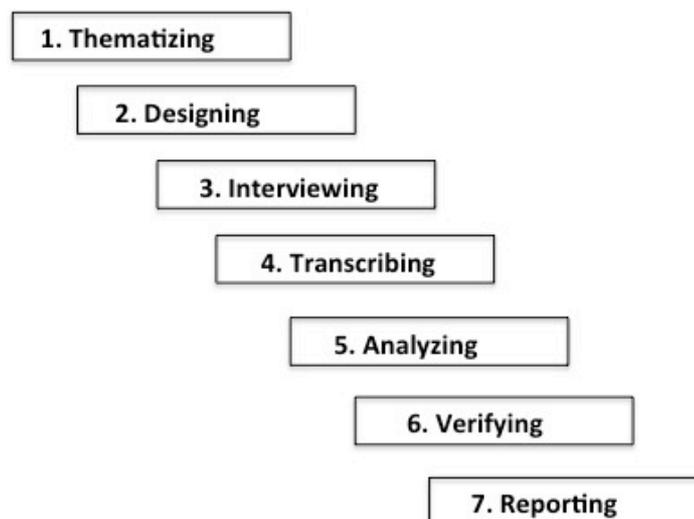


Figure 9. Interview process (Kvale, 2007)

The empirical part of study consists of 14 in-depth interviews with a supplier and the customer organizations. The sample consists of a supplier and three customer organizations and the number of interviews with each company varied between two and five interviews. The selection of interviewed persons is based on the organization department where they work and the experience of customer-supplier relationships. The customer organizations were chosen with the CEO of the supplier company and the most important selection criteria were the existing business relationship between parties and the customer's value to the supplier. The descriptions of interviewees are shown in Table 3. Interviews were conducted face-to-face except three interviews, which took place over a phone due to geographical distances and schedule difficulties. The interviews follow a

questionnaire that was sent beforehand by email to the interviewees. The interview questions were open-ended questions, which normally enable more profound responses and allow the participant to influence on the conversation (Eriksson & Kovalainen, 2008). The questionnaires were divided into four subcategories, which include primary and secondary questions. In addition of asking primary questions, the secondary questions enable to continuing conversation and elaborate the interviewee's response (Erikson & Kovalainen, 2008). Interviewing took approximately 30 to 60 minutes and on average interviews with the supplier company's representatives took longer. Interviewees were asked permission to record the conversation for later analyzing. The questionnaires were available both in Finnish and in English making it possible to collect answers also from the company managers who do not speak Finnish as their first language. Both questionnaires are presented in the Appendix 1 - 4. Interviews were accomplished in between May and October 2015.

Table 3. Description of interviewees

Interviewee	Organization	Title of interviewee	Duration
Interviewee 1	Supplier	Project department	1h 12min
Interviewee 2	Supplier	Project department	30min
Interviewee 3	Supplier	Sales	1h 10min
Interviewee 4	Supplier	Senior management	40min
Interviewee 5	Supplier	Senior management	45min
Interviewee 6	Customer 1	Purchasing department	33min
Interviewee 7	Customer 1	Senior management	38min
Interviewee 8	Customer 1	Project department	28min
Interviewee 9	Customer 2	Engineering	41min
Interviewee 10	Customer 2	Purchasing department	19min
Interviewee 11	Customer 2	Senior management	30min
Interviewee 12	Customer 2	Project department	24min
Interviewee 13	Customer 3	Project department	33min
Interviewee 14	Customer 3	Senior management	30min

The interviewed companies operate in the process industry and only a small amount of the case company's products is sold to the end-customers. The case company manufactures material handling equipment and the most of its sales are made with project suppliers that build plants in power industry, wood-processing industry, or chemical

industry. The case company is a Finnish small sized company with approximately 10 million euros revenue per annum and employs 45 people. The company is specialized in the heavy industry conveyors but over the 30 years the number of various products has increased. The company's focus has changed from the wood processing industry to the power industry that is now the largest market. The project business in heavy industry is characterized by long-term projects, which in turn result in infrequently orders.

The first customer firm operates in energy industry in Finland, Sweden and Estonia. Its main business includes industrial steam and cooling solutions, heating, gas and electricity. Unlike other customer companies, the customer is not a project supplier but order solutions for the self-owned power plants. The organization's turnover was 160 million euros in 2014 and the number of employees is 230. The second customer organization supplies energy solutions to the foreign export as well as domestic markets. The main solutions are power plants, which utilize biomass or fossil fuels. The turnover is roughly 50 million euros and the organization employs 170 people. The third customer company builds biomass power plants throughout Europe and its headquarters is in Denmark. The company has 100 employees and its revenue was around 33 million euros last year. Expect for the first company, other two firms are project suppliers who do not own the power plants they built. This specific process industry is characterized by the long-term investments, where the operating time of plants is decades and therefore all customers appreciate the high quality.

3.3 Data analysis methods

In contrast with quantitative research, there are no existing standard methods to analyze qualitative data. One of the challenges of qualitative research is a large empirical material that is often in a difficult format. However, there are a few well-established and widely accepted strategies for the qualitative data analysis. (Bryman & Bell, 2011) Baptiste (2001) suggest that there are four phases, which are common to all forms of qualitative data analysis. These include defining the used analysis type, classifying the data, making connections among different classes of data and presenting the results of the analysis. The first stage includes the decision about the general approach, which is used to analyze data. In the study, the chosen method is qualitative content analysis. At the second stage the data needs to organize and choose the data, which is relevant and ignore the less important data. One way to organize data is coding that enables to note things, which are relevant for research (Shank, 2006). According to Eriksson and Kovalainen (2008) coding

means “the features, instances, issues and themes in empirical data are classified and given a specific label, a code”. Due to the inductive approach the coding system is developed based on empirical data. Once the data is sorted the remaining data is organized into categories or groups. The determined codes construct themes, which are seen as the major forms of qualitative research (Shank, 2006). The data is classified under the main topics to find similarities and differences. The third stage goes beyond the data classifying and seeks to understand the profound meaning of empirical material. In general, the larger level understanding includes the creation of themes and theories but also patterns. For this stage the thematic analysis is the way to search for the emerging patterns from data as a result of researcher’s active screening (Shank, 2006). Although thematic analysis is one of the common ways to approach qualitative data analysis, it is not an analytic approach (Bryman & Bell, 2011). The fourth and final phase includes writing and discussion of research findings. (Baptiste, 2001)

There are two basic models of social science research to explain the logic of the research, called induction and deduction (Eriksson & Kovalainen, 2008). Instead, the concept of deduction based on the idea that theory is the first source of knowledge, induction considers empirical materials as the primary source of knowledge and concepts and themes are derived from the raw data and theory is only the outcome of empirical research (Eriksson & Kovalainen, 2008; Thomas, 2006). The study adopts an inductive research strategy to carry out the reasoning process of qualitative case study and answer the question of how to bring forward knowledge about the investigated phenomena (Eriksson & Kovalainen, 2008). However, inductive strategy allows using concepts from already existing theory, which helps to describe and analyze the empirical data (Eriksson & Kovalainen, 2008). These concepts are called sensitizing concepts that help to “describe and analyze features and meanings of empirical data” (Eriksson & Kovalainen, 2008). As an inductive qualitative research, analysis includes the summarization of raw text, finding links between the research objectives and empirical material, and development of a model based on the evidence in the text (Thomas, 2006). The inductive reasoning is seen an appropriate analysis strategy for this study because of interest are the themes and patterns that are found from the unique case instead of pre-formulated hypothesis, which guide research.

The interpretations and outcomes are produced by focusing on specific aspects of the data in inductive analysis (Thomas, 2006). The inductive approach reflects an analyzing logic to reasoning a probable conclusion and in qualitative research it indicates the

process of generalization (Shank, 2006). Thomas (2006) describes some of the underlying principles of inductive approach and states that research objectives guide the data analysis. The researcher has a crucial role in the analyzing process since the findings are formed by the assumptions and experiences of the evaluator who conduct the study and carry out the data analysis. As a consequence, the research findings might not be identical depending on the evaluator. (Thomas, 2006) However, according to Shank (2006) comparison is a part of analyzing process and by looking at the similarities and differences among the data, the researcher begins to form theory as well as a more refined coding process.

In case studies, analysis usually begins within the case, which means that in each case is analyzed separately. Besides coding, the individual case analysis includes drafting a general description of the case. (Eriksson & Kovalainen, 2008) In this study the case description is structured in thematic order emphasizing themes, issues, problems, and conceptual categories. According to Bryman and Bell (2011) as well as Eriksson and Kovalainen (2008) the most suitable analytic techniques for case studies are qualitative content analysis, critical discourse analysis, grounded theory. Instead, Also Yin (2003) considers two main analyzing strategies, the first based on the pre-formulated theoretical propositions and coding system and the second on development of the case description with a focus on interpretation of the empirical materials. The case description is more preferred especially in business research partly due to its inductive-oriented strategy and interest of themes, categories and patterns that arise from the empirical data (Eriksson & Kovalainen, 2008). In this study the content analysis is chosen as the analysis method, which approaches the analysis from the perspective of grounded theory. The grounded theory is an approach where theory is derived from empirical data and which is systemically gathered and analyzed through the research process (Bryman & Bell, 2011). In addition, the coding system is developed based on current empirical data, not the prior-theory in grounded theory (Eriksson & Kovalainen, 2008). The chosen content analysis method seeks to analyze data within a specific context and forms replicable and valid inferences from data (Krippendorff, 2004). The content analysis method is flexible research method, in which the researcher answers the research question by drafting inferences from the text (White & Marsh, 2006). One of the most important phases in content analysis process is outlining inferences that apply information of variables and their relation to the investigated phenomena (Krippendorff, 2004).

3.4 Reliability and validity

Reliability is one of the most commonly used research evaluation criteria and it occurs if the measure, procedure or instrument produces the same result on repeated trials (Eriksson and Kovalainen, 2008). In other words, reliability means how consistent the results are in the context that another researcher comes up with similar findings to the study (Kvale, 2007; Eriksson & Kovalainen, 2008). However, some researchers state the concept of reliability is not that relevant in qualitative research and terms reliability and validity are seen as uniform evaluation criteria in qualitative research (Golafshani, 2003). In addition, in contrast to quantitative research the researcher is involved and has a role in qualitative research (Golafshani, 2003). More specifically, LeCompte and Goetz (1982) divide reliability into external and internal reliability. External reliability considers the replication degree of study and internal reliability measures the degree of how well multiple items measure the same construct and produce similar results. In this study the comprehensive documentation of processes and procedures strengthens the reliability and enhances repeatability to obtain the same results regardless of investigator. However, it is believed to be impossible to make a qualitative study fully replicable (LeCompte & Goetz, 1982). Recording the interviews and their careful transcription also increases the reliability of this study. Reliability of interviews may be weakened due to the interviewees tend to give socially desirable answers (Hirsjärvi *et al.*, 1997). However, the confidentiality of the research is emphasized to the interviewees.

Validity is the second classic evaluation criteria, which refers to presented conclusions and findings representing the phenomenon referred to and giving an accurate description or explanation of what happened in the research (Eriksson & Kovalainen, 2008). Similarly LeCompte & Goetz (1982) divide validity into external and internal parts. External validity means the degree of findings' generalization from social settings in comparison. Instead, internal validity refers to the compatibility of researchers' observations and the developed theoretical ideas. Similar to researchers' opinions of reliability, validity has also faced diversified opinions as to whether it is applicable evaluation criteria in qualitative research (Eriksson & Kovalainen, 2008). Instead, Guba and Lincoln (1994) provide an alternative instrument to evaluation and suggest that trustworthiness and authenticity be used to assess a qualitative research. In addition, the applied analysis method, content analysis, has been criticized in the quantitative field and it is considered to be too simplistic technique as it does not enable detailed statistical analysis (Morgan, 1993).

In general, collecting empirical data from multiple sources enhances validity. However, the sample size is relatively small, which impacts on generalizability and therefore generalization of the findings is limited in a project business context. In addition, critical thinking is needed to evaluate the degree of generalization because findings are based on a single case and relatively low number of interviewed persons. The same semi-structured questionnaire was used with all interviewees. The separate questionnaires were developed for the supplier and the customer organization but both include the same topics and similar questions that increase the validity of this study. The internal validity may be adversely affected because the opinion of individual customer organizations and expectations are summarized to describe customers as a whole. However, in this study the interviewed persons are chosen based on their experience with the case-company, which has a positive effect on validity. Analyzing the empirical data that coding is based on creates explicit classifying and interpretation rules. By using semi-structured interviews, interviewed persons can openly discuss the topics and share opinions. During the analysis, the researcher strives to be objective and reveal only the interviewees' views on value creation and business relationships. In addition, internal validity is enhanced because the researcher is not employed or otherwise committed to the case company and therefore does not have a prior expectations or preconceptions. Due to the nature of qualitative research, the analysis process and the analysis cannot be separated as well as in quantitative research.

4 EMPIRICAL RESULTS

This chapter presents the results of qualitative analysis based on interviews conducted with the case company and their customer organizations. This chapter also discusses the creation of value in the project selling, and within this context focuses on value creation for the key account customers. An essential part of examining customer-perceived value is the existence of customer-supplier relationships. The study identifies the current value creation ability of the case company and reveals the attitudes of key account customers, expectations of value creation and the customer-supplier relationship. As a result, the study defines the possible differences between companies' and customers' viewpoints of value creation through the selling process. The findings of interviews are divided into four parts: value creation, customer-supplier relationships, key account management and selling process.

4.1 Value creation

The overall goal for the supplier is to offer a comprehensive solution to the customers, not only a physical product. Moreover, the customers state that they look for a comprehensive solution including a high quality and cost-efficient product, without foregoing a trustworthy relationship with the supplier. In general, the customer organizations have problems related to the transferring or processing of materials. For example, one customer organization orders conveyor belts from the case company in order to transfer peat, wood chips or other forest waste products in their internal processes. The supplier's service is to solve this problem by designing and customizing the equipment based on the customer needs. In order to handle and transfer materials, the supplier's manufactured core-products are conveyors, rotary valves, and dischargers. Based on the individual needs of customers, the solutions are always customized and mostly developed for unique cases that reflect the highly individualized value creation. Regarding services, the customer organizations receive from the supplier the services of designing, manufacturing, transportation, warranty and the supplier's knowledge. In addition, most of the customers pay attention to delivery services such as installation or installation supervision and introduction training. In turn, the supplier considers that designing and personal communication during the project are the main elements of service. The findings indicate the great significance of services to the customer in the value creation process.

The direct value provided by the case company is the solution to transfer and handle material, for example, for the purpose of producing energy. According to the customers,

the main value source is the appropriate and functional solution that they receive from the supplier. This is partly due to the emerged problems that merge most often in the fuel or material handling system in the power plant and therefore a high quality is essential for all customers. However, the customers look for a comprehensive solution where price plays a central role, but other elements are also relevant. In terms of the end-customer's value, the customer considers that the greatest benefit for the end-customer is the continuous supply of energy from the power plant and the supplier's equipment is seen as a part of this value creation solution. The customers suggest that the end-customer is only interested in the operationally reliable products. Secondly, the customers benefit from the company's knowledge and experience to coordinate the various parts of delivery and skill to dimension equipment. Over the years, the company has gathered a wide knowledge from various projects and processes and they have a good understanding of what systems work with each process. Therefore, it can be seen that the supplier's problem solving skills are part of the company's strengths. As a consequence, the customer benefits from shifting responsibility to the supplier when they can use resources related to their core business. In addition to design and manufacturing expertise, the customers expect to benefit from the supplier's know-how in order to develop their own selling processes. Thirdly, the customers value customer-supplier relationships although they perceive value from these relationships in different ways. For example, one customer appreciates cooperation and mutual understanding in their relationship, which is their main reason to continue ordering from the same supplier. Instead, another customer places more value on the supplier's problem solving skills. Based on findings, it can be said that customers evaluate value mostly in terms of product but also the supplier's know-how and the value of the customer-supplier relationship.

Beyond the core product, the customer expects the professional and customized solution most suitable for the intended process, which is produced cost-effectively. In general, the suppliers have enough know-how to design and produce any kind of product that the customer wants, but often price and cost-effectiveness turned out to be challenges. Based on this, the company needs continual development of their products to find new solutions and ensure cost-efficiency. Also, the customers expect that product offering is constantly developed and the supplier is seeking to optimize their costs, production and quality. One customer states that high quality is necessary but they cannot afford to pay for the overall quality and therefore the supplier should continuously find ways to reduce the costs of materials or improve the functionality of products. Another issue, which is stated by both a supplier and the customers, is the complexity of customized solutions. The company

names this issue as a problem since the number of products has extended over the 30 year period. When each product is unique, risks are higher and to finding an economically effective solution is more difficult. The company has started a product management project where they scan the company's products and aim to find how the products could be standardized. The purpose is to narrow the product portfolio as the project should result in a large amount of modules, which directly effects on cost-efficiency. Equally on the customers' side there is a need for modularized and more standardized products, which could help in their planning process and also make the plant users' work easier. From this point of view, customers value customized solutions in project business but also expect a reasonable price and initial data on products, demonstrating the necessity of modulated solutions.

The findings indicate the significance of value creation through services. All customers highlight the importance of services during the project as well as after the delivery of products. At the beginning of a project, the customer appreciates if the supplier sends initial data regarding the products even before they have closed the sale with the end-customer and formed a budget. At this stage, the supplier also has the best opportunity to affect on the customer's planning and help in their business. Therefore, it can be seen that customers benefit from closer cooperation in the beginning of the process. Furthermore, by processing production in the agreed manner, sending interim reports of delivery progress and delivering products to the site on time the supplier enhances value creation for the customer. These value elements refer more to relational and project management benefits than the core product. Some of the customers handle the freight and transportation from the factory's border to their site. However, the company suggests that customers increasingly expect that products to be delivered installed and revised by the supplier. At the moment, installation supervision and training are included in larger scale projects. In some cases, the company carries out the installation of products. The suggestion is not unjustified since based on the interviews, customers appreciate that the ordered products are delivered, installed and checked on their site.

In addition, the after-sales services are highly valuable for the customer. These include warranty, which is normally 24 months after the delivery to the customers' site. For some customers, maintenance service is more valuable than others or if they seek to service partners to carry out maintenance at the end-customers' plants. So far the company does not have an individual service organization that could handle after-sales services (such as replacements and repairs). However, service business is increasingly more necessary in

material handling business and this is noticed within the company. They raise the possibility of establishing a service department that could manage maintenance and replacement projects, which is impossible with current resources. Still, it is challenging to find resources to the service department investment and ensure its profitability. However, if modulated products become more common, it is easier for the project-supplier or the end-customer to take care of maintenance work themselves. An interesting finding is that based on the supplier interviews, only a few end-customers contact the supplier when they need the replacement parts or problems occur in relation to the material handling system, which means that the project supplier remains as an intermediate player after the delivery between the supplier and the end-customer.

In general, customers have been satisfied because there have been hardly any real problems regarding products or relationship with the case supplier. The worst scenario and value loss is that fuel feed stops and the end-customer is running out of energy. However, both the supplier and the customers understand that there are always some challenges relating to the delivery or selling process. If problems occur, customers appreciate the supplier's ability to take responsibility and willingness to correct mistakes. By asking for areas where the customer company has been dissatisfied they cannot nominate any significant issue, which they have been disappointed. In general, all customer companies think that earlier projects with the case company have been successful. However, it should be noted that project customers often have a highly rational and detailed selection process for the subcontractors and they seek to find the most reliable supplier in order to avoid unnecessary risks. In addition, the end-solution consists of several subsystems where one supplier represents a small part of the entire solution. One of the customer organizations considers that a supplier has considerably improved performance, and their company values this supplier as one of their most preferred suppliers. The customer explains that they value cooperation, in which the projects proceed in an agreed manner and therefore there are fewer negative repercussions. In the relationship, the customer appreciates a common understanding between business partners, which makes it easier to understand the end-customer's needs and also enables the negotiation of satisfactory contract terms. In addition, if previous projects with the supplier have been successful, the customer is more likely to select the same supplier in future.

Normally, the material handling equipment's share of the whole power plant is one to ten per cent depending of the size of the delivery. As the project suppliers' value creation

ability is based on tens of subcontractors, the power plant as an end product reflects the total value for the end-customer. Both the supplier and the customer know that there are only minor differences between the competitive products in the supplier market. Thus, the supplier's ability to create superior value needs to be based on factors other than the core product. According to the interviewees, the case supplier's products are one of the heaviest types of equipment in the market and they have a good competitive position and reputation in this category. However, some of the customers have noticed that the supplier's products are not always competitively priced when they are compared to other market players. The competitors' offerings are largely identical in terms of technical aspects and therefore it is difficult for customers to select a solution between suppliers. This also demonstrates a fiercely competitive situation in the handling equipment market. On average, the case company's products are extremely strong and solid, which is an essential advantage in the process industry. In turn, some of the customers perceive these products to be of too high quality even, and would be satisfied with lighter equipment and a shorter operating time.

“Once we were replacing the old equipment at the customer's site they said that it does not need to be any stronger than the previous one since it has been running almost 30 years.” – Interviewee 3.

The supplier considers that the starting point for the customer's value creation is to understand the customer needs and the supplier will seek to find a functional solution with a reasonable price. They believe that significant value for their customers is a high quality, strong and customized product and their response to the customers' needs is to design and produce a solution that the customer has ordered and finally deliver the solution as agreed. On the other hand, the customers' value drivers, as they emerge from the interviews are the right delivery time, good project management, cost-efficiency, high quality design, the core product and manufacture. The customers also experience benefits from cooperation, especially at the early stage of designing, which enables for the adjustment of equipment before the contract is made with the end-customer. During the project, the project department has an essential role in the customer's value creation process because their knowledge and professionalism play an important role in the success of the project and overall customer satisfaction. In the long-term, the supplier aims to design more modulated solutions in order to obtain cost-efficiency and more standardized products, which are exploitable in various sites and properties. Also some of

the customers state that this kind of project designing modules from their most frequently ordered products would be a welcome change.

"If our customer needs something, we have to develop the solution and make it even better than customer expect." – Interviewee 1.

Due to the small size of the company, customers get personal service and, based on the customer interviews, they value a personal relationship with the supplier company. Although the company is relatively small, it benefits from a light organization structure and lower fixed costs. In turn, the disadvantage of the small size is consequential low awareness in the market. As the supplier company admits, that they do not have a strong brand image, which prompts customers to subconsciously order from them. In addition, the size of the supplier organization limits the project that they are able to deliver. Within the company, the success of projects is normally evaluated by delivery time, schedule, profit margin and customer satisfaction. However, they state that some problems always occur during the delivery process or afterwards. Therefore, problem solving and complaint management are extremely important for the company and the same issues are highly appreciated by customers. This is one reason why customers think that the company's strengths are based on reliability and customers are able to trust them as a business partner. Their reputation is also based on the high quality and sustainable nature of products as well as delivery reliability.

Most interviewees repeat the same dilemma regarding price and quality: price levels should be lower without sacrificing the quality of products in order to enhance customers' value creation. For this reason, the company regards continuous product development as crucial. The way to strengthen their own market position is to invest in product development and reduce costs in order to find the most cost-efficient way of manufacturing. Another way is to increase value resources. The supplier's ideology is to emphasize the total lifecycle of the product, which means that as long as equipment is working the customer will receive help and support from the supplier. Based on more than one interview, in the near future the company needs a service department because current resources are not enough to handle both manufacturing of new equipment and repairs.

4.2 Customer-supplier relationships

The customer-supplier relationship is considered as an essential part of project business among the organizations. In general, customers appreciate the added value that the supplier brings to the relationship, which is most often seen as the supplier's know-how and problem solving skills. Well managed and successful projects impact on the continuation of the supplier relationship from the customer's side. Among the interviewed customer organizations, relationships with the case supplier had begun a few years ago or lasted over 10 years. The case company states that they have several long-term relationships with customers and some customers always order particular equipment from them that indicate a deep confidence. However, both the supplier and the customer admit that cooperation take place in cycles and sometimes there is a long period between the projects. The case company would like to be in the situation where they are a customer's most preferred supplier, but they are aware of high competition in the market and the reason that most customers avoid this kind of option. In turn, the customer companies are afraid of too close cooperation and reliance on one supplier, which add risks and might result in increased costs.

"We have to be realistic that none of the customers is so stupid that they begin to build cooperation with one supplier." - Interviewee 3.

As a result of the long-term relationships, the company believes that they have developed trust with customers and created more personal relationships. The main benefit from a closer relationship is that both parties know one another's business practices and it improves the prediction of future events. The customer's opinion is that the long-term customer-supplier relationship in some cases enables it to use less documentation and makes it easier to start a conversation with their business partner. Without a good personal conversational relationship, it is impossible to forecast what the upcoming projects are to the customer organizations. Also, some customers expect that relationships create a basis for closer cooperation in the future. In general, a long-term relationship increases confidence between business parties and makes easier to begin a new project from the customer's viewpoint. On the other hand, the supplier hopes the long-term relationship results in continuous cash flow.

The optimal relationship is described as a situation where both parties share information and have a common understanding of one another's expectations and needs. The

customers' most preferred characterizes of their suppliers are reliability and flexibility. They also expect honesty in the supplier, who will tell them if there is something that could be done more effectively and cost-efficiently. Other emerging factors that make a good supplier relationship are the supplier's knowledge, open communication, and responsibility. The customers understand that it is not always possible to avoid mistakes and identify it as more important if the supplier fixes the problems and takes responsibility. In addition, the product quality and relation between quality and price greatly affect on the continuation of the customer-supplier relationships. The closer cooperation is noted to be useful, especially in the product development phase and when designing new solutions. An improvement that is deemed to be beneficial for both the customer and the supplier is to form modulated products, which reduces extra work and assist the customer's own planning and selling process. However, the process of identifying standardized solutions is at an early stage. The supplier supposes that a closer relationship with the key account customers enables it to further increase cooperation and develop standard solutions, which in turn allows the customer to know in advance, which products and solutions the supplier has and what are their estimated costs. Due to the market characteristics and the nature of project business either the supplier or customers do not see that joint investments could be possible in project business.

"Probably, the best type of cooperation is information and knowledge sharing between the business partners." - Interviewee 2.

The supplier company considers themselves to be more responsible for managing communication than the customers. However, most often customer is the party who initiates communication and sends requests to the supplier. In general, customer-supplier relations occur in different levels in the organization but mostly at the sales and project level. For example, during the interviews customers most often cite persons from the counterpart's sales and project departments. In addition, it is found that companies' executives meet people from the same position and normally discuss general issues in order to find out if customer's needs and supplier's offering meet. They are also responsible for general cooperation and objectives. In turn, sales department and sellers have more interaction with customers and therefore it can be stated that they have an important role in the project business. At the product designing stage, the supplier organization's project manager works in cooperation with the customer organization's project manager or engineer in order to find a solution and the right materials that the customer expects. At this stage, both project managers have a common interest in

communication. The sales and project department not only has a central role in communication but also in customer's value creation since the customer experience is mostly based on the supplier's communication and problem solving skills and professionalism of the sales and project departments. Most of the communication is conducted by emails, phone calls and, in the larger-scale projects, there are always meetings with customers.

The common opinion of the supplier company's representatives is that relationships with their customers need to be improved. The challenges that emerged are related to the weak knowledge about customers and, therefore, difficulties to proactively predict the coming projects. The company admits that they do not know most of their customers well enough to be able to say what their business model is or what they expect to be improved. Sometimes, it is even considered to be difficult to develop a relationship with the project supplier if their most important value in relation to the whole business is price. For example, this is seen as extreme competitive bidding of contracts. Especially with the long-term customers, the company may end up in a situation where they have to negotiate with a customer who needs their help even though it is not the company's responsibility. In addition, project business sets its own challenges when the time between projects might be long. For this reason, the continuous relationship with customers is crucial in order to ensure a customer's commitment to the company, which means that communication does not stop when products are delivered. However, relating to the business relationship it is found that most often communication ends between the project departments when delivery is completed. Moreover, sales people are responsible for contacting customers after delivery and occasionally visit at the customer organizations. A concept related to the customer-supplier relationship is that both parties should be interested in the development of a relationship in order to reach positive results. One customer suggests that if the relationship is at a steady stage, there is no need for continuous communication. Based on the interviews, customers are mainly satisfied with the current relationship and do not expect closer cooperation. Thus the question is to find an optimal level of cooperation and communication where the development of the customer-supplier relationship is possible.

An obvious improvement that customers expect in the relationship is the supplier's involvement in the project at an earlier stage, which enhances the possibility to find a more cost-efficient solution and facilitate the customer's planning and designing process. A coming change in the supplier organization will be increased reporting during the

project, which includes a progress report of delivery. The need for closer communication during the project is noticed both the customer and the supplier. In addition, the company managers stress the importance of discussion and interaction after the delivery to make sure that the customer is satisfied and delivered products work properly. The supplier company is also planning a feedback meeting, which aims to discuss the delivery, good points, failures, and issues of previous projects in order to discover the development targets. However, this kind of launch project is not identified in the customers' responses. Still, it is noted that in order to get feedback of the delivery process the only way is to meet customers and pose question directly to them. An underlying motive to improve the customer experience of cooperation and communication is the supplier's purpose to positively impact on future sales.

"We have been discussing with the supplier of a possibility to have a standard product portfolio but it has not progressed because it demands resources and effort from the both sides." - Interviewee 9.

The most prominent part of a relationship is the service that the customer receives from the supplier company. Although selling in the industrial markets is largely based on technical information it should be remembered that it is only a part of customer service. The case company considers that discussion with customers should increase at all levels of organization and not only during the project but also afterwards. As a result of key account management, the company has divided their most important customers so as to assign them to persons responsible for the relationship with these customers. However, some persons suggest that too often the customer-supplier relationships are based on the relationship between two persons. Thus the relationship might be too simplified and it is forgotten that by knowing one person does not mean that you know well an entire organization. In addition, when the relationship between the supplier and the customer culminates in a few persons it is more challenging to continue relationship if relational settings change. As a consequence, managing the customer relationships needs to be more comprehensive.

4.3 Key account management

In the case company, the key account management is novel approach and it currently adopted as a customer relationship strategy. The reason behind implementing key

account management is company's several long-term customer relationships and willingness to pay more attention to handle and serve these relationships. Over the years, the company has gathered experimental knowledge of their customers that in turn results in more personal relationships and better communication with their key account customers. Instead, the most of the customers have experience of treating differently the most important customers but only one of the customers has a real key account management strategy. However, this could be due to the limited number of customers as a result of the large-scale projects that may last several months. The supplier company names the same issue: that they have essentially only a small number of customers. However, the supplier sees the implementation of the key account management program as a suitable approach to improve their most valuable and promising relationships. The criteria to select the company's key account customers are based on the size of orders, potentiality for future orders and the customer relationship. Almost all key account customers are project suppliers, mostly small and medium sized Finnish companies but also several larger scale and foreign companies. Since the implementation of key account strategy is in progress, the number of final key account customers is not clear, but it is near to 5 or 6 customers.

As can be seen from the responses in the supplier and customer organizations, it is evident that the conception of key account management is varied. Although information relating to the key account customers is increasingly shared within the supplier organization and employees in the sales and project departments are informed of the most important customers, there are still significant differences between people's assessments of the meaning of key account management. Similarly, the supplier and customers' representatives who were interviewed have diversified opinions of how the key account customers are treated. Some of the respondents consider all customers to be in equal position in terms of service and position within the organization. However, similar factors can be found relating to the considered benefits of key account management. The supplier company sees that regular meetings with the key account customers as well as more active communication with them would have positive effect on sales and future cooperation. Also, customers state that this approach could bring them closer as business partners and enable cooperation in the designing and planning phase. Some of the customers expect more concrete effects such as faster responses to requests or given discounts.

“The purpose of key account management program is to create continuous dialogue between us and the customer that enables to forecast the customer’s future needs”. - Interviewee 4.

Since most of the products are customized for customers, the findings suggest that key account customers do not receive more customized solutions in material handling business. However, several answers reflect that resources are allocated more to the key account customers in order to support their business and find new ways to serve these customers effectively in everyday business. Similarly, the customers reveal a need for mutual problem solving and discussion of the business development guidelines between the business parties. For this purpose, increased communication is seen as a suitable practice and although the project department and project managers play an important role in communication process, it is noted that exchange of ideas and communication should happen at all organizational levels. As one of the customers states, without proper communication it is impossible to improve cooperation between the business partners. In general, the supplier company states that they should cooperate more with the key account customers than others. Especially they consider that their purpose is to help customers in the value creating processes. As stated earlier the company is planning to design the standardized modules in order to facilitate both companies’ businesses. Of course, the company wants to retain highly customized solutions for their key account customers but also wishes that the same solutions could be scalable in future projects.

“In the best case, the key account relationship becomes a friendship.” - Interviewee 4.

By asking the meanings and benefits of key account management for the company, the answers are related to the increased sales and business with the customers, closer relationship that enables the development of long-term relationships and better prediction of future projects. Instead the comments from customers reflect the increased exchange of information and mutual trust, which decreases unnecessary meetings and bureaucracy in the relationship. One considered advantage is a mutual understanding that allows better understanding of the end-customer and their needs. In addition, the common understanding of each other’s operation modes reduces burdensome contract negotiations. As a result of having a closer relationship with the customer, the company is also more able to develop their own business. The underlying purpose of key account management is the win-win situation where both the customer and the supplier benefit. As a consequence, the supplier’s purpose is to help their customers in order to improve the

customer's business processes by bringing their knowledge and experience to the relationship. Also the most common benefit of key account management that the customer organizations stress is the knowledge and experience that the supplier has. The customers consider that personal service and communication enhance the customer-supplier relationship. One of the interviewee suggests that key account management brings a total different perspective to the customer-supplier relationship compared to the situation where only the project manager or seller is connected to the customer. Another customer mentions that key account management allows the more personal relationships, which are useful if they have problems and needs to contact the supplier. When relationship occur also between executives it is also more efficient to create relationship guidelines and improve the relationship.

4.4 Selling process

The described selling process in the case differs from the proactive selling processes where the seller is close to the customer interface and can foresee future sales. However, the case company's selling process reflects more reactive process. The nature of project business makes it challenging to predict future transactions and impact on sales. Basically, it is the end-customer who orders for example a power plant from the project supplier who in turns sends it to the subcontractors in order to implement the request. Most often the main agreement with the end-customer is signed before the project supplier begins look for the possible suppliers. The typical selling process in heavy industry is reactive. First of all, a customer has a need. The end-customer set budget for the project supplier who needs to construct a request based on the end-customer's budget and sent it to the several subcontractors. It depends of the customer, some of them manage forming and sending of requests on their own and other use a partner organization that carries out communication with the subcontractor. However, before the request is sent to the possible suppliers, the main agreement is divided into several components, which differ in terms of the scope of delivery. Followed by drafting the request that has been made together with the project manager and purchase department.

"It is well know what we need to do once the request is received but actions before it are not under control." - Interviewee 5.

When the supplier receives the request, the sales manager decides which sales person will take care of the lead and quotation. This approach was adopted because a large

number of requests came with personal names, which made impossible to control who is doing what. Communication begins at this stage between the customer and the sales person, where the seller finds out required information and set a schedule for the project. In the smaller scale projects, the seller makes a decision to offer or not. If value of the offer is higher or includes some new features, the request is reviewed together within the organization and more people participate in the decision making process. Next the preliminary designing, budgeting and commercial proposal take place in the selling process. At this stage of the process the seller works together with the project manager who brings knowledge of cost accounting and budgeting from the project department. The seller makes most of the calculations and he or she is responsible for the request until it is closed. Finally, the company sets a selling price and sends the final offer to the customer. On the customer side, they assess the offer and compare it to the other suppliers' offers and choose normally 2-3 suppliers who are invited in meeting. After the meeting, the offer is updated and if the customer accepts the offer based on their decision criteria, the business parties sign an agreement. The important part of agreement is to agree on the terms, conditions and scope of delivery, which most often is seen as a burdensome phase. The selling process starting from the end-customer's need and ending at the concluded contract is shown in Figure 10. When the sale is closed, the project is transferred to the project managers in both organizations.

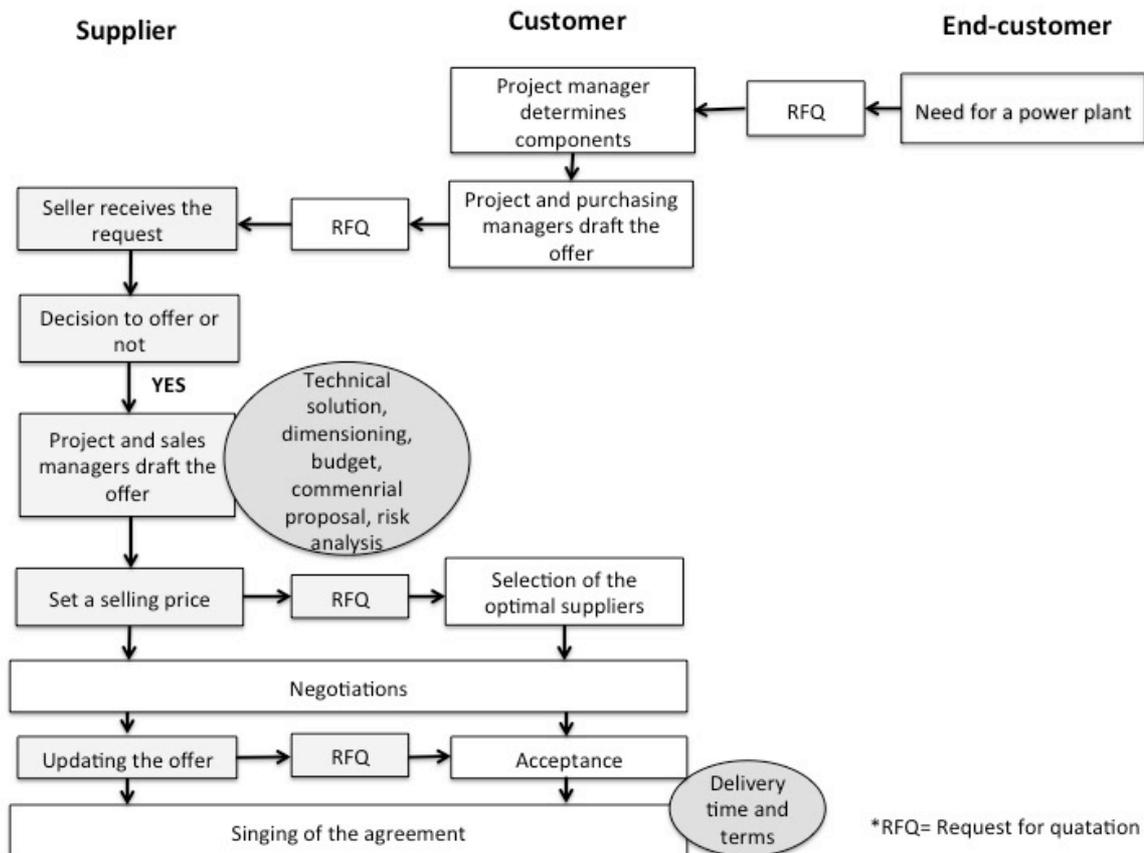


Figure. 10 Selling and delivery process

The supplier company considers that the customer has a perception of company's product quality, trustworthiness, and reliability of delivery, which most often have effect on the customer's purchasing decision. It is well known that price has a significant influence on the selection of supplier. The sales manager states that 90 per cent of decision-making based on money, especially with the project suppliers. However, the customer organization's project manager suggests that although the quality costs even more costs the poor quality. Of course the decision-making criteria differs between the customers but most frequently mentioned factors are product quality, price, reliability of delivery, and the previous experience of supplier relationship. Other most commonly occurred criteria from the customer side are the supplier's experience and knowledge, flexibility, and services. Instead, the supplier supposes that the main purchasing criteria for the customers are price, technical solution and delivery time. The long-term customers appreciate more a smooth cooperation and they trust on the supplier based on the previous projects compared to the new customers who evaluate the offer more based on price. One customer also states that earlier projects with the same supplier might reduce control

when relationship based on mutual trust. In addition, the customers suggest that the longer product lifecycle, reduced need for maintenance and reasonable-priced end-solution are the main satisfaction criteria for the end-customer.

“We need to maintain a good reputation, which is based on a high quality and competence. Therefore we demand the same from our suppliers. –Interviewee 14.

A general opinion among the supplier organization is that active selling is lagging behind partly due to the lack of resources. The senior management considers that checking the customers' requests take too much time of sales people's tasks and selling is described as drifting from request to another. Instead the customers do not see that the large changes are needed in the selling or from their viewpoint, in the purchasing process. However, it is recognized that customers require quicker responses from the supplier especially in the beginning of the selling process. Most customers expect that the supplier bring their know-how and problem solving skills to the selling process, which facilitate the customer's business and purchasing process. Also the supplier states that they should pursue to be part of the customer's selling process much earlier. However, the customers suppose that engaging the supplier to their selling process even before they have an agreement with the end-customer is challenging. Still some of the customers consider that listed prices and some kind of modularized products could help their planning and budgeting processes. About a half of the interviewed customers suggest that a closer partnership with the supplier could quicken the selling process and help to avoid the long and cumbersome negotiations. One proposal from the customer's side is to formulate the liability issues on annual basis and thereby save resources. On the other hand, they consider it too risky to rely on one supplier.

An underlying purpose of the supplier is to find the phases of customer's processes where the supplier could help and enhance the customer's profitability. However, it demands strong process know-how to say how to improve the customer's performance. The primary goal is to form a conversational and proactive selling process within the organization where the supplier could discuss about requests before it is sent. Communication after the previous order allows the supplier's awareness of future projects. The supplier company pursues to increase discussion through the selling process and move away from the mindset where the aim is only to answer the requests. For the question what are the needed enhancements in the selling process, ongoing communication is found from most of the supplier interviews. However, the biggest change so far is the project manager's

engagement in the selling process. Previously, only sales people had been able to set price to the company's solutions and by engaging the project manager in the selling process the risks are now evaluated together, operational personnel are committed to the offer and knowledge is shared in the organization. An underlying objective behind the change is to add project knowledge in the selling process. Another reason is that sellers would have more time to sales activities. However, the rising problem is inadequate resources because the company's project managers should suspend their on-going projects in order to shift to the selling process.

"The challenging issue in selling is that almost 80 per cent of selling is about technical know-how and only 20 per cent is selling skills, which is however the most essential part of selling process." - Interviewee 3.

5 DISCUSSION

The objective of this study was to understand how does supplier's value creation supports the customer's business, how value is created in the project business and how value creation to the key account customers is implemented. In this chapter the previous parts of the study are discussed and findings are compared to prior theory. The study clarifies how a supplier's view of value creation is equivalent and to what extent differs from a customer's vision.

The main research question in the study was to describe and understand how supplier creates value for the project suppliers in heavy industries. Overall, the supplier's purpose is to offer a comprehensive solution to the customer, including more than only a physical product, which is consistent with Grönroos' (2011) proposition of value. In addition, the overall goal, which repeats in the supplier interviews, is to support the customer's selling process and enhance customer's business is also noted by Grönroos (2011). In general, the customer experiences the value as a positive thing, which is outcome of the relationship and the supplier's offering and sees that product and relationship costs lower the total value of solution. For example, the high quality of products and the supplier's reliability are seen beneficial but instead, trusting too much on a supplier results in increased costs and risks that in turn decrease the perceived-value. This illustrates Grönroos' (1997) general definition of customer value and relation between benefits and sacrifices. However, by examining value needs to take into account Georges and Eggert's (2003) characteristics of value and remember that value is subjective concept and depending of the interviewed person's experience and position within the organization, the value definitions differ among the respondents. Some researchers also state that value is relative to competition that can be actually seen in this study because customers rationally compare competitive solutions and offerings (Georges & Eggert, 2003). Value creation is influenced by market characteristics and in this specific case the project business set some limitations to the value creation studying. First, the importance of quality and functionality of product are emphasized. Second, competition is fierce since the alternative offerings are almost identical. Third, the duration of project and time between projects is usually long.

Regarding of customers' value drivers it is evident that the core product is the key element in the customer value creation, which is also consistent with the early stage value research focusing on the importance of physical product (e.g. Dwyer & Tanner, 1999).

However, the customer interviews showed that services and relational aspects have also significant role in value creation process. The findings reveal that the personal communication, designing, delivery, and installation are one of the most valuable services to the customer. Instead, the relational benefits for the customer are the supplier's knowledge, cooperation and mutual understanding that increase mutual trust between business partners. As the negative value elements the customers consider a high price, long delivery time as well as answering time in selling process. Comparing findings to Ulaga's (2003) value drivers in business relationships, can be concluded that service support, personal interaction, product quality, delivery performance, supplier know-how, and time-to-market are consistent with the study. However, Ulaga's (2003) finding that the core product presents the lowest impact on value creation is not confirmed in the study. Instead, findings differ partly from the key account customers' value drivers that Georges and Eggert (2003) are stated. Only customers expectations, which are similar in the both studies are coordination, offer adjustment and transparency. However, the supplier considers that lateral interaction between the companies could effect on the value creation ability as well as customer relationship.

Combining the supplier and customers' views to the Sullivan's et al. (2012) conceptualization model of value creation, value creation is currently considered as a relational activity, where value created in relational exchange rather than embedded only in the product. At the moment, customers send the request to the supplier, which includes detailed information of the needed solution, and then it is the supplier's responsibility to design usable equipment. On the other hand, during the delivery process needs to be communication and discussions, which ensure the right outcome. However, both the supplier and customer suggest that they could have a closer cooperation in the future especially at the planning and selling stage. This could result in situation where value is co-created by the supplier and the customer, which identify the fourth and most relational-oriented stage of Sullivan's et al. (2012) model. The customers' comments also support Anderson's (1995) view that value creation is the underlying reason for the collaborative relationships, and consider that the customer-supplier relationship is necessary in order to gain value. The customers' expectations of value support Eggert's *et al.* (2006) statement that by increasing benefits or decreasing costs customer value can be improved. In this case, additional services and relationship are considered as benefits and cost-efficient production and standardized solutions as the ways to reduce costs. In addition, most of the customers pay attention to delivery services such as installation or installation

assistance and introduction training, which confirm McMillan and McGrath's (1997) view of additional services.

From the company's point of view the service and relational aspects of value creation are even more relevant in the markets where difference between suppliers' solutions is minimal. When studying the supplier's understanding of value creation requirements the findings reveal the in-depth understanding of both the customer's needs and business and optimizing operation activities. Findings reflect same than Sullivan' et al. (2012) and Anderson and Narus' (1998) requirements to understand customer's business, challenges, markets and what they actually value in order to create superior value to the customers. Currently, the supplier admits that the understanding of their customers is in its infancy but increasingly gains more attention. Enhanced customer orientation within the organization is also stated as an useful tool to enhance value creation (Georges & Eggert, 2003). However, the supplier is not able to define how customer perceives value but can only provide resources that enhance customer's value creation (Grönroos, 2011). The value chain from the supplier through the project supplier to the end-customer set challenges to value creation especially when the end-customer's specific needs may not be known in the supplier organization.

Since the value creation through the customer lifecycle was one of the investigated topics, the supplier consider that they have several long-term relationships with customers who over and over again order particular products from them. On the customer side, they see that previous experience, mutual understanding and open communication enhance the relationship and continuous transactions with the same supplier. Both the supplier and the customer believe that in cooperation with long-term business partners they can develop the product offering and coordinate their processes to meet each other's needs. The findings are consistent with Eggert's *et al.* (2006) suggestion that value creation potential increase when relationship moves through the lifecycle. In the supplier organization is observed their concerns of managing customer relationships, which is not unfounded since according to Sullivan *et al.* (2012), the relationship itself might be the value-adding factor. However, in the business environment of the study the customers do not see that relationship itself has value although it is essential part of the perceived value, but without the supplier's value generating resources it is unnecessary that supports the acknowledgements of Grönroos (2004). The founded expectations that customers have related to the optimal supplier relationship are reliability and flexibility of the supplier.

The supplier company has begun to pay more attention to the long-term and most important customers in order to develop the customer relationships, which is coherent with Eggert's *et al.* (2006) recognition of key account management programs' usefulness to manage relationships. As many of the supplier interviews described they would like to improve their value creation by designing and developing solutions together with key account customers. This view is closely related to Pardo's (2006) key account value model, in which value is co-created by the supplier and the customer. The supplier company's aim is to develop their relationships especially with the key account customers. By this way, they are expecting to enhance the customer understanding, find out the customer's needs and improve value creation for them. Many researchers observe the importance of relationships and their value to understand customers' needs (e.g. Egan, 2001). The supplier's development direction is going towards reflecting the relationship marketing where the aim is to create continuous exchange between business partners and enhance collaboration and commitment (Andersen, 2001). Eventually, the supplier seek to win-win situation where all relationship activities are combined to provide value to the customer, which in turn enable the supplier's profitability and continuation of business. According to Grönroos, (1990) and being one of the research questions of the study the supplier's offer needs to support customer's value creation processes.

The main benefits of relationship are considered as the added value that the supplier brings to the relationship including their know-how and problem solving skills. Findings of increased confidence between business parties and saved resources are resulting of the long-term relationships that also confirm the findings of Gummesson's (2002) research. However, the findings differ from Grönroos' (2004) suggested benefits of better customer security and minimized purchasing risks. Of course, the customer is able to trust more on a long-term business partner but in the study customers are worried of relying too much on one supplier, which might results in increasing costs. This is partly due to the characteristics of project business, in which the competitive bidding and cost reductions are deeply rooted. However, the customers state that well-managed and successful projects have positive influence to continue relationship with the supplier. The supplier believes that long-term relationships have developed trust and created more personal relationships that is basis for the continuous cooperation, which reflect Anderson and Narus' (1990) findings of importance of communication. Overall, the main benefit of a closer relationship for both the supplier and the customer is to know each other's business practices, share information and improve the prediction of future events. Still, it is noted to be challenging to develop relationships in the project business since the traditional

approach to focus on purchasing practices and reduce costs is still dominant approach as Ehret (2004) described it.

Descriptions of the optimal customer-supplier relationship include information sharing and common understanding. The most prominent part of cooperation is in the designing and planning phase as well as in the product development stage. Together with the key account customers the supplier seek to form modeled products that reduces extra work and enhance the customer's own planning and selling process. Although the relationship marketing studies consider increasing cooperation and commitment in business relationships resulting in partnerships and strategic alliances (Morgan & Hunt, 1994), they are not realized in the study. It can be stated that in the case the main purpose is to increase communication between the supplier and the customer and as Grönroos (2004) identifies relationship management as a process, communication should continue even the project has been completed and the next project is not known yet. Also Gordon (1998) stresses the importance of customer's lifetime value. Another underlying purpose of relationship marketing within the case is to increase diversity among the suppliers since the offered solutions are almost identical and as Ehret (2003) considers the manufacture companies have minimal possibilities to differentiate themselves based on product.

An essential part of value creation in project business is selling and delivery process, in which the actual value is created. The study describes the selling process in the project business as a systematic and tactical process, which follows the same pattern each time and therefore emphasized Ingram's et al. (2002) description of selling process. The adopted selling process within the project business is quite sequential and similarities with the seven steps of selling (Dubinsky 1980/1981) are found more than with emerging selling processes (e.g. Moncrief and Marschall, 2005). For example the first contact normally comes from the customer, who send the request that reflects prospecting phase from the seven steps of selling model. Next, at the pre-approach stage the customer's requirements are identified and strategy to meet the customer's needs result in the formed offer. However, overcoming objections can be seen to take place before presentation since the offer is normally sent to the customer before the presentation and negotiation phase, in which the customer invites a few of the most preferable suppliers to the meeting. If the customer is satisfied with the offer and delivery terms the process ends on agreement. The significant missing in the findings of selling process is follow-up stage, which only means that if there is no complaints the supplier assume that the customer is satisfied. The challenges of this kind selling process among the supplier organization are

considered to be its reactivity and rather responding to the customer needs than creating them. Again, the systematic and sequential selling process in the study is caused mostly by the project business where the actual needs come from the end-customer, who sets the schedule and budget and within this framework the project supplier has to operate. According to interviews, a tight schedule, the need to reduce costs and a large amount of documents and delivery terms effect on the current selling process.

Comparing the described selling process of the study to research on emerging selling processes some similarities can be found. For example, the supplier company's aim is to maintain and develop relationships with the long-term customers and add value for the existing customers, which is emphasized by Moncrief and Marshall (2005). In addition, the supplier pursues to create relationships, which are profitable in the long run and not only single sales. The identified objectives of the supplier company reflect the customer-oriented selling approach (e.g. Stock & Hoyer, 2005; Weltz and Bradford, 1999) that focus on to create win-win situation for both business parties and develop a closer partnerships. As the sales manager considers the successful selling requires a strong process know-how and personal competence that is similar with Ingram's *et al.* (2012) description of successful selling. Taking into account the intended developments and established goals in the selling and delivery process such as earlier engagement in the customer's selling process and continuous communication identify Adamson's *et al.* (2013) insight selling approach and creation of customer needs. What comes to the key account selling, implementing of individual needs and creating closer relationships and cooperation in order to enhance value creation illustrates the value-based selling approach, which is studied by Terho *et al.* (2012) as well as Barber and Tietje (2008). Similarly than Barber and Tietje's (2008) research, the study found that the supplier's underlying assumption related to the selling is that their main purpose is to help in customer's business and purchasing process rather than focusing purely on selling.

Another investigated topic of the study is the implementing of key account management in project business and heavy industries. As stated earlier the supplier's practicing of key account management is in the initial phase, in which the most important customers are chosen but specific strategy and practices are not formed within the company. However, some of the relationships have lasted for decades and therefore the supplier has gathered knowledge about the customers through the relationships but has not implemented a specific strategy for these customers. The driving force to adapt key account management approach is the targeted aim to develop a closer cooperation and enhance relationship

with the most important customers and recently occurred organizational changes influence as well. It is noted that increasingly the supplier pay more attention to its largest and most profitable customers that follows both Ivens and Pardo's (2007) and Pardo's *et al.* (2006) research. The supplier's willingness to help customers and enhance their value creation indicates the relational value creation in the relationship as Pardo *et al.* (2006) name it. In the study it is clearly seen that key account management is a continuum of relationship marketing, which is adopted earlier within the case company.

The supplier company has named their most important customers and begun increasingly inform and communicate of these customers within the organization. In the future when implementing of key account program goes forward the supplier states that they need to adopt a closer relationship with these customers and most of the closer cooperation is carried out with the same customers. One step closer to more developed key account management is the nominated responsible sellers to each key account customer. According to Weilbaker and Weeks (1997) especially the key account managers has a crucial role to gather knowledge about the customer. In addition, the supplier company states that the key account manager should share this information within the organization to all persons who communicate with the key account customer. At this point the considered benefits and tasks of the key account management based mainly on expectations since the implementing of program is under progress. The supplier's view of benefits such as increased sales and improved communication are partly consistent with Barrett's (1986) and Boles *et al.* (1994) identified benefits of key account management. Although, the supplier does not directly say but it can be seen that implementing of key account management is one of the most visible approach to differentiate from competitors and stress the importance of personal relationship between companies. The identified customers' benefits of key account management are based on the improved relationships with the customers or in turn, the key suppliers. They also suggest that main benefit factors are improved communication and trust between with the business parties. These findings support the Jobber and Lancaster's (2003) findings but also they can be extended to cover results of relationship marketing research (e.g. Anderson and Narus, 1990).

Then what makes adoption of key account management challenging in project business? As Friend *et al.* (2014) suggest that most of research focus on the positive effects and success of key account management. Instead, he and his colleagues show results that can be also found in this study, as customers are considered about increased costs and

lack of relational benefits since too close cooperation is seen risky or unnecessary in business where the competitive bidding is prevailing approach. In addition, both the supplier and the customer see that most developed stages of key account management in Millman and Wilson's (1995) model are impossible. For example the joint investments and partnership are not seen appropriate. However, the main stage where a closer cooperation is seen possible is product development and designing stage, in which the added value could be created for both parties. Another challenge is the customers' lack of awareness of key account management program and its benefits that is also seen an essential factor to successful implement of key account management (Workman *et al.*, 2003).

6 CONCLUSIONS

The following chapter summarize the findings of this study and discuss of the results based on the research questions. Some of the findings are interrelated and answer more than one research question. Theoretical contributions consider the compatibility of study with theory. The following chapter also includes challenges that occurred from the findings and these are discussed more broadly in recommendations. Managerial implications provide recommendations for the supplier company operating in project business. These implications focus on implementing key account management in project business. Research limitations and future research recommendations are discussed on the basis of this study.

How does supplier create value in order to enhance customer's selling process in project business?

The study found that supplier and customers' opinions of value creation in business markets reflects a relational activity, in which the value is created in relational exchange rather than embedded only in the product. This view is consistent with Sullivan's et al. (2012) conceptualization. In addition, A few value characteristics of Georges and Eggert's (2003) value definitions were seen in the study. First, value was recognized as a subjective concept, which differs among the customers and secondly, customer defined value in relation to the competitive offerings. By studying the supplier and the customers' opinions of value creation a common view was that the supplier's value creation is based on the comprehensive solution including product, service and relational aspects. The value proposition that the supplier gives was based on a strong, customized, and cost-efficient products and service that lasts the entire product lifecycle. In turn, direct value that all customers perceived was a functional solution that enables material handling and transferring in power industry. In addition, the direct benefits are shifted responsibility and released resources that customer is able to use in their core business as a result of outsourcing. The customers also stated the main benefit for the end-customer is high capacity equipment that ensures the power plant's operation for a long time. However, it should be noticed that context of this study was the project business, in which the value of end solution is combination of tens of suppliers and their solutions and components.

Although customers perceived the supplier's value creation in different ways, some factors occurred frequently in the empirical study and strengthen the findings from previous

research. First, all customers stated the importance of product quality, reasonable price and reliability of delivery in value creation process. However, price was not a key factor to determine value but comparing results with purchasing criteria price was one of the most common causes to choose or not to choose a supplier. Interesting finding was the number of services that customers value. These include the supplier's know-how to design and modify products based on the customer's needs, accurate delivery, installation or introduction training and several after-sales services such as replacement parts and maintenance were found from the customer interviews. In addition, the supplier's knowledge and experience of process industry is identified as a service-based value driver, which is beneficial in the product designing stage and developing customer's business processes. Also relational factors gathered a lot of attention among the customers. Especially the long-term customers highly appreciated the customer-supplier relationships and previous experience of co-projects. Therefore findings support Eggert's *et al.* (2006) result of increasing value creation potential during the relationship lifetime / lifecycle. Based on the findings of empirical part, customer organization that had a longer history with the case company values more supplier relationships than new customer. However, all customers saw benefits from previous project experience and cooperation, which enable to know each other's business practices and increase confidence between business partners. In addition, customers value the supplier's ability to take responsibility of arising problems and help customer in all possible ways. Another relational benefit for customers is the open communication where issues are discussed directly and if supplier sees opportunity to increase cost-efficiency or assist the customer in selling process, they tell it.

The study revealed that customer actively compares benefits and sacrifices of the suppliers' offerings. The case company's core competences can be seen as know-how and experience, strong and solid equipment and reliability as a supplier. It was found that project department has a visible role in value creation. In addition, selling process is regarded as a crucial part of value creation, in which the customer's needs are identified and the solution is designed. The case company is considered as a reliable supplier among the industrial market and customer organizations stated their satisfaction with previous projects. The customers could not identify significant problems in the supplier's business. Within the organization the projects are normally evaluated by delivery time, schedule, profit margin and customer satisfaction. Regarding of challenges, they are identified as related to ensure the cost-efficient product portfolio, continuous optimizing in

designing and manufacturing, avoid over quality and differentiate offering from the competitors.

What is the role of customer-supplier relationships in value creation?

Relationships were considered as an integral part of project business within the supplier and customer organizations. Especially findings brought up the importance and benefits of long-term customer-supplier relationships. The customer's perceived-value of relationships can be summarized in knowledge and problem solving skills that supplier brings to the customer's business as well as relationships' positive influence on further cooperation and long-term relationships. More broadly, the customers thought the relationships are necessary to develop and design the customized and most valuable solutions based on the supplier's skills. In turn, well-managed relationships increase the likelihood of further cooperation and value creation between the business parties. An observation was supported by the supplier's notion of several long-term relationships with customers who order from them on a regular basis. Also previously Andersen (2001) has addressed the same aim of the relationship management to create continuous exchange between the customer and the supplier and enhance collaboration and commitment. Furthermore, a closer relationship enhances mutual understanding between business partners that in turn improves the prediction of future projects. In general the study found in order to obtain relationship benefits and co-created value both customer and supplier needs to have a common interest to invest in relationship.

Relationships occur in the different levels of the company, which can be argued to enhance value creation. The results of the study revealed that significant part of communication takes place between the sellers and buyers and project managers, which also reflects importance of these departments in customer value creation. It was noticed that during the project delivery cooperation is more intensive since both the supplier and the customer have a common interest. The relevance of executive level communication was also emphasized in the study. The identified meanings of senior management in relationship management were to discuss general guidelines for the future cooperation and objectives. In addition that communication occurred in various levels it should also take place throughout the customer lifecycle and before and after the delivery process. However, this was considered to be challenging and continuous relationships are at an initial phase within the supplier organization. Although the study found that customers were satisfied with the supplier relationship and willing to develop the relationship further,

all customers were concerned about increasing risks and costs resulting from relying too much on one supplier. Founded customer value drivers are summarized in Figure 11. based on Lapierre's (2000) value dimensions model.



Figure 11. Customers' value drivers

Differing from theory that suggests the relationship management is an ongoing process the study revealed that customer-supplier relationships and mutual communication occur in cycles in project business and there might be a long period between the projects. It can be argued that too often communication ends when delivery is completed. Other identified challenges in project business were customers tend to avoid too close relationships with suppliers since the end-solution consist of numerous subcontractors and their components. However, the customer-supplier relationship that is strongly based on personal relationship between the buyer and the sellers was stated to be risky if relationship circumstances change. Another challenge to develop relationships in project business context was the project suppliers' concentration on cost savings and money that lead their business. In addition due to the highly competitive market the relationship management gathered even greater importance in the study as a way to differ from other suppliers since the physical products are almost identical. As a consequence the case company has begun to develop the key account management program in order to enhance relationship management, which is supported by Eggert *et al.* (2006). The case company seeks a closer cooperation with key account customers to design modulated

equipment solutions for their most common solutions. Another pursued improvement from the supplier side is to be involved at an early stage in the customer's planning phase and increase value creation.

What is the difference between the supplier and the buyer's perceptions of value creation?

Based on the empirical findings, the study stated that both the supplier and the customer consider a comprehensive solution including the product and service as the main value to the customers. Findings indicated that suppliers and their customers have similar perceptions of the direct value that customer receives by purchasing a solution from the case company: it is a solution to transfer and handle materials, which also guarantees a continuous supply of fuel to the end-customer. Beyond the core product, the supplier considered problem solving, designing, customization and personal communication as their services. Whereas customers experience the supplier's know-how, designing, manufacturing, transportation, warranty and installation as value adding services. Therefore can be argued that customers perceive more service aspect including in the offering than supplier does. There was a difference between the business partners' project evaluation criteria. The supplier use delivery time, profit margin and customer satisfaction while the customer follows cost-effectiveness, product quality, reliability of delivery and relationship to evaluate their project successfulness. Regarding of selling process the supplier aims to develop more proactive process, in which they could help in customers' planning and budgeting at an earlier stage. Some of the customers stated the same need.

Findings also stated the relevance of customer-supplier relationships in value creation. The companies experienced the similar advantages of long-term business relationships. They assume that the main benefits of a long-term relationship are increased trust and mutual understanding of each other's behavior and business practices. As a result of a closer relationship and communication the customers considered information sharing and supplier's know-how as value benefits. Whereas the supplier stated its main objective as a result of closer relationships is to improve the predictability of future projects. In general, a supplier seeks more actively to develop relationships and gather benefits than customers. However, it should take into account that customers' opinions of a close relationship vary among the companies. Overall, customers were concerned about too close relationship where they rely on one supplier. Instead, the supplier would like to be in this kind situation although they understand customers' reluctance. An interesting

observation was the supplier's opinion that their customer relationships are poorly managed whereas the customers expressed their satisfaction with current situation. This reflects the different attitudes and willingness to the develop relationships. However, it was stated that in order to improve cooperation and relationship it needs both the supplier and the customer's interest.

How could the supplier implement key account management in project business?

Combining the findings of the study the emerged difference was the diversified definitions of the meaning of key account management approach. Therefore it could be argued that key account management has not achieved a strong position in heavy industries and project business. The supplier case company was recently begun to implement key account management as a relationship marketing approach and one of the customer organizations stated to have a specific strategy for the key account customers. Although other customer organizations did not adopt key account management approach, they considered having relationships, which are significantly valuable and therefore they allocate resources more to these customers. As a consequence can be suggested that customers are treated differently in project business despite the key account management strategy is missing.

Due to the characteristics of project business the implementing of key account management is not simple. Challenges are related to the long delivery times, significance of the core product in value creation and irregular orders. Another challenge is to get the customer to understand the value of relationships and the influence of well-managed relationships to both organizations' value creation. The case company has naturally a small customer base and these customers receive already highly customized solutions that complicate to offer more customized solutions. However, after-sales services' importance and ability to add value were recognized both the supplier and the customer side. In addition, findings considered that key account management is an effective approach to manage customer relationships, which is consistent with Eggert's *et al.* (2006) proposal. Based on the findings the supplier expects that key account management results in increased revenue, possibilities to develop relationships and solutions in cooperation, and enhanced prediction of future projects. In turn, customers considered advantages from increased information exchange, mutual understanding, and trust between the business partners that facilitate the relationship. The identified

perceived advantages of key account management were closely related to the benefits of relationships.

The implementing of key account management program is supported by the existing long-term customer relationships, in which the company has gathered knowledge about the customer, their business and value drivers that is basis for the further development of relationship. Selection process of key account customers seems to be justified based on the monetary value of projects, customer's potentiality in future and existing customer-supplier relationship. Since adoption of key account management approach is in progress the supplier company is not appointed the key account manager. The specific task of key account manager is to be an intermediary between the customer and the entire supplier organization and share information about the key account customers within the organization. The main development area is to conceptualize the key account management within the supplier organization and form a specific strategy for the most important customers. This should include identifying a difference between the ordinary and the key account customer, specification of objectives and actions relating to strategy. According to the findings the aim of key account management is to implement a closer cooperation with key accounts, meet customers more frequently and increase continuous communication through the customer lifecycle. Increased communication with customers can be seen in all organization levels and especially senior management has a crucial role to set guidelines for future cooperation.

6.1 Theoretical contributions

Although value creation, relationship marketing and key account management are widely studied in literature there was still a need for value research on value creation in business markets. Theoretical framework of research included the description of value creation in project business and determination of relationships and key account management's contributions. The first research question seeks to address the supplier's value creation ability in order to enhance customer's business. The findings indicated to some extent similar factors than previous research. For example, the findings showed that the exchange between the supplier and the customer culminates in value creation, which is consistent with prior theory. The concept of value was identified as a complex phenomenon and the understanding depends largely on the interpreter. The conceptual understanding of value in the study contributes the view that value creation is underlying reason of collaborative business relationships. Previously the value of supplier's offering

was based on the physical product but recent research and this study take into account the service and relationship elements of value. Also some differences and new findings were identified in the study. Due to the context of project business the study identified some industry specific value drivers, which differ from prior theory. Although customers perceived to gather value from various elements of the supplier's offering the direct value is still considered to be a physical product.

Combining the findings from prior theory and empirical results of this study can be said that customer-supplier relationships have an essential role in business markets in order to create value and enhance business processes. Although previous studies emphasize the importance to develop a very close business relationships or even partnerships and customers attempt to concentrate on a few suppliers, these are not study supported by the study. Due to the project business, customers stress the importance of competition in order to ensure cost-effective solutions. In addition, relationships in project business occurred in cycles, which results in different relationship management approaches than in theory. However, findings emphasized a particular need of collaborative relationships in business markets. According to key account management research the findings support the theory regarding of importance to implement key account management approach in all levels of organization. Also a need to dedicate resources to the key account customers and perceived benefits of key account program are consistent in the theory and the study.

6.2 Managerial implications

The results of this study generated several implications. It was noticed that customer-perceived value consists of several elements including product, service as well as relationship aspects. The core-product's quality and cost-efficiency are the most prominent part of customer value creation but analysing results the significance of additional services and customer-supplier relationships is evident. The research revealed the customers' value drivers that can be useful for the supplier to develop their value creation and core competences. However, the case company should identify the individual value elements for each customer company and then find out how they are able to meet customer's needs based on their value creation competences. The most essential is to identify a key account customer's value drivers and seeks to co-create value with them. For example, this could include designing of modulated products based on the basic solutions that customer orders or forming listed prices.

Findings showed that implementing of relationship management is ineffective in the case company and needs to be developed. However, the study identifies the customers' experienced benefits of relationships and their expectations of future developments. The important thing for managers to keep in mind is the view that well managed relationships with customers allows differentiating from competitors and can even value creation element. However, the managers should take into account that some of the customers' contrariness attitude and concern about the increasing risks as a result of too close cooperation with one supplier. One challenge to the case company is to create more proactive selling process, in which they are able to use know-how in order to enhance customer's planning stage. Also in selling process should pay attention to listening and understanding of customers' needs and adopt a more conversational selling process. Another challenge is to find resources to the service department, which necessity is recognized widely in the study. However, it is difficult to predict realistic demand to the after-sales department and evaluate the profitability of investment since there are several engineering factories that are able to carry out these services.

To conclude the recommendations of implementing key account management in project business the first thing is to ensure senior management's support and commitment in key account strategy. An essential part of successful implementing of key account management is executive level communication. Another factor that effect on the successful relationship management program is the match between the supplier's core competences and the customer's needs. As a consequence, the case company should determine their key account customers based on this evaluation and not only the profit margin. The designated key account manager has a crucial role to take care of key account relationships. This does not only include managing relationships with customer organizations but also information sharing about the key account customers within the supplier organization. As stated earlier, the most important thing for the supplier is to emphasize the understanding of customers and in this way increase possibilities to co-create value with key account customers. Based on the theoretical findings the customer's awareness of the supplier's key account management program has positive influence on the outcomes of key account strategy. In general, the supplier company should seek to develop key account management more forward and create a strategy to manage their most important customers including long-term objectives and more specific tactics on who to implement key account management within the organization.

6.3 Limitations and future directions

The study has several limitations that need to be taken account when evaluating the results of this study. The limitations also influence on the generalization of the results to other context. The study preliminary focused on a relationship between the supplier (subcontractor) and the customer (intermediate firm). Thus, research did not reveal the end-customer's value drivers or expectations of value creation. The empirical part was gathered by interviewing company representatives and the interviews were conducted only for the purpose of this thesis and there could be distortion in the results. Although the study is confidential the interviewees may want to give a highly positive picture and leave something unsaid. Therefore it is possible the results are too optimistic and give unrealistic description of the investigated phenomena. In addition, the researcher who based on own experience acts as an interpreter of empirical data may has influence despite of attempts to be objective. It should be noticed that a common limitation for qualitative research implying the results is to consider the findings as individuals' opinions rather than absolute facts. Although the amount of interviews was carefully considered including more than one interviewed person from each company, the amount of empirical data is relatively small. Because the interviews were carried out with material handling equipment supplier and their customers who operate in power industry the results are not largely generalizable to other industries. The results of this study are most probably valid in other project business context. Since the development of key account management is at an implementation stage the circumstances might have changed during the research.

Since the current research focused on a single case and analyzed a relationship between a subcontractor and a project supplier it would be interesting to include an end-customer in the value chain and investigate differences of value drivers. Currently the case company has begun to implement the key account management program as a relationship management tool. Therefore it would be interesting to conduct another research a few years later and study the development of key account management and customers' experiences and perceived benefits of key account strategy. One option to carry out future research would be to conduct a quantitative research including both ordinary and key account customers and to investigate differences related to value creation and customer-supplier relationships.

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APPENDICES

APPENDIX 1. Interview questionnaire for a supplier in English

SUPPLIER ORGANIZATION

1. BACKGROUND

- Name
- Education
- Work experience
- Career at X company

2. VALUE CREATION

1. What are the elements of company's product offering? Regarding of...

- Product
- Service (during the selling process and after delivery)
- Customized solutions
- Selling process
- Delivery
- Warranty
- Maintenance and repair

2. What is the value that your company delivers to the customers?

- What is the value that customers receive by ordering solution (product + service) from your company? Describe economic, technical, and social value aspects.
- What are the company's strengths on the market?
- How the company's product differs from competitors' substitutes?

3. What processes the company could enhance in order to create more value for customers? Relating to...

- Core product
- Service
- Selling process
- Delivery
- Warranty
- After-sales services
- Cooperation and communication

4. How well you can predict customers' demand and needs?

- How the company could improve the demand prediction?

3. CUSTOMER RELATIONSHIPS

- 1. How would you describe the company's relationships with your customers?**
 - Who are the responsible persons of communication? How often you keep contact with a customer? How you communicate with a customer?
 - Do you have cooperation with customers relating to the research and development?
 - How would you describe the interaction – is it more monadic or dyadic?

- 2. How the customer relationships have evolved through their lifecycles?**

- 3. How would you describe the company's long-term customer relationships? Regarding of...**
 - Benefits
 - Disadvantages
 - Goals
 - Problems

- 4. What problems you have faced with the customers? And how those problems have solved?**

- 5. How you see a customer from a company's point of view? As...**
 - A buyer who defines company's value;
 - An investment partner; or
 - A long-term relationship party

- 6. What would be a mutually beneficial buyer-seller relationship? Concerning...**
 - Processes
 - Communication
 - Interaction
 - Economic value
 - Knowledge and information sharing
 - Joint investments

- 7. Do you know what is your customers' business model?**

- 8. How well you know customer's customers?**

4. SELLING PROCESS

- 1. Could you describe a typical selling process of the company?**
 - What are the stages of selling process?

- Who are participated in the selling process?

2. Do you think that selling function is changed over the years? How?

- From a customers' point of view
- From a company's point of view
- From a salespeople point of view

3. What kind of selling process could be more valuable and suitable...

- For company's needs?
- For customers' needs?

4. What do you consider the factors that effect on the customer's decision-making?

5. KEY ACCOUNT CUSTOMERS

1. How would you define the company's most important customers, called *key accounts*?

- What are the economical criteria? (e.g. sales, share of purchases)
- Is there any other criteria? (e.g. company image, brand)

2. Are you able to name the company's key account customers?

3. How the key account customers are treated differently than ordinary customers? Regarding of...

- Communication
- Cooperation
- Services
- Offering's customization
- Customer database and insights

4. What do you think what are the benefits of key account management?

- For the company?
- For the customers?

APPENDIX 2. Interview questionnaire for a customer in English

BUYER ORGANIZATION

1. BACKGROUND

- Name
- Education and career
- The represented company
- Basic information of the company (business, sales, employees)

2. VALUE CREATION

1. Could you describe the offering, which is purchased from X?

- What is a core product or products?
- What services are included in the offering?
- What is the intended use of the product within your company?
- What is the difference of X's products compared to competitors' offerings?

2. Could you tell more details about the importance of X's offering?

- How important is the solution to your company's business?
- What is the product's share of the end product or solution?
- How your company benefit from the solution provided by X?
- How your own customers benefit from the solution?

3. How the X's offering including products and service, could be more beneficial for your company? How about for your customers?

3. SUPPLIER RELATIONSHIPS

1. What are the things and features the company value in their suppliers?

2. When and how the company began the buyer-supplier relationship with X?

- Where you first heard about X? What was a channel or a company?
- What does the company think about X as a company and a business partner?

3. How would you describe the buyer-supplier relationship with X?

- Who are responsible of communication? How communication is conducted?

- How would you describe the cooperation between your company and X?
- 4. How would you describe the development of buyer-supplier relationship with X?**
 - 5. How does X differ from other suppliers on the market?**
 - 6. What are the issues you have been satisfied with business relationship with X? How about dissatisfied?**
 - What improvements you are hoping?
 - How the relationship between companies could be more beneficial?
 - 7. What problems you have been faced in the buyer-supplier relationship with X? How problems have been solved?**
 - 8. How the supplier relationship could be more efficient in order to enhance your company's business processes?**
 - How a core product could be improved?
 - What services you would like to improve or add into the offering?
 - Does the company expect a closer cooperation with X?
Examples.
 - What part of business processes your company would like to improve?

4. PURCHASING PROCESS

- 1. Could you describe the typical purchasing process of the company's?**
 - What are the stages of purchasing process?
 - Who are the participants and decision makers in purchasing process?
- 2. What are the key factors that have impact on decision-making?**
 - What are the main criteria for selection of supplier?
 - For example price, reputation, brand, quality, cooperation, flexibility, customization and reliability – what features are the most important?
- 3. How purchasing process with your suppliers could be more beneficial? How the supplier could enhance your company's business processes and selling? Examples.**

5. KEY ACCOUNT CUSTOMER

- 1. Do you have experience of key account management? Does your company have own key account management program?**
- 2. What do you think about advantages of key account management? How about disadvantages?**
- 3. What would be the effect of key account status on your business relationship if your company would be X's key account customer?**
- 4. What are your expectations for X as key account customer? What do you hope to get improved in key account customer relationship?**

APPENDIX 3. Interview questionnaire for a supplier in Finnish

TOIMITTAJAYRITYS

1. TAUSTATIEDOT

1. Nimi
2. Koulutus
3. Aiemmat työtehtävät
4. Ura X yrityksessä

2. ARVONLUONTI

1. Mistä elementeistä yrityksenne tarjoama koostuu?

- Tuote
- Palvelu (hankintaprosessin aikana ja sen jälkeen)
- Asiakkaiden tarpeisiin muokatut ratkaisut
- Myyntiprosessi
- Toimitus
- Takuu
- Huolto ja korjauspalvelut

2. Mitä hyötyä yrityksenne tarjoaa asiakkaalle?

- Miten asiakas hyötyy hankkiessaan ratkaisun (tuote + palvelu) yritykseltänne? Erittele taloudellinen, tekninen ja palvelullinen hyöty.
- Mitkä ovat yrityksenne vahvuudet markkinoilla?
- Miten tuotteenne eroaa kilpailijoiden vastaavista ratkaisuista?

3. Mitä ja miten sisäisiä prosessejanne parantamalla asiakas hyötyisi enemmän?

- Ydintuote
- Palvelu
- Myyntiprosessi
- Toimitus
- Takuu
- Toimituksen jälkeiset palvelut
- Yhteistyö ja kommunikointi

4. Kuinka hyvin pystytte ennakoimaan asiakkaan kysynnän ja vaatimukset?

- Miten kysynnän ennakoimista voitaisiin mielestänne parantaa? Esimerkkejä.

3. ASIAKASSUHTEET

1. Miten kuvailisitte yrityssuhteita asiakkaittenne kanssa?

- Viestintä (kuka, kuinka usein, miten)
- Yhteistyö (tuotekehitys, tilauksen suunnittelu ja toteutus, toimitus)
- Vuorovaikutus (molemmat osapuolet / toinen osapuoli)

2. Miten asiakassuhteenne ovat kehittyneet niiden elinkaaren aikana?

3. Miten kuvailisitte yrityksenne pitkäaikaisia asiakassuhteita?

- Hyödyt
- Haitat
- Tavoitteet
- Ongelmat

4. Mitä ongelmia olette kohdanneet asiakkaittenne kanssa? Entä miten ongelmat on ratkaistu?

5. Kuinka näette asiakkaan yrityksen näkökulmasta?

- Ostaja ja yrityksenne arvon määrittäjä,
- Investointikumppani, vai
- Pitkäaikainen yhteistyökumppani

6. Minkälainen olisi molempia osapuolia hyödyttävä ostaja-toimittajasuhde? Esimerkkejä.

- Prosessit
- Yhteydenpito, viestintä
- Vuorovaikutus
- Taloudellinen arvo
- Tiedon ja osaamisen jakaminen
- Yhteiset investoinnit

7. Kuinka hyvin tunnette asiakkaittenne liiketoimintamallin?

8. Kuinka hyvin tiedätte ketkä ovat asiakkaittenne asiakkaat?

4. MYYNTIPROSESSI

1. Kuvailisitteko yrityksenne tyypillisen myyntiprosessin?

- Vaiheet
- Osallistujat
- Esimerkit

2. Onko myyntiprosessi muuttunut mielestäsi vuosien aikana? Miten?

- Asiakkaitten näkökulmasta
- Yrityksen näkökulmasta
- Myyjien työn osalta

3. Millainen myyntiprosessi soveltuisi paremmin...

- Yrityksen tarpeisiin
- Asiakkaan tarpeisiin

4. Mitkä ovat asiakkaan päätöksentekokriteerit?

5. AVAINASIAKKAAT

- 1. Miten määrittelette yrityksenne tärkeimmät asiakkaat eli ns. avainasiakkaat?**
 - Taloudelliset kriteerit (myynti, hankintojen määrä)
 - Muut kriteerit (yrityskuva jne.)

- 2. Pystytkö nimeämään yrityksenne avainasiakkaat?**

- 3. Miten avainasiakkaita kohdellaan eri tavoin kuin muita asiakkaita?**
 - Viestintä
 - Yhteistyö
 - Palvelut
 - Tarjoaman muokkaaminen asiakkaiden tarpeisiin
 - Laajemman tiedon kerääminen asiakkaista

- 4. Mitä hyötyä näet avainasiakkaiden hallinnasta olevan?**
 - Yritykselle
 - Asiakkaalle

APPENDIX 4. Interview questionnaire for a customer in Finnish

OSTAJAYRITYS

1. TAUSTATIEDOT

- Nimi
- Koulutus ja työhistoria
- Yritys jonka palveluksessa
- Yrityksen perustiedot (liiketoiminta, liikevaihto, henkilöstö)

2. ARVONLUONTI

1. Mitä ratkaisuja hankitte X yritykseltä?

- Kuvailisitteko ensin hankkimanne ydintuotteen tai tuotteet?
- Mitä palveluita näet kuuluvan osaksi kokonaisratkaisua?
- Mihin käytätte tuotetta omassa liiketoiminnassanne?
- Miten X yrityksen tarjoamat ratkaisut eroavat muista alan kilpailijoista?

2. Kertoisitteko tarkemmin mikä merkitys X yrityksen tarjoamilla ratkaisuilla on liiketoiminnallenne?

- Kuinka tärkeä X yrityksen ratkaisu (tuote + palvelu) on liiketoiminnallenne?
- Kuinka suuri osa lopputuotteesta tai asiakkaallenne tarjoamasta ratkaisusta on peräisin X yritykseltä?
- Kuinka yrityksenne hyötyy X yrityksen tarjoamasta ratkaisusta?
- Entä kuinka omat asiakkaanne hyötyvät?

3. Kuinka X yrityksen tarjoama eli tuote ja siihen kuuluvat palvelut voisivat soveltua yrityksenne tarpeisiin paremmin? Entä asiakkaittenne tarpeisiin?

3. TOIMITTAJASUHTEET

1. Mitä asioita arvostatte toimittajissanne?

2. Milloin ja miten yrityksenne on aloittanut yhteistyön X yrityksen kanssa?

- Mistä kuulitte ensimmäisen kerran X yrityksestä?
- Mikä mielikuva yrityksellänne on X yrityksenä ja yhteistyökumppanina?

3. Miten kuvailisitte toimittajasuhdettanne X yrityksen kanssa?

- Ketkä yrityksen henkilöt vastaavat viestinnästä? Miten pidätte yhteyttä ja kuinka usein?
 - Minkälaiseksi kuvailisitte yhteistyötä X yrityksen kanssa?
4. **Miten asiakas-toimittajasuhteenne on kehittynyt X yrityksen kanssa?**
 5. **Miten X yritys mielestänne eroaa muista alan toimittajista?**
 6. **Mihin asioihin yrityksenne on ollut tyytyväinen asioidessanne X yrityksen kanssa? Entä tyytymättömiä?**
 7. **Mitä ongelmia on esiintynyt toimittajasuhteenne aikana? Entä miten ongelmat on ratkaistu?**
 8. **Mitä kehitettävää näkisitte olevan X yrityksen toiminnassa jotta yrityksenne hyötyisi enemmän yhteistyöstänne?**
 - Miten ydintuotetta voisi parantaa?
 - Mitä palveluita haluaisitte parantaa tai lisätä osaksi tarjoomaa?
 - Haluaisiko yrityksenne tiiviimpää yhteistyötä X yrityksen kanssa? Millä tavoin?
 - Mitä myynti- ja toimitusprosessin osa-alueita toivoisitte kehitettävän?

4. OSTOPROSESSI

1. **Kuvailisitteko yrityksenne ostoprosessin?**
 - Mitä eri vaiheita ostoprosessiin kuuluu?
 - Ketkä henkilöt osallistuvat päätöksentekoon?
2. **Mitkä ovat päätöksentekokriteerinne ostoprosessissa?**
 - Mitkä ovat tärkeimmät kriteerit joiden perusteella valitsette toimittajan?
 - Esimerkiksi hinta, maine, brändi, laatu, yhteistyö, joustavuus, tuotteiden räätälöinti, toimitusvarmuus.
3. **Miten ostoprosessia voisi kehittää jotta yrityksenne hyötyisi siitä omassa liiketoiminnassa? Esimerkkejä.**

5. AVAINASIAKKUUS

1. **Onko teillä kokemuksia avainasiakkuuksista asiakkaan näkökulmasta? Entä onko yrityksellänne oma avainasiakasstrategia tärkeimmille asiakkaillenne?**
2. **Mitä erityisiä hyötyjä koette avainasiakassuhteiden hallinnasta olevan? Entä haittoja?**

- 3. Mikäli yrityksenne olisi X yrityksen avainasiakas, mikä vaikutus avainasiakkaan asemalla olisi mielestänne yrityssuhteeseen X yrityksen kanssa?**

- 4. Mitä odotuksia asettaisitte X yritykselle avainasiakkaana? Entä mitä toivoisitte kehitettävän avainasiakassuhteessa?**