

LUT UNIVERSITY

School of Business and Management

Master's Program in International Marketing Management

**PROMOTING ADDITIONAL SHIPPING SOLUTIONS AND
SERVICES FOR SALES ENHANCEMENT**

lisa Hemminki, 2019

1st Supervisor: Professor Olli Kuivalainen
2nd Supervisor: Associate professor Joonas Keränen

ABSTRACT

Author:	lisa Hemminki
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The aim of this study is to find out how additional shipping services can be promoted in a way that companies can gain competitive advantage and enhance their sales. The research questions were approached by studying what shipping qualities customers see important, what adds them value and how companies can influence on their purchasing decision making. The context of the study is international B2B sales.

The empirical study conducted for this research consisted of a quantitative online survey. 68 respondents took part in the questionnaire, representing different companies worldwide at industrial machinery business sector. In the end, it was found that in shipping service marketing, some particular qualities should be provided and highlighted, services productized, self-service technologies exploited, e-mail communication favored, and clear marketing communication ensured. Focus should also be on the overall service production process and knowing the customers.

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Tämän tutkimuksen tavoitteena on selvittää miten oheiskuljetusrataisuja voidaan markkinoida tavalla, joka tuottaa yrityksille kilpailuetua ja parantaa myyntiä. Tutkimuskysymyksiä lähestyttiin tutkimalla mitkä kuljetuspalvelut ovat asiakkaiden mielestä tärkeitä, mitkä tuottavat heille arvoa ja miten yritykset voivat vaikuttaa asiakkaiden ostopäätösiin. Tutkimuksessa keskitytään kansainvälisen B2B-kaupan asiayhteyteen.

Tutkimusta varten toteutettu empiirinen tutkimus koostui määrällisestä verkkotutkimuksesta. 68 vastaajaa ottivat osaa kyselyyn, edustaen eri yrityksiä ympäri maailmaa koneteollisuuden markkina-alueelta. Lopulta selvisi, että kuljetuspalveluiden markkinoinnissa on tärkeää keskittyä tiettyjen ominaisuuksien tarjoamiseen ja korostamiseen, tuotteistamiseen, itsepalveluteknologian hyödyntämiseen, sähköpostikommunikoinnin suosimiseen sekä selkeään markkinointiviestintään. Lisäksi kokonaisvaltaiseen palvelutuotantoon ja asiakastuntemukseen tulisi keskittyä.

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1 INTRODUCTION

Service marketing was separated as its own field of marketing just a few decades ago, and it is thus offering plenty of research possibilities and theories to be discovered. This thesis focuses on marketing of logistical services, that are offered to customers in international business to business (B2B) sales. The idea is not to focus on logistics companies, but companies that offer shipping services and solutions as an additional service besides physical goods' sales.

This introductory chapter begins with a short overview of the background of the study. The overview mostly consists of the priming of the topic but also the reasons why the research topic was initially chosen and why it is seen important to be studied. After, the research objectives and questions are being discussed, as well as the literature review and theoretical framework. Before the final subchapters of research methodology and study structure, the key concepts and delimitations of the study are also being presented.

1.1 Background of the study

People in the developed countries are more and more used to effortless and automated way of living, where things happen just by a push of a button. Nowadays, instead of going to the library, people can just put headphones on their ears and start playing an audiobook from their phones. Or, instead of cooking, they can choose a fully prepared restaurant meal from an app and have it delivered to their home door within just some minutes.

Companies are in a tight position with this kind of behavioral change in customers. When customers get used to the easiness and an effortless way of living, they require at least the same standard to continue in the future. On many fields, companies are asked to serve customers better and faster than ever. In addition, service is still

expected to be personal and customized, and at the same time price levels are required to be decreased lower than ever before. These requirements seem clearly very hard to meet, and at the end of the day, not all companies manage to survive.

In today's economy, also competition is rising rapidly, and companies are struggling to find ways to stand out from the competitors. Product and service development as well as cutting down prices are not always enough to ensure continuous demand and flow of sales at the markets. The problem isn't only present at the consumer markets, but also between companies at the B2B sector. More and more alternatives appear, the competitive climate tightens, and as Jensen (2019) states, even B2B companies no longer can afford to be boring.

Some tactics are however already discovered and developed in order to fight back the tough competition. In this thesis study, the focus is narrowed down to international B2B markets and companies that sell mainly physical products to their customers. In these circumstances, for example building a strong seller and buyer relationship as well as heavily differentiating from the competitors can be used as competitive advantage pursuing factors. Competitiveness can also be pursued by adding services to companies existing product offerings, with the attempt to provide total solutions to customers (Fang, Palmatier & Steenkamp 2008, 1).

For example, Sipilä (1996, 25) states that a tense price competition and a high number of similar or substitutive competing products is leading product selling companies into a situation, where differentiation is retrieved by linking additional services to the product sales. In addition, Neu and Brown (2005, 4) depict that good-dominant firms should either add new business units or adjust the existing ones to provide services besides the physical goods' sales. According to Davies (2004, 727), business strategy literature suggest also that firms should concentrate less on making physical products and more on delivering high-value services and customer-focused solutions. This means, that product selling companies really should consider including additional services into their offerings, in order to differentiate themselves and to remain competitive.

Naturally, many product selling companies have already begun to offer additional services, such as maintenance services and shipping services to their customers for improving their competitiveness and overall sales. As Stafford, Reilly, Grove, Carlson, Bhandari and Copeland (2011, 136, 147) state, marketing of services is still seen as an issue, and only a few scholars have studied for example services' advertising. Thus, this study focuses more on discovering what are the most effective ways to promote logistical shipping services as product sales' additional services. In addition, the study seeks to discover what are the qualities of shipping services that are seen the most important from the customer point of view. The idea is to find out the key qualities of shipping services and how companies can most exploit their benefits on their sales and marketing communication. From the traditional four P's marketing mix, the focus area can thus be said to be mainly on the *promotion* and *product* sections, although in this case product as service. Clearly formulated research question, two sub questions and their objectives will be discussed more closely in the next subchapter.

1.2 Research objectives and questions

The aim of this research is to find out how additional logistical shipping services can be promoted in a distinct way and how different shipping types, options and promises can best be marketed and communicated to customers. The objective is to find a way how logistical services can work as an enhancer of sales along with the actual products. The main research question of the study is:

How can shipping solutions and services be efficiently marketed to customers?

To understand how shipping services as additional services can add value to customers, and what are their most important qualities from the customer point of view, the first sub question is:

How do customers see what are the most important qualities of shipping services and what adds them value?

The second sub question seeks to explain how logistical services can be used for sales enhancement purposes, and how shipping services as additional services are linked with customers' purchasing decisions. The second sub question is:

How can shipping services as additional services effect on customers' purchasing decisions and enhance sales?

Through the main research question and two sub questions, it is easier to focus on the most important parts of the thesis topic, and study areas that help to create relevant and wanted findings. In the next subchapter, academics, scholars and existing literature related to the thesis topic are being examined.

1.3 Preliminary literature review

The purpose of the preliminary literature review is to examine the existing literature that talks about the topics related to this thesis study. This research studies the way shipping services as product sales' additional services can be marketed to customers for sales enhancement purposes, and what are the most important qualities of shipping services from the customer point of view. The key concepts of this research are service marketing, productization and customer value creation in the context of logistical shipping services and international sales. In this chapter, the most relevant and related scholars and existing literature are being discussed.

Service marketing is a relatively new term in the field of marketing. In literature, service marketing has started to be more covered only from the late 20th century mainly by academics such as Grönroos (2000), Zeithaml, Parasuraman and Berry (1985), and Fisk and Tansuhaj (1985). The first books of service marketing, however, were

published on the 17th and 18th centuries by scholars Johnson and Rathmell (Fisk, Brown & Bitner 1993, 68). From the beginning, service marketing literature has been very international, with academics in Scandinavia, the United Kingdom, and France intensely involved (Fisk et al. 1993, 62). It has been studied relatively late, because marketeers saw for long, that theories and concepts developed for product sector suited universally to both tangible and intangible offerings. Just slowly during the generalization of the service sector, the need for separation of products and services was noted. (Grönroos 1981, 9-11)

According to Fisk et al. (1993, 68), the first publications of service marketing focused on introducing the service sector to marketing and marketing to the service sector. In the 80's, scholars like Parasuraman, Zeithaml and Berry focused their studies into summarizing the special characteristics of services and solving marketing problems. (Fisk et al. 1993, 72). Grönroos on the other hand focused his studied on the marketing functions of service firms. By this focus, he differentiated his studies from the norm of studying services by their substances. (Grönroos 1981, 41) Later, academics such as Kunz and Hogueve (2011) have also began to pay attention to service marketing by discussing about the linkages between service academics and the marketing field.

Productization, strongly related to service marketing, is a term that has neither been used for long in the literature. According to Simula, Lehtimäki and Salo (2008, 3), the word productization does not even officially exist on the English language, and the concept is mainly used by Finnish academics such as Jaakkola (2011) and Sipilä (1996), and management consultants such as Parantainen (2014).

According to Sipilä (1996, 12), productization is when service entities or service processes, that can as such be offered to customers, are being developed from services. He claims that a service is productized when its usage or ownership rights can be resold. Also, Parantainen (2014, 13-14) states, that a productized service is something that is first re-formulated by name and price, then stabilized, duplicated and lastly formed in a re-sellable way. Authors like Sipilä (1999), have researched

productization as a part of the service development process, whereas some like Parantainen (2014) and Simula et al. (2008) pay more attention to the actual productization process of services.

Nowadays, business and marketing are not just selling products or services but creating value to customers. Customer value creation can for example be described as the process of generating joy and satisfaction in customers through great service, products et cetera. According to Kähkönen and Lintukangas (2018), the word value is still very hard to describe, and matters always from situation to situation. Scholars and academics, such as Woodruff (1997), Bowman and Ambrosini (2000), and Smith and Colgate (2007), have studied and discussed about value creation in the past decades.

Bowman et al. (2000, 1, 13) focus on defining value, how its created and how and who captures it. They also argue, that from resource-based perspective, value can be categorized into two; one being the perceived use value customers asses when making purchase decisions, and two as the exchange value meaning the purchasing price. Smith et al. (2007) on the other hand focus on the different types and sources of value, and Woodruff (1997) customer value creation as another source of competitive advantage. Porter (1985), has also argued that value creation along with competitive advantage and firm performance are the primary pursuits of business. In addition, customer-oriented focus is also in the centre of customer value creation. It is crucially important to view things from the customer point of view and try to engage them into the creation and development processes.

The following subchapter focuses on explaining the relationships between the discovered key concepts; service marketing, productization and value creation. After, those and some other related concepts are more carefully introduced and explained.

1.4 Theoretical framework

The purpose of the theoretical framework is to describe the theoretical perspectives of the study and their linkages between each other. Figure 1 illustrates the theoretical framework, which key concepts are as stated earlier, service marketing, productization, and customer value creation. These and some other concepts will be defined more carefully in the following subchapter 1.5.

In the Figure 1, it can be seen how offering additional shipping services is linked to product sales. In addition, service marketing takes place when offering the additional services, and in this thesis study it includes especially themes like productization and highlighting the best qualities of the shipping services.



Figure 1: Theoretical framework of the study.

On the right side of the figure 1, there is a longitudinal box and an arrow demonstrating customers' purchasing process that is flowing in the background of the thesis topic. The three dots on the top of the box illustrate how the purchasing process might begin before any products are in sale or services offered (e.g. recognizing a need, more of which will be discussed in chapter 2.3.1). In the end, and through both offering additional shipping services and marketing them, companies can create customers value and simultaneously increase their own sales.

As stated in chapter 1.2, the main research question of the study is: *how can shipping solutions and services be efficiently marketed to customers?* The research context of the thesis is logistical shipping services and international business, and business functions that are involved are international B2B companies' executives, marketing, sales and logistic departments as well as their customers.

1.5 Definitions of the key concepts

As any field of theory, also business and marketing have their own scientific vocabulary consisting of specific and describing concepts. In addition, some concepts' definitions can be so wide that they require specification and narrowing down to clarify what they are meant to stand for in a specific study. Thus, the aim of this subchapter is to discover and explain all the main concepts used in this thesis study, in order to clarify what they are meant to stand for in this research specifically.

Service marketing

The first concept, service marketing, is a relatively new term in marketing literature. For long, marketers didn't see the need for separating physical products and intangible services, and instead used the same concepts and marketing models for both (Grönroos 1981, 11). In general, service marketing refers to all kinds of services, such as consultancy and healthcare services, and their promotion. According to Grönroos (1981, 37), one of the best definitions to services is they are an act, benefit or

satisfaction that are offered for purchase along with product sales, and that they represent immediate satisfaction bringing commodities - either visible or invisible. In this thesis study, the focused area of services is logistical services, and more precisely physical goods' shipping services, such as home deliveries and other company to customer deliveries.

Productization

The term productization has been used in the context where a company offering services wants to modify their intangible offerings to more clearly defined ones (Simula et al. 2008, 3). According to Parantainen (2014, 11) and Simula et al. (2008, 3), it is still a concept that does not have one specific definition in literature. Generally speaking, productization can be seen as the process of transforming or designing an intangible service into a tangible form. Important in productization is, that the service is easily understandable and comparable for customers, and that its qualities and price formulation are as clear as possible. A well-productized service is also duplicatable, marketable and re-sellable from the company point of view (Parantainen 2014, 13; Sipilä 1996, 12).

Shipping services and solutions

In this study, shipping services and solutions mean the logistical services and promises product selling companies offer to their customers. For example, in e-commerce sector, companies have to offer their customers ways and solutions for delivering the purchased goods to them, whether it's by their own company van, third party courier company or other logistics provider. In addition to the actual shipping service, the concept includes the delivery time promises, tracking possibilities and other services that can be linked with shipping services and solutions.

Qualities of shipping services

In this thesis study, the concept of shipping service quality refers to any feature that can be linked to shipping services and solutions. These qualities are for example the easiness and clearness of the service and the service platform, the speed of the

delivery package, tracking possibilities, pricing, and customer service availability. The study focuses also on discovering more shipping service qualities, and especially ones that are not much exploited yet in the companies' services, but which customers see would be important to them.

Additional service

This thesis study focuses on shipping services that are offered to customers when purchasing physical goods from a company. The term additional refers to the factor that in the work, offering shipping services and solutions are not the main business of the focused companies, but an additional service and a competitive tool. From all possible additional services, this study focuses only on the logistical services from the company to the customer.

Value creation

In this study, the concept value creation refers to the value that companies, and especially their services, can create for customers in B2B markets. All in all, customer value creation is something all businesses should aim for. According to Kähkönen et al. (2018), the word value is still such an abstract and dynamic concept that it's really hard to define, and the definition depends on each research and viewpoint.

However, customer value creation can for example be described as the process of generating benefit, satisfaction and joy for customers through great products, service, or for example shopping experience. Forsström and Törnroos (2005, 1) state, that value can also be created through the relationship between the seller and the buyer, and not necessarily through goods or services. Smith et al. (2007, 20) argue also, that there are four common types of value existing; functional, experiential, symbolic and cost value. Value can for example be concrete cost savings or non-measurable brand value.

Purchasing decision making process

The concept purchasing decision making process refers to the steps customers most often take when purchasing something. The process is typically divided into five stages,

which are recognizing a need, searching for information, comparing and evaluating alternative options, actual purchase decision and lastly post-purchase behavior (Kotler, Armstrong, Harris & Piercy 2017, 155).

1.6 Delimitations of the study

In this subchapter, the delimitations of the thesis study are being discussed. Delimitations cover for example all the qualities, aspects and limiting, that restrain the study's findings for instance from generalizing them to a wider scope. Altogether, there are a few delimitations in the study that should be considered.

As the study focuses on the context of international sales, the findings and conclusions might not be applicable for smaller operators at national or even lesser levels. Logistical shipping solutions and services can often be much more complex in an international field, offering a lot of possibilities but also difficulties for the companies. In addition, the optimal ways of promoting and marketing shipping solutions and services might vary between international and national context, and customers have different expectations and needs.

Another aspect that can act as a delimiter in this thesis study is that the importance of different qualities of shipping services can vary even massively by the importance of the ordered good. It can be suspected, that the shipping qualities wanted for example for expensive and inexpensive goods can differ a lot from each other, as well as the qualities for goods required fast and not so fast. Unfortunately, even though the delimitation is identified, such factors are quite hard to take into account in the study. This is mainly because some customers see certain goods more valuable than other customers, or the rush for whichever item can change from day to day always depending on the situation. Thus, this thesis study aims to focus mainly on the general opinions and theories about shipping services, and not specifically for example the shipping qualities wanted for very fragile or very rapidly required goods.

A third delimitation that concerns this thesis study is, that some related theories and constructs are left out from the study making it possible to limit the study topics and to conduct the thesis work in the planned time frame. For example, constructs such as value capture and value con-creation are not included in the study. Value creation was still included, as the aim was to focus on studying what kind of things and services customers value and how companies can create the value to them. Thus, including especially value creation was seen suitable for the context. In addition, as mentioned earlier in chapter 1.1, the study is only focusing on some parts of the traditional marketing mix, and for example the price and placement parts of it are completely excluded. Even though including and studying all of these topics and aspects, the thesis study would have been more versatile and comprehensive, researchers must consider the given circumstances and draw a line at some point of the study plan. The following subchapter focuses on presenting the research methodology selected for this thesis study.

1.7 Research methodology

In this subchapter the research methodology selected for the thesis study will be presented. The purpose of the research is descriptive because its aim is to describe for example what the most important qualities of shipping services as product selling companies' additional services are. Descriptive study suites well for the study case as it seeks to answer questions like what, what kind, where and when, and aims at findings that are reliable and generalizable.

In order to discover customers' opinions about shipping services' main qualities, a survey study will be conducted to support the theoretical part of the study. In this thesis study, the study unit will be a Finnish industrial machinery company and its customers, and the variables for example their operational home countries, wants and needs. The study will be conducted through a sample survey, where the sample is selected through a discretionary sample.

For the data collection, a questionnaire survey as a quantitative study method is selected. Data for the study will be gathered through an online survey tool called Webropol. The purpose is to create a tool that helps to develop a better service package and marketing communication in the future. Respondents will be selected among the case company's customers and they will be approached by an email. The questionnaire will consist mainly of structured questions that are brief and unequivocal. After the data collection, data analysis will be conducted with a statistics software called Stata.

Both of the software's used for the empirical study, Webropol and Stata, have been found good in the researcher's previous work and have also been recommended by the supervising university. Quantitative research method is also found good as it can provide more generalizable and larger scale findings when the study population is larger. In chapter 3 the research design and methods will be more closely elaborated. In addition, an introduction to the selected study case will be given.

1.8 Structure of the study

This subchapter presents the structure of how this thesis study is made and in which order the parts are handled in it. The structure is also illustrated in figure 2.

Generally, the thesis study is divided into two main parts, which are the theoretical and the empirical parts. Chapter two discusses the study's theoretical part, whereas the empirical part is covered in chapters three and four. In the very beginning of the thesis, an introduction chapter explains for example the reasons why this study was conducted, what are the goals of it and the theories, scholars and concepts that are related to it. In addition, the chapter includes the theoretical framework and the delimitations and methodology of the study.

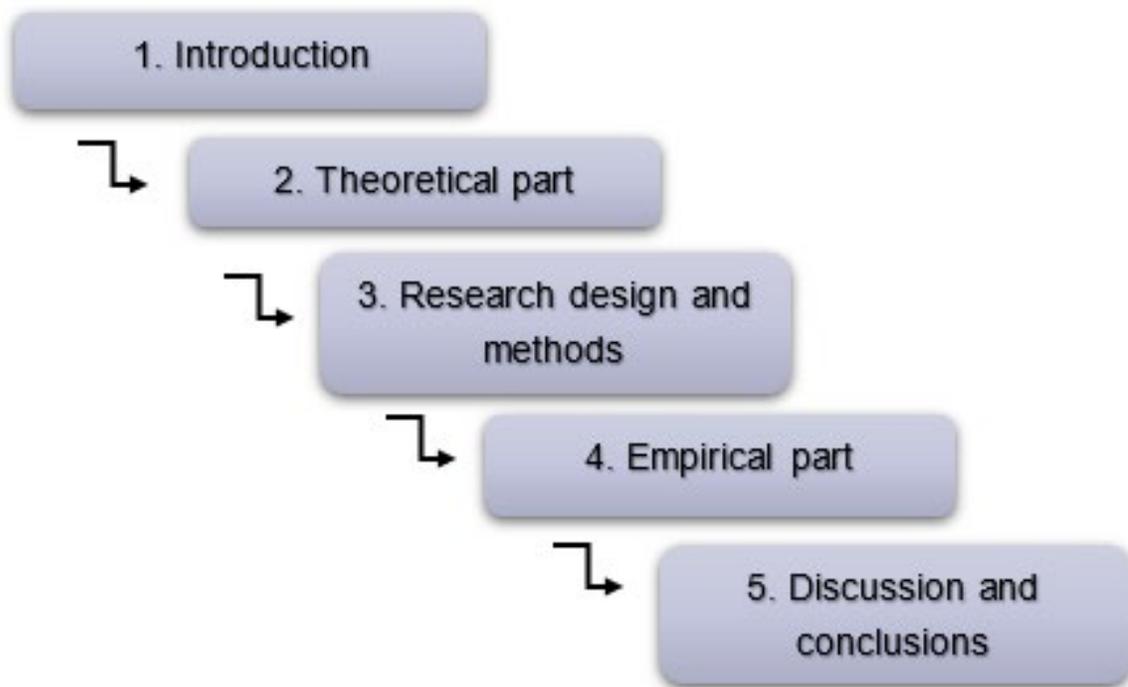


Figure 2: The structure of the study.

In the second chapter a fuller literature review as the study theory will be presented. The review begins with a short review on the generalization of the service markets followed up by service marketing theory. In addition, themes like productization and customer value creation are more closely elaborated. In the end, also the customer purchasing decision making process and how it can be affected for sales enhancement purposes are being discussed, and hypotheses deduced from the theory presented.

The third chapter of the study consists of the research design and methods, where the case description is given, and data collection and analysing methods are presented. In the end, the reliability and validity of the research will as well be examined. Further on, in chapter four, the findings of the study are discussed and examined by comparing results of the study to all the given hypotheses.

Lastly, chapter five consists of the conclusion of the study, by comparing and combining the findings from both the theoretical and empirical parts of the study. In this chapter, also the research questions presented in the beginning of the study will be answered and possible limitations considered. In addition, some future research suggestions will be presented.

All in all, this chapter 1 stands for the introductory part of the thesis study. It includes a prompt priming to the studied topic, provides a preliminary literature review and main concept definition, in addition to theoretical framework, research delimitations and methodology. As stated in the last subchapter of the study structure, the following part of the thesis will continue to a deeper outlook towards the study theory and its literature review.

2 PROMOTING SHIPPING SERVICES

This chapter stands for the theoretical part of the thesis study. It consists of different theories, models and ideas that have already been studied in the field of marketing and written in the literature related to the thesis topic. In addition, the chapter aims at answering the main thesis question: how can shipping solutions and services be efficiently marketed to customers.

The following subchapters consist of topics such as service marketing, marketing of logistical shipping solutions and services, and affecting on customers' purchasing decision making process for sales enhancement. In the subchapters, for example the concept of value creation, and different qualities of shipping services are being discussed, as well as the steps of the productization process in service marketing. All in all, the purpose of this chapter is to conduct an overall theoretical review of the thesis topic in a form of a desk study. In the end, the findings from this theoretical part of the study will be used to help forming the hypotheses for the empirical study and creating the overall findings from the whole study. The formed study hypotheses will be presented in the last subchapter of this theory section.

2.1 Service Marketing

In this subchapter, the concept of service marketing will be covered more precisely. The chapter begins with a short introduction to the service trade sector and its generalization, followed up by theory sections about service functions, characteristics and in the end productization in marketing.

2.1.1 Generalization of the service sector

Still in the 1980s, marketers didn't fully separate physical products and intangible services but used the same concepts and marketing models referring to both. It was seen, that marketing theories and models developed from the product sector were so universal they could be applied for service sector as well. However, during the last decades of the 20th century, service trade sector was becoming more common in the developed countries making it more important to start seeing products and services as two separate things. Slowly, studying different service providers and the possibilities for generalizing the previous marketing theories was seen important. (Grönroos 1981, 9-11)

Today, the service trade sector is larger than ever, and according to Stafford et al. (2011, 136), services have been and still are continuing to dominate the gross domestic product. There are countless different lines of businesses that offer services, such as healthcare, tourism and entertainment. It is also important to note, that services under the service trade sector are not the only kind of services available. The so called "hidden service" sector is often forgotten when examining the prevalence of services. It means for example when companies selling machinery provide maintenance service during usage and are thus categorized under industrial sector, although offering services with the best. (Grönroos 1991, 11) A manufacturer also executes service functions before and during manufacturing, such as in R&D and financing. In addition, the selling phase contains all kinds of services from logistics to providing information, and after consumption phase services such as waste management. (Grönroos 2000, 2)

As stated earlier, this thesis study focuses on promoting logistics services that are offered to customers as product sales' additional services. This means, that the focus is exactly on the hidden service sector, where the actual offerings are not categorizable

under the service trade sector but for example machinery or other equivalent. The next subchapter will go deeper towards the service marketing theory.

2.1.2 What is service marketing

According to Grönroos (1981, 43), one of the differences between service and product sales is, that with products there is only one contact surface between the seller and the buyer; marketing. Instead with services, the surfaces are both marketing and the actual service production. Exceptions excluded, with physical goods the production is often executed in secrecy from customers, whereas services are both produced and consumed in the presence of the customer and the seller. This means, that with service sales, more possibilities to influence are generated, and service production and marketing become dependent on each other.

Service production and marketing becoming dependent on each other can be seen as such, that the whole service generation process can influence on the appeal of the service to the customers. Thus, it is important for sales people and marketers to focus on the whole service delivery process instead of just successful marketing. Boulding, Kalra, Staelin and Zeithaml (1993, 46) have also argued, that customers build their perceptions about a service and its provider through their expectations but also through their previously delivered service. This vision will however be presented more carefully in subchapter 2.2.2. All in all, service marketing can be seen as large-scale actions on multiple service production levels.

In order to understand what benefits service marketing can bring to companies, it is important to find out what it can be used for. Grönroos (1981, 41) has studied service marketing by classifying services into three categories according to their functions in marketing. The three categories are services as the subject of marketing, services as a competitive tool, and services as an equivalent part of an offer as products (Figure 3). The first function, services as the subject of marketing, comprises that a service is

inquired and purchased as such. The service can either be a pure service such as education, or a service that can allow customers to use various products. In this function, it is crucial to note that the service is a prerequisite for using a product. The second function, services as a competitive tool, means instead when services are used for supporting and improving the use of products. In this case, the customer is not required to use a service in order to be able to use the product, but the service is marketed as an additional service making the product more desirable in customers' eyes, simultaneously bringing more value to the customers.

The third function, services as an equivalent part of an offer as products, means for example when a computer company makes an offer that forms an integrated hard and soft product combination in a form of a standardized software. In the function, a service is seen as a so-called soft product, and tangible goods as hard products. (Grönroos 1981, 41) In this thesis study, however, the focused function of services is the second one that Grönroos proposed; services as a competitive tool.

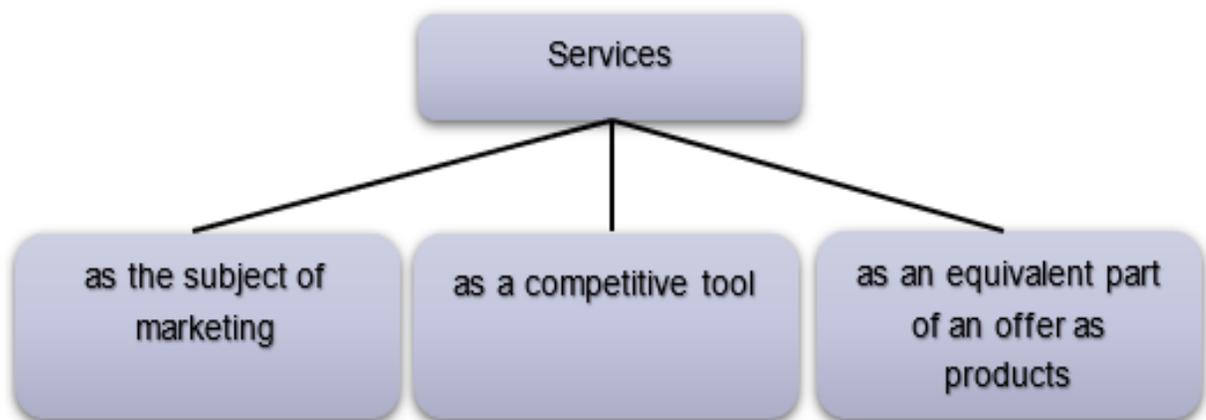


Figure 3: The three categories of services by their functions in marketing (after Grönroos 1981, 41).

In addition to categorizing service marketing into three groups by their functions in marketing, Grönroos (1981, 43) has also found three fundamental basic characteristics that services have. These three characteristics are that services are intangible, they are generated and consumed simultaneously, and that they are functions (Figure 4). Grönroos states, that the intangibility and invisibility of services is often the most recognized and highlighted qualities in the service marketing literature. It is also quite common, that a service is generated and consumed at the same time. For instance, a bus shuttle is a great example of such because the bus is driven the same time customers enjoy the transportation service. The final, third basic characteristic emphasizes that a service is a function, and not a good. Instead like with products, when the service ends, it stops existing. (Grönroos 1981, 44)

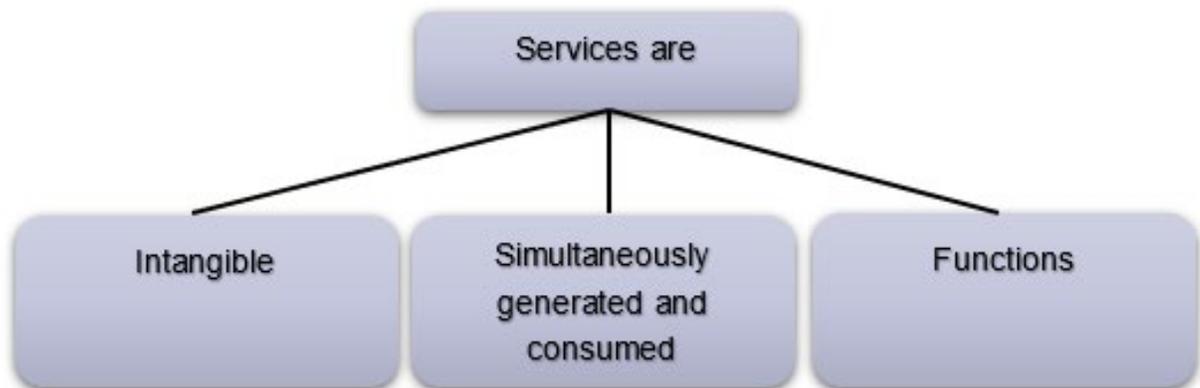


Figure 4: The three fundamental basic characteristics of services (after Grönroos 1981, 43).

From the latter model by Grönroos (1981, 43), it can be seen how the service characteristics are fulfilled with logistical shipping solutions and services. Naturally, shipping solutions and services are intangible functions and they are also generated and consumed at the same time; when a customer enjoys their good's shipment, they enjoy the service. Still, it is often quite challenging when a firm's offering doesn't have a tangible form. In the following subchapter, this and the whole productization aspect is being covered.

2.1.3 Productization in service marketing

Even though it is seen that it's important for companies to market tangible products and intangible services in a different way, some product qualities are still beneficial for services to adapt. One of these qualities is their product-like, easily understandable, reviewable and comparable shape. According to Sipilä (1996, 19), service productization is important from the marketing perspective because when a service is designed into a product shape, it is easier and faster for customers to familiarize themselves to it and compare it to other services. In addition, pricing a productized service is much easier and a higher profit margin can often be reached.

Also Parantainen (2014, 25) states, that some of the most important parts of services' productization process are, that the service gets a price and a clear content. Even though the price of a productized service doesn't have to be fully stabilized, it has to be easily justified and somewhat outlined. This helps both the customer to evaluate the service but also the company to assure that there is always enough of coverage in it. For the same purpose, also the contents of the service should be defined the best they can. For salesmen and marketers, it is hard to list the qualities and benefits of a service without any productization, and simultaneously such services are hard for customer to understand and compare.

Parantainen (2014, 13) has divided the steps of productization into six separate steps (Figure 5). In his statements, he focuses mostly on productization processes in consulting companies, but the steps can be said to be quite generic and thus also applicable for shipping service productization. The first step in the Parantainen (2014, 13-14) model is when some of a company's operational models start to repeat themselves. This could happen for example with a certain operation in a project, when it recurs again and again in new projects. The second step is when this repeating operational model begins to take shape and is renamed at least internally in the

company. Although the price of the service begins to take shape at this point too, the temptation of customizing the service per customer is still quite high. The third step secures the pricing as the service becomes stable.

At the fourth and fifth step of the Parantainen model (2014, 14), the service becomes duplicatable. At first, the content of the service is so stabilized that the company begins to be able to duplicate it internally. This means, that for example in a consulting company the senior consultant can begin to teach his younger colleagues and later on they can execute the same services as the senior. The fifth step is a conscious choice as the service's operations have to be documented into a form, that they can be duplicated also outside the firm. The sixth and final step in the productization process is turning the service into a re-sellable product.

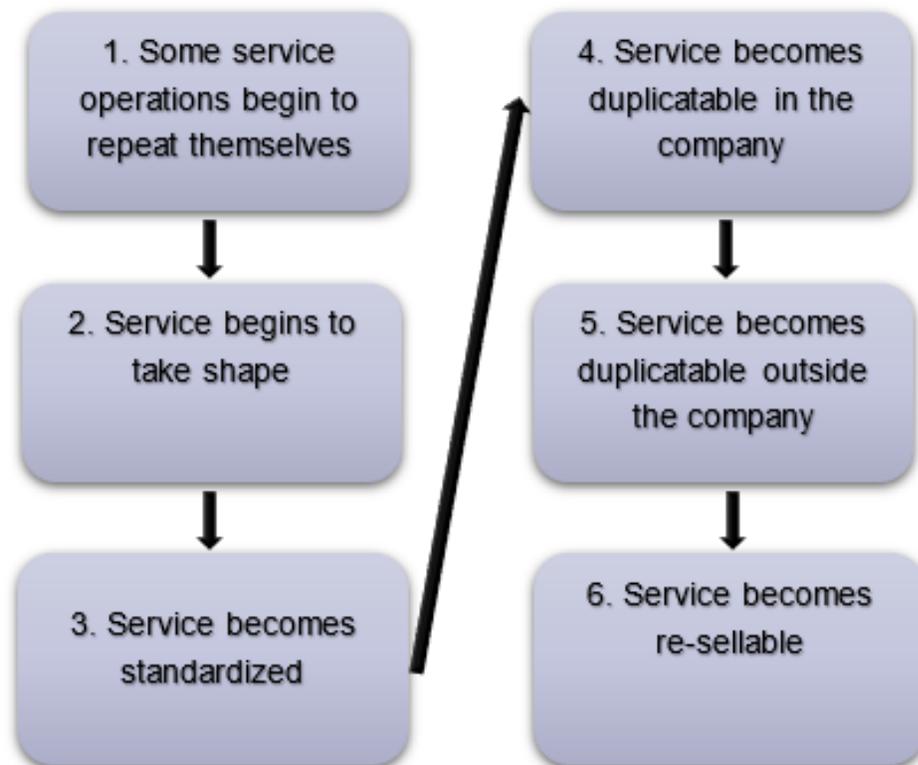


Figure 5: Six steps of an ideal productization process according to Parantainen (after Parantainen 2014, 13-14).

Sipilä (1996, 13) has also divided the productization process into certain steps (Figure 6). In his model, the productization begins with systematizing internal operational models. At the second step, the models are offered with product support, such as computer programs. After, the third phase consists of the actual productization, where the service and its structures, processes and tools are productized as far as possible, and at the fourth and final step the service is turned into a duplicatable product. All in all, both Sipilä and Parantainen models describe the productization process as a standardizing project, where the service is first recognized and then productized internally and then externally. The final stage at both models is, that the productized services can be duplicated and re-sold. In addition, Sipilä (1996, 12-13) states that productization is only when a service is turned into service entities or -processes that can be offered to customers as such. Another option is to offer customers a tailored service package out of modularized service components.

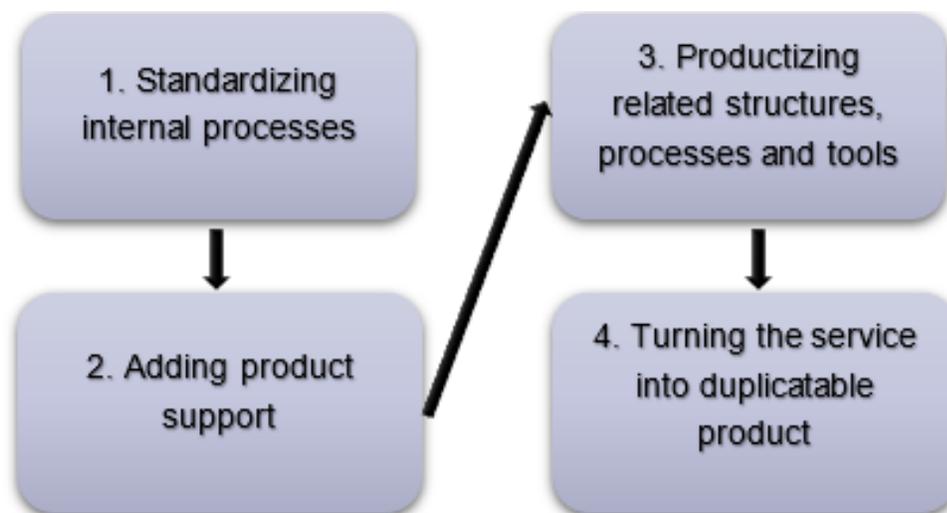


Figure 6: Four steps of productization process according to Sipilä (after Sipilä 1996, 13).

Modularization is a concept that occurs often in the productization literature. Formulating services into modules can help both the customer and the company to comprehend the firm's offerings and what they consist of. In addition, customer-oriented view is really important in productization, and companies have to carefully

consider how standardized or how far personalized and customized services they want to offer. For example, Sipilä (1996, 69) states, that production costs and delivery time are much lower the more a service is standardized. He continues, that modularization can be applied for that in many ways, such as offering a basic service a customer can add add-ons they want, letting the customer to gather modules into a service they want, or offering a maximal service package the customer can eliminate modules they don't need. Thus, modules are a great middle course between full-service standardization and customization. The next chapter focuses further on the customer centricity and for example the customer value creation process in the marketing of shipping solutions and services.

2.2 Marketing logistical shipping services and solutions

As stated earlier in the introduction chapter, this thesis focuses mainly on the product and promotion parts of the Kotler's traditional 4 P's model and other revised models. Thus, this chapter will go deeper into the actual process of promoting logistical shipping services as product sales additional services to customers.

In this chapter, the following subchapters consist for example of the reasons why additional shipping solutions and services should be promoted, and what are the qualities of shipping services that should be highlighted in the services' marketing process. First, however, the importance and possibilities of customer value creation are being discussed as they play a key role in the promotion process in this thesis study. The aim is to find answers to the first sub question of the thesis study: how do customers see what are the most important qualities of shipping services and what adds them value.

2.2.1 Value creation through services

From the customer point of view, people don't buy products or services, but the benefits they are providing to them (Grönroos 2000, 3). They buy products and services in order to achieve something or to get something done, and by recognizing and easing these needs companies can provide customers true value (Tuulaniemi 2013, 35). Thus, it is important for salespeople and marketers to understand how customers see the benefits companies offer to them and how value can be created. As stated earlier, customer value creation means the process of generating benefit, satisfaction and joy for customers for example through great products, services or the relationship between the seller and the buyer. It is crucially important to remember how the value customers persuade, whether it's from product or services sales or any, effect on their whole experience of the purchase and their likeness of keeping loyal to the company.

According to Porter (1985, 165) customers can perceive value either through lowering prices or improving their performance. Important is to be able to differentiate from the company's competitors and to find out what are the differences and improvements a customer is ready to pay more for. Porter (1985, 166-167) also states, that companies can lower prices and improve customers' performance through their own value chain. By simply delivering additional inputs to the company's own value chain, they can also influence on customers' value chain directly or indirectly, and to its one or multiple operations. With logistics services this could mean for example that when a company carefully selects the forwarding partners they want to work with, they can both cut down customers' shipping costs and improve the condition and looks of the delivered goods.

On the other hand, Smith et al. (2007, 20) argue, that there are four common types of value existing; functional, experiential, symbolic and cost value. This means, that value can be created through concrete cost savings and improved performance, but also for example non-measurable brand value. In addition, Smith et al. (2007, 20) state that value can be sourced not only from products and interaction, but also information,

environment and ownership transfer. Value can be for instance created through regular check-up calls from the company and clearly designed and easily operational e-commerce platforms. All in all, almost everything the customer can be happy with a company can lead to increased perceived customer value. Thus, from the marketing perspective especially, it is important to understand what people value in different contexts and which value creation strategies and processes apply to which context the best (Smith et al. 2007, 9).

According to Grönroos (2000, 24-25), the process of creating customer value differs between transaction- and exchange-oriented perspective, and relationship-oriented perspective. In transaction- and exchange-oriented perspective, value is distributed to customers through a product or a service, all the way from the firm's factory or back office. This means, that marketing is preoccupied with the distribution of value, that has been pre-produced to customers, and that it's the outcome of a production process that marketing programs have mostly been focusing on. Instead, with relationship-oriented perspective, value isn't pre-produced in a firm's factory or back office and embedded into a product or service. It is created through a relationship between customer and the company, with the whole focus on the customers' value creation process.

However, services don't always have to be carried out through servants in order to create great value for customers, especially as the world is changing more and more towards a technology-facilitated one. Among others, the change can be seen especially at the service business field, where an increasing number of customers can interact with technology to create service outcomes instead of interacting with an actual human being. This service outcome creation through interaction with technology is called self-service technology. It means for example the usage of ATM services and automated hotel checkouts, where the customers can enjoy services without interacting with a servant. (Meuter, Ostrom, Roundtree & Bitner 2000, 50)

For shipping services and solutions, the self-service technology can be used for fast, easily achievable and transparent service creation. According to Meuter et. al. (2000, 50), package tracking is something that could for example be executed through the technology. In addition, if the shipping service has been managed to productize well enough, and its pricing has become somewhat standardized, customers could also be able to check the shipment price through the self-service technology. This could happen for example by collecting all wanted items to a web shop cart, and by entering the desired destination at the checkout. This is actually a common method many ecommerce companies are already using, and in addition, companies often provide a few different shipment options, such as a fast and regular delivery - fast being naturally a bit more expensive.

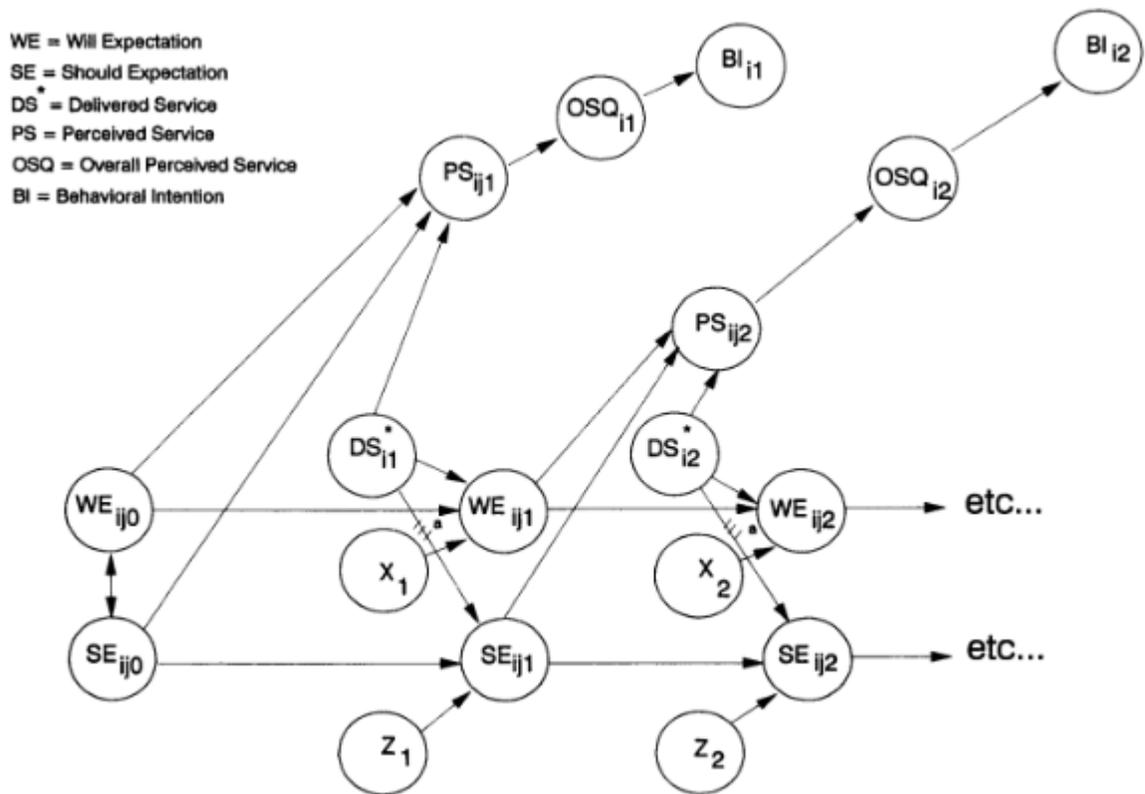
All in all, value can be created in customers in many ways. For companies offering additional shipping services and solutions this means that they can choose from transaction- and exchange-oriented perspective, and relationship-oriented perspective and focus on many different types of value. They can for example create value in customers through concrete cost savings or by offering a steady and long-lasting seller-buyer relationship. However, in most cases the types of creating value are not exclusive from one another, and value can be created diversely. In the following subchapter an important way of increasing customer value will be introduced.

2.2.2 Service quality for increasing value

This subchapter focuses on introducing the importance of assuring service quality in the customer value creation process. Generally, there are five main determinants that scholars have defined for service companies. These determinants are tangibles, reliability, responsiveness, assurance and empathy. Customers tend to evaluate intangible services by anything tangible they can relate to the company; the appeal of facilities and material, and the appearance of service employees to name a few. Customers must also feel safe and assured with the company, as well as feel like the

company understands their problems and wants to perform their best interest in solving them. (Grönroos 2000, 74-76) This makes the customers feel like they matter to the company and it strengthens the relationship between seller and buyer furthermore.

In addition, achieving reliability by providing customers services without mistakes, following everything that has been agreed on and being responsive to customers' requests are also important for service firms (Grönroos 2000, 74). They involve consistency of performance and dependability, where the service quality is playing a key role. Boulding et al. (1993, 7, 12) have built a dynamic process model for tracing the way customers form and update their perceptions of service quality over time, and how the consequences of these perceptions effect on the strategic health of a firm (Figure 7).



This relationship holds only if $DS_{it}^ > SE_{i,t-1}$.

Figure 7: A dynamic process model of service quality (Boulding et al. 1993, 12).

The model (Figure 7) helps companies to understand customers' ways of thinking, and to see which factors and actions might have an impact on their reliability, perceptions, experiences and thoughts about the firm. According to Boulding et al. (1998, 7), the model is originally drawn by the service quality, attitude and customer satisfaction literature, which are all very important for customer value creation processes through services.

From the model (Figure 7), it can be seen what are the major forces that lead customers to form and update their perceptions of a company's overall service quality. Boulding et al. (1993, 24) state, that these forces can be applied to any company interested in their service quality. In the model (Figure 7), the will expectation, WE, refers to the proposition that customers form an idea of what will happen on their next service encounter. The should expectation, SE, on the other hand, refers to the proposal that customers form an idea of what should happen to their next service encounter, meaning what they think they deserve. SE_1 , WE_1 et cetera illustrate previous should and will expectations, which are affecting on the current expectations together with new information, Z, received in between. For the previous will expectation, also the previous delivered service, DS_1 , affects together with possible manipulative factors, X. (Boulding et al. 1993, 9-10)

The difference between delivered service, DS, and perceived service, PS, is that PS means the customers' perceptions of the service quality, and DS the service quality that has been received. Thus, as can be seen, the customers' perceptions of the service quality are affected by both the expectations but also the latest service encounter. Finally, the overall perceived service, OSQ, stands for the customers' overall perception of the firms' service quality, leading to behavioral intention, BI. In case the overall perception of the firm's service quality has been positive, the intentions can be for example loyalty towards the company, as well as positive word of mouth. (Boulding et al. 1993, 10-12)

From the model it can be deducted that companies should pay a lot of attention on their service quality and customer value creation. Boulding et al. (1993, 10) state, that the more the company manages to exceed the customers' prior should expectations, the more the customer increases their should expectations for the future. In addition, it is seen that the greater a company's customers' perceptions of the firm overall service quality are, the greater the benefits to the strategic health of the company are. This means, that by managing customers' predictive expectations up, the firm can higher their image among customers and increase customer value and sales. Also Tuulaniemi (2013, 74) states, that customers' experience plays a key role with the success of the company's products and services.

The next subchapter focuses on covering some theory about marketing communication and promotion, and describes why the value service companies create for their customers should be promoted to them.

2.2.3 Focus on value promotion

In this thesis study, marketing communication is narrowed mainly on the promotion part of it. However, they can still be seen as quite a similar thing, as promotion is one of the ways marketing communication can be executed (Vuokko 2003, 17). Marketing communication is one of the most crucial parts of business and marketing, as without successful communication and promotion, customers wouldn't even know to buy a product or a service, despite how great and needed they would be. Vuokko (2003, 19) states also, that the importance of marketing communication is emphasized especially in the decision-making process of customers, more of which will be discussed in chapter 2.3.

According to Vuokko (2003, 24), marketing communication is also a very important part of companies' value creation process. She states that the value creation process begins with selecting what kind of value is wanted to be created, then continues by

value creation, and lastly ends by communicating the selected value (Figure 8). In the first step of the value creation process, the company has to decide for example the segment and positioning they want to focus on (Vuokko 2003, 25). This is important because companies have to naturally decide who their main target group is, what kind of value they can create to them and how. After, the actual value creation is ready to be carried out, and thus it is lastly needed to be promoted to customers.

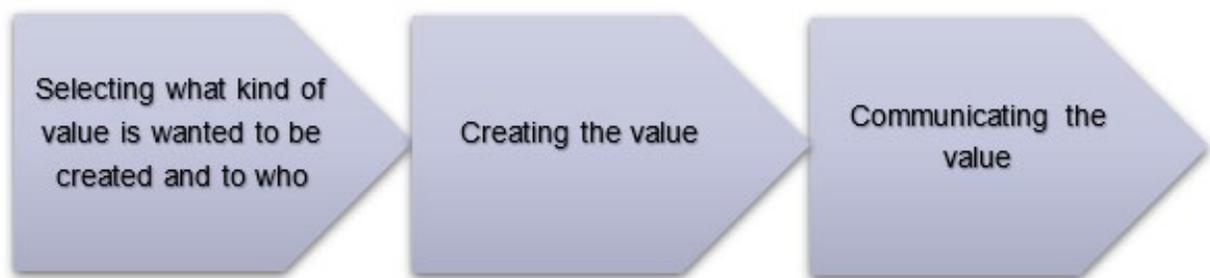


Figure 8: Value creation process (after Vuokko 2003, 24).

When it comes to the actual communication and promotion of the value, Vuokko (2003, 69-70) states, that it should be pleasant, entertaining, appropriate and surprising among others. Depending on the situation and for example if the customers is searching for information about a service or not, companies should also be able to modify their communication and use the ways of promotion that are best fitted to each target group. Important is however, that the message and information is always clear and easily understandable, no matter if it is about a website, e-mail or for example face to face promotion.

The following subchapter focuses on the reasons why additional shipping services should be promoted to customers. The idea is to find out why supplemental services besides actual products' marketing should also be included in the marketing communication and promotion.

2.2.4 Why to promote additional shipping services

According to Vuokko (2003, 37), marketing communication and promotion can have three different kinds of influence levels when it comes to the act of affecting customers. The levels are cognitive, affective and conative, meaning that marketing communication can affect on customers either at informational and conspicuousness level, opinion and attitudinal level, or operational and behavioural level. In this thesis, however, the focus can be said to be mainly at the cognitive and conative influence levels, as the aim is to find out, first how to gain awareness and develop interest in customers, and secondly how to affect on customers' behaviour and have them purchase the company's products.

Unfortunately, affecting on customers either at the cognitive or conative influence levels is not an easy task for companies' salespeople and marketers. Tuulaniemi (2013, 43) states, that the general purpose of marketing is to gain customers' attention and to tell them about the company's products and services with an idea of creating interest that eventually turns into desire. However nowadays, customers are continuously surrounded by countless distractions. According to studies, people are exposed up to 10 000 brand messages on a daily basis (Jensen 2019). They lie in the middle of such a visual and audio chaos, that they have begun to learn how to shut themselves from the factors, and that is what makes marketers' work even more demanding (Tuulaniemi 2013, 43). Thus, focusing on the service promotion planning and differentiation are one of the keys to stand out from the masses, and companies really have to search for the factors that can make them stand in a better, clearer light than their competitors.

Even though customers tend to shut themselves from a lot of stimulations, Vuokko (2003, 204) has build a process model of how promotion normally affects on them (Figure 9). The model begins with the actual promotion from the companies' side, which the customers are exposed to. After, customers notice the promotions and begin to process their messages. Lastly, the impact of the promotions occurs, whether its purchasing the service or just letting it be.

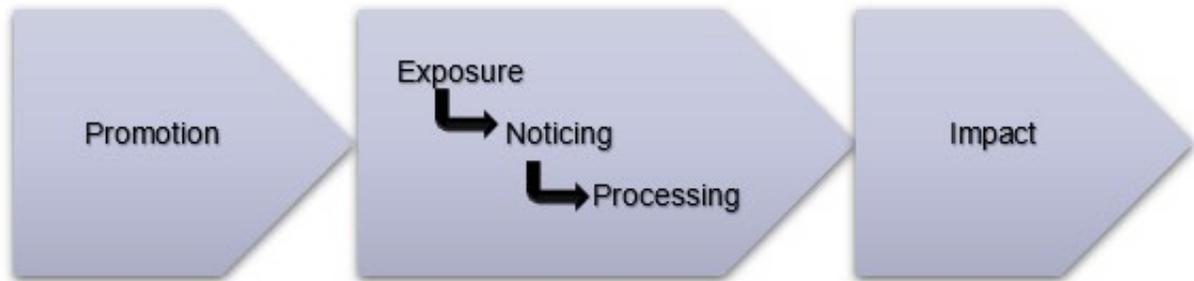


Figure 9: Model of how promotion affects on customers (after Vuokko 2003, 204).

It, whether the promotion is noticed or not, and if the service is purchased in the end or not, depends a lot on the successfulness of the marketing communication. The next subchapter goes through possible features that should be highlighted in the promotion of additional shipping services in order to catch customers' attention, appear valuable to them and to make them purchase the company's offerings.

2.2.5 Shipping services' qualities to focus on

Sipilä (1996, 24) states, that in traditional product sales a product is often manufactured as a finalized good before it is sold to anyone. In such circumstances, a customer is fully aware of the benefits purchasing the product will bring to them and has full responsibility of the purchasing decision. In service sales, however, the case is different because as stated earlier the service is often produced and consumed simultaneously.

As mentioned previously as well, customers tend to base their evaluations of a company's services for example on their previous experiences of the company and its services and try to find anything tangible they can compare to competitors and alternative options. Grönroos (1981, 45-45) states that the fact that services are intangible and thus hard for customers to evaluate, the situation is especially hard for marketers. It is seen, that a customer is often searching for something concrete even

though the actual service couldn't be valued by it. Besides the service, they can base their evaluations on anything they can relate it to, or even the whole service offering company's reputation.

From the earlier productization chapter it can be inferred that productizing shipping services is one of the most important things, as customers seem to need something physical and concrete, they can base their evaluations and comparisons on. In addition, it was seen, that for example a price outline and a clear content are very important to form in the productization process. These bring customers value by the easiness to both understand the service and its value, as well as becoming able to compare it to other alternatives.

In addition to productization, companies also need to think about other factors and features of shipping services, that could be important to their customers and simultaneously advisable to be highlighted in the shipping service and solution marketing. It has been stated that many customers require for example several shipping options they get to choose from, as well as possibilities for same day and next day services, even despite they would cost them extra (MetaPack 2018). In addition, it is quite common that customers are willing to know how fast and how their shipment all in all is progressing, and thus for example tracking possibilities are something that companies should be considering. As stated earlier, tracking could also be something to be executed via self-service technologies.

In addition to tracking, self-service technologies could also be exploited in many other ways in the promotion and execution of shipping solutions and services. Instead of contacting service representatives, customers can seek for assistance from chatbots, apps and social media to name a few (Morgan 2016). Studies have shown, however, that customers facing troubles especially, prefer contacting live representatives rather than interactive voice response systems or similar (Hyken 2018).

For other matters, most customers are still said to prefer “self-help”, and by embracing technology companies can end up creating even more valuable outcomes (Morgan 2016). For shipping service qualities these could mean for example not focusing and investing in human-to-human communication in everything, but also easily understandable and usable instruments and sites customers can use via self-service technology.

Environmental aspects are something that are as well increasingly important to customers nowadays. According to studies, consumers are for example very willing to buy products with environmental benefit if given the opportunity, and they also see environmentally friendly companies more reliable and something they could stick to for longer. The importance of environmental aspects still varies between target groups, and especially younger generations tend to value them the most. (Butler 2018) The difference between B2C and B2B market behaviour in this case is however, that even though businesses wouldn't care about the environmental aspects of shipping's, they still must think about their brand image and the message they are giving to customers and other stakeholders.

In the end, the shipping solution and service qualities that are seen the most important from the B2B customer point of view cannot be said to be researched much in the past. It seems, that studies of B2C e-commerce shipping and pure logistics firms are mainly conducted. Thus, the main focus of the empirical part beginning in the next main chapter will be discovering international B2B customers' needs and wishes through their own experiences and thoughts. The following chapter however focuses on discovering how additional shipping services can influence on customers' purchasing decisions.

2.3 Sales enhancement via additional shipping services

This chapter focuses on discovering how offering and promoting additional shipping services can enhance a company's sales. The aim is to answer the second sub question of the research: how can shipping services as additional services effect on customers' purchasing decisions and enhance sales. Thus, the focus on the following subchapters is in the customers' purchasing decision making process and how affecting on it can enhance a company's sales.

2.3.1 Purchasing decision making process

In this subchapter the general process model of how customers behave on the purchasing decision making process will be presented. The concept purchasing decision making process refers to the steps customers most often take when purchasing something. According to Kotler et al. (2017, 155), the process consists of five stages, which are first, recognizing a need, then, searching for information, comparing and evaluating alternative options, making the actual purchase decision and lastly, post-purchase behaviour (Figure 10). It is still important to remember that buyers don't always behave according to a found, generic patter. They for example pass the purchasing decision making process on different paces, and especially with routine purchases often skip or reverse some of the decision-making stages (Kotler et al. 2017, 155)



Figure 10: Steps of purchasing decision making process (after Kotler et al. 2017, 155).

At the first step of the purchasing decision making process (Figure 10), customer recognizes either a problem or a desire for a new product or service. They create a need for something and begin to search information about solutions and offerings that could help them in their situation. When enough information has been gathered and gone through, and idea of the solution begins to take shape and alternative options begin to occur. Most often, there are several companies providing alternative or substitutive options the customer would have to choose from. Begins an alternative evaluation, where the customer compares available options, their qualities, prices, recommendations et cetera. Fourth step is when the best and most suitable one is found, and the actual purchasing decision can be made.

Instead of ending the purchasing decision making process for the actual purchasing decision, there is still one more step left in the process. The post-purchase phase is an important part of the process, where the customer tries the product or service and

evaluates how well it satisfies their first recognized desire or solves their spotted problem. After the evaluation, customer can either be happy with the outcome, or for example, when unhappy try to return the purchased good and get a refund. The post-purchase behavior can tell especially much for companies, because by collecting comments, reviews and feedback about their customers' experiences they can gather a lot of valuable information about how to develop their offerings towards an even better way.

The next subchapter focuses on explaining why and at which stages affecting on customers' purchasing decision making process can help companies to enhance their sales.

2.3.2 Influencing on purchasing decision making for sales enhancement

As Kotler et al. (2017, 155) present, customers' purchasing decision making process begins long before the actual purchasing and continues long after as well. Thus, it is important that especially marketers focus on the whole purchasing process instead of just the actual purchasing decision phase.

However, when it comes to promoting additional shipping services and solutions, marketers' actions could be expected to be most effective at the first, second and third steps of the purchasing decision making process; need-recognition, information search and alternative evaluation stages. This is mainly because marketers can first try to find out what kind of problems and needs their customers have and then trigger them by external stimuli to help develop the need in the first place (Kotler et al. 2017, 155-156). Some product purchasing customers don't necessarily notice for instance how convenient some shipping services could be until they are communicated and offered to them.

At the second, information search stage, companies can also provide information in multiple ways and platforms, such as in advertisements, websites, sales situations and social media, and ease the customers' processes (Kotler et al. 2017, 155-156). As stated, clear communication including for example the services' prices and contents is very important at this stage.

At the third stage of the purchasing decision making process marketers can try to effect on customers' decisions by clearly highlighting things that can create their customers value in their marketing communication. Competition between alternative and substitutive products and services is often tough, and positive differentiation can be said to be crucial for the success of the company's sales. By offering customers the additional shipping services and solutions they need and value, companies can become the top cast in the evaluation process. All in all, at all the three first stages of the customer purchasing decision making process, effective marketing communication gets highlighted and external sources of information weight on the customers decisions (Vuokko 2003, 19).

By influencing positively to the customers' purchasing decisions, so that more customers choose to select the company's offering, sales can be enhanced massively. It is natural, that the bigger the number of customers choosing a company's offerings is, the better the company's sales are. Offering great service doesn't still only lead to increased direct sales but also for example positive word of mouth among potential customers. This is also something that can enhance the company's sales even further.

In the next subchapter, the hypotheses for the empirical study, mainly drawn from the theoretical part, are being presented. The idea of forming the hypotheses is to build a basis for the empirical study and to be able to test their accuracy through the newly gathered preliminary data.

2.4 Hypotheses

Based on all the data gathered for the theoretical part of the study, hypotheses are formed and tested in the empirical study. In addition, complementary hypotheses are created by general persuasions and by the researcher's own knowledge and experience on the studied area. As stated earlier, the purpose of this research is descriptive and thus, loosely presented working hypotheses are formed. Most of the formed hypotheses are theoretical hypotheses, but a few statistical hypotheses are also being discussed. Later in chapter 4, it is seen how well the gotten empirical answers and results fit all the formulated hypothesis.

As will be presented in the following main chapter, an online questionnaire (Appendix 1) will be created for the empirical study. The questionnaire focuses on examining the participants ideas and opinions about different shipping service qualities and the importance of live service and focus on environmental issues.

First of all, from the researcher's previous knowledge, it can be expected that most of the study participants would want a company they purchase physical goods from, to offer shipping services along with the actual product sales. The statistical hypothesis is thus, that the frequency for wanting shipping services offered is high.

From the theoretical part of the study, it can also be inferred, that at least the following features of shipping services and solutions would be important from the customer point of view: knowing the shipment price and delivery schedule beforehand, having at least two different shipment options and next day service (9 AM and NOON service on the questionnaire) to choose from, and having a tracking possibility for each shipment. This means, that the frequency for options *quite important* and *very important* are expected to be high when studying these shipping qualities.

In addition, it can be expected, that the surveyed customers prefer mainly using self-service technologies in their operations but would rather contact an actual live human when facing problems with their orders and shipments. Thus, the frequency for example for answering that when something goes wrong with a shipment the respondent prefers a call or an e-mail from a sales/logistics representative is higher than for answering that an automated message would be preferred

From the researcher's own experience, it is presumed that the following features of shipping services would not be the most important ones for the selected customers: information provided of the forwarding company taking care of the shipment, and possible return costs of the order informed prior the purchase. On the contrary, the following can as well be expected to be more important for the customers: information about the shipping method (e.g. ocean, air, truck) provided, and a possibility for affecting the shipment packaging given. In addition, it can be expected, that customers would rather communicate to a company representative via e-mail than by calling, even when self-service is not available. Thus, the frequency for answers preferring e-mails over calling is hypotized to be higher than vice versa.

Even though studies, of how customers in B2C markets value environmental aspects nowadays show, that the subject is increasingly important for consumers, critical predictions of its conformity to B2B markets is stationary. Hypothesis could be for example, that most international B2B customers wouldn't care about the environmental impacts of their purchases' shipping but only some of them might think about it for example for the company's imago reasons.

Studying the correlation of how participants interested in shipments' carbon footprints see the importance of other environmental aspects, it can be expected that the relation between the variables is high. In addition, one general persuasion for the empirical study is formed, and it is that the answers for all parts of the study wouldn't change massively despite from which country each answer would come from. Another

hypothesis is thus, that the variable of operational country has a negative or low correlation between other tested variables.

To conclude, the chapter 2 provided an overview to the theories related to the thesis topic. The subchapters provided for example a deeper look into the service marketing and productization theories. In addition, concepts like customer value creation, value promotion and purchasing decision making process were addressed. In the following chapters of the thesis, the focus will change from the theoretical review towards the thesis' empirical part. First, chapter three will focus on presenting the research design and methods of the empirical study, and then chapter four continues by presenting the study findings. In the end in chapter five, conclusions and findings drawn from both the theoretical and empirical parts of the study will be discussed.

3 RESEARCH DESIGN AND METHODS

In this chapter, the theoretical findings of the chapter 2 will be applied for the empirical part of the study. In the first subchapter the research context and case description will be given, followed up by the selected data collection and data analysis methods. In addition, also the reliability and validity of the empirical research will be analysed to evaluate the obtained research quality. All in all, the empirical research is conducted for finding more comprehensive and trustworthy answers to the first sub question: how do customers see what are the most important qualities of shipping services and what adds them value.

3.1 Case description

This subchapter presents the case description that is selected for the empirical research in order to fully understand the background and context of the study. The empirical part of the study was chosen to be carried out as a survey study. The selected case company, whose customers are selected under the study, is a Finnish industrial machinery company, that operates globally at several business sectors, which are mining, aggregates, recycling and process industries. Its customers are an interesting and suitable study subject, as the company's offerings consist mostly of physical goods for which additional transport services are offered, and as can be seen later on, the company operates in international markets. In addition, the case company is already familiar for the researcher and required customer contacts can be easily obtained. Improvement of additional shipping services is wanted in the company, and a process renewal project is currently on-going.

The selected case company is a large enterprise employing over 13 000 people in over 50 countries, and they value a customer-centric business model. The company offers both equipment and services, and the supply is both inhouse and outsourced. Most of the orders the company receives are for physical, stocked goods but also assemblies

and fully made-to-order products do exist especially for bigger pieces and special cases. For sales channels, the case company uses direct sales from multiple own locations globally, third party distributors and digital sales.

The case company's headquarter is located in Finland, but the company has many sales offices, distribution centres and factories elsewhere in Europe, Africa, Asia, Americas and Australia. They have a wide global customer network and many business partners all over the world. The case company outsources a lot of their products and services but are closely in touch with the suppliers and follow that they agree to their standards in quality but also in sustainability. The company has a tight follow up on health and safety aspects, and the company for instance continuously improves their environmental efficiency. In their products, the environmental aspect can also be seen with improved technology and great innovations.

In this study, the data collection and the empirical study is more precisely conducted from selected customers of one of the case company's distribution centres (DC) locating in Tampere, Finland. The centre employs about 60 people, divided into procurement, customer service and sales, logistic, warehousing and management. DC is responsible for the company's wear and spare part sales for other internal locations around the world, as well as third party distributors, at the aggregates business sector. In addition, they offer product support for challenging cases, such as identification of defect parts and equipment programming. Distribution centre in Tampere works closely together with the company's factory and warehouse in Tampere but also the main warehouse in the Netherlands. In addition, new warehouses are opened to Sweden and some other future locations to ease the availability and transportation. The main task for DC is to source and supply ordered goods to internal and external warehouses, as well as to end customers through indirect orders.

Distribution centre is currently revising their logistics services where the purpose is to offer customers as simplified and high-quality service as possible. For sold goods, shipping is orchestrated either by DC, by the other internal locations or distributors, or

by the end customers. For most orders, however, DC is arranging the shipping arrangements together with third party logistics companies. Although the company uses only third-party companies for shipments from the company to customers, the arrangement service they provide is wanted to be improved and changed.

A new model called Easy to Order (E2O), has been developed and partially been put to use to meet these goals. In the new E2O model, a certain geographical area is divided into zones that illustrate the delivery schedules the case company is offering to its customers (Figure 11).



Figure 11: Service level agreements in the new E2O model.

In addition, to ease the struggle of choosing a correct forwarding agent to each shipment, new “forwarders” called FAST and SMART are launched. The idea is to automatize the forwarder selection and ask the customer only to think about how urgent their order is. Previously, forwarding agents have had to be manually checked and selected for each shipment. Now for urgent, and also very light stock orders, the “forwarder” FAST can be used. With the selection, the system will automatically find the nominated courier forwarder to take care of the shipment. SMART on the other hand, is supposed to be selected for all other stock orders, for which the system automatically selects the right forwarding company. A third, special shipping type called

EMERGENCY exist as well, and is only supposed to be used for machine break down situations for which a separate taxi arrangement is required. For the EMERGENCY, no average pricing and delivery schedule can be given, but they are to be agreed on case by case.

In this survey study, the selected population consists of the internal customers, for whose orders the new Easy to Order model is already available. At the moment, this selection includes all of the case company's previously mentioned distribution center's internal European customers. In addition, as the new E2O model is planned to be expanded to all the case company's distributor partners, almost all of the current distributor customers will be encompassed. However, to obtain as wide and versatile data as possible, and to ensure a large enough response rate, also the DC's other internal customer worldwide will be included.

In the empirical part of the thesis, the selected customers' comments about shipping services in general are being requested. Firstly, it is important for the thesis supervisor, that the case company's customers are heard about their wants and needs regarding to additional shipping services, and that they can be somewhat included in the service development process. As mentioned, the company is seeking to expand the E2O model to a larger customer sector in the future, and the shipping arrangement service is wanted to be improved as much as possible prior the expansion. The responses are also important for the thesis work because from the study, matters like what are the most important qualities of shipping services, and for example how important a clear delivery schedule is, can be discovered. In addition, the case company's customers suggestions about possible improvements to shipping services as purchased goods additional service can be found.

In the following subchapter the data collection methods for the chosen survey study will be presented.

3.2 Data collection methods

In this subchapter the different empirical data collection methods will be presented and the most suitable one for the survey study selected. As stated earlier, the purpose of the study is descriptive because it seeks to answer questions like what, what kind, where and when, and aims at findings that are reliable and generalizable. This is something that has to be kept in mind especially when selecting the data collection methods.

According to Plonsky and Gurzynski-Weiss (2014, 34) there are two different observational designs under empirical research design: qualitative and quantitative design. Qualitative research design is a more open and inductive research form than quantitative research design, where the data is approached holistically with openly formulated research questions. The idea of the type is not to generalize results to other populations but to gather enough data to describe a phenomenon in detail. (Plonsky et al. 2014, 34-35) According to Eskola and Suoranta (1999, 15), typical ways of conducting a qualitative research are observations and interviews.

On the other hand, quantitative research design is the less used type of the empirical research designs but yet an effectual and functional one. In quantitative research design, the idea is to gather data of how much or how often a certain phenomenon occurs in order to study its frequency and occurrences. (Plonsky et al. 2014, 34-35) According to Kallio, Korhonen and Salo (2012, 66-67), quantitative research design can be based on many different kinds of data collection methods, such as surveys, systematic experimental arrangements and databases. Typically, quantitative data collection can happen through different kinds of survey research, such as questionnaires and field interviews.

For the survey study of discovering the most important shipping service qualities, the most suitable data collection method is the quantitative research method. This is due to the fact that first, there are multiple contacts to study, and secondly, different

customers may see the importance of various shipping service qualities so differently, that more generalizable and larger scale findings can be inferred when the study population is larger. In addition, the selected method is specifically requested by the thesis supervisor, which is naturally wanted to be esteemed. Out of all the possible quantitative research methods, an online questionnaire is selected.

Online questionnaire

As stated, an online questionnaire was selected as the quantitative data collection method for the empirical study. This is mainly because of the limited time frame and the non-existent budget of the research, as the data is wanted to be collected easily, rapidly and cheaply. This subchapter presents for example how the questionnaire was built and how the selected customers were reached out.

Järvinen (2012, 55-56) states, that there are three distinct characteristics in survey research. One is that they are designated for producing quantitative descriptions of some of the aspects of the selected study population. Second is, that the data collection is conducted through asking structured and predefined questions from people, and third that the collected information is only a sample of the study population but collected in a way it is possible to generalize the findings to the whole population. Because of this, especially the representativeness of the sample should closely be checked, and in this survey, all of these aspects are carefully considered.

As mentioned earlier in chapter 1.7, the empirical study was conducted through a sample survey, where the sample was selected through a discretionary sample. A census study was not selected, as some of the case company's customers couldn't have finished the survey in English, and some were seen as such new business partners to the case company that they weren't wanted to be bother with an additional request.

For the data collection, a questionnaire survey is selected, and an online survey tool called Webropol is used for the do. Respondents are selected among the case company's suitable customers, and more precisely, mainly among their purchasing and logistics departments. Taken into account the presented limitations, as many of the case company's customers were included as possible, ending up to 150 contacts from multiple companies and agencies worldwide. The selected contacts were approached by an email with a link to the online questionnaire and also a reminder e-mail was sent a few days after. Prior to sending the survey out by e-mail, the online questionnaire was also piloted at DC and some required improvements were made.

The online questionnaire mainly consists of structured and predefined questions, from which most are for collecting subjective information, such as the respondents' opinions. Only one open question is placed at the end of the survey, to allow participant to add any comments or other ideas they might be pursuing from the study theme. Appendix 1 will present the questionnaire and the accompanying note that have been put together and used in the research.

The formulated research questions for the online questionnaire are based on the theories found in the literature review in chapter 2, simultaneously determining if the case company's logistics services' improvement project is on the right track. The questionnaire (Appendix 1) focuses on discovering the respondents' ideas and opinions about different shipping service qualities, such as beforehand known shipping time, shipping price and tracking possibilities, and the importance of live service and focus on environmental issues to name a few. In the beginning, also some background information about the participants and their represented companies are gathered for example to ensure that the respondents represent a suitable and reliable response group.

3.3 Data analysis methods

After the data collection has been completed, the next step is to analyse the gathered data. According to Järvinen (2012, 77), the data analysing phase is one of the most difficult and the least codified parts of the research process. It is also a crucially important part of the whole study process because only by analysing the gathered data new theories can be created.

Järvinen (2012, 77) states, that there are a few different ways for analysing gathered research data. One is for example selecting categories or dimensions under which within-group similarities and differences can be divided. The categories and dimensions can either be chosen by the researcher or be suggested by the research problem or other literature. For qualitative studies, the importance is in searching for coherence and order in the data. In this thesis study, however, the selected data analysis method is suited for the chosen data collection method; quantitative survey method.

A statistical software called Stata will be used for analysing the gathered data and collecting the most valuable and reliable information as possible. With the software, for example frequencies and correlations are being examined and analysed. For calculating correlation coefficients, Pearson and Spearman tests are found suitable. With the tests, the correlations between variables can be studied, and the closer to one (1,0) the values rise, the more significant the correlations are. Correlation coefficients can however also be negative. For easing the understandability and visual presentation of the gathered answers, tabulation tool Excel will also be used for building different kinds of graphs and a table. In the next subchapter, more of the research's reliability and validity will be discussed.

3.4 Reliability and validity

In order to analyse and evaluate the trustworthiness and quality of a research, its reliability and validity are being tested. According to Järvinen (2012, 155), a study is reliable when its results would stay approximately the same even if multiple researchers would study the same phenomenon with same reasons. Validity on the other hand means that the instruments used for data gathering are evaluated, in order to ensure both the researchers' and society's confidence that right methods are being chosen for finding the scientific truth.

Järvinen (2012, 156) states, that there are six generally recognized techniques for evaluating research reliability. These are internal consistency, split halves, test-retest, alternative or equal forms, inter-rater reliability and unidimensional reliability. For this thesis study, the selected reliability assessment technique is the split half testing. Split half testing is one of the most traditional methods in reliability evaluation. In this method, the sample is divided into two sub-samples and scores on the halves are compared to each other. From these sub-samples, the reliability of the results can be examined but the main difficulty with this method is, that different results can be obtained depending on how the sub-samples are split. (Järvinen 2012, 156) The results of the split halves testing will be presented at the end of the next main chapter covering the study findings.

Naturally, also the researcher's actions and decisions weight on the reliability measuring. In this thesis study, for example the empirical survey is conducted to a selected group of customers that are already familiar to the researcher. In order to ensure the reliability of the research, a neutral approach must be maintained and the whole process must be managed as any other researcher could. In addition, for instance the survey questions must be build in a form that they could be presented to any other international B2B sales and logistics representative, and not just the selected case company's customers. Also, the respondents' suitability and representability must be secured.

For assessing research validity, Järvinen (2012, 155-156) has listed several types that should be taken into consideration. The types are for example content validity, construct validity, convergent validity and predictive validity. In the validity assessment, it is extremely important to evaluate the questionnaire items, and if they, from all the ways possible, are used to measure the content of given construct the best. In addition, measuring individual constructs and comparing the instrument items selected for them is required. In this thesis, the content validity is established especially through literature reviews. Substance and straightforward definitions of the construct are also a matter for content validity that is carefully taken into consideration in the introductory chapter and when building the survey definitions and questions.

Convergent validity is evidenced when items thought to reflect a construct converge, or present major, high correlations with one another especially when compared to the convergence of items relevant to other constructs, despite the selected method (Järvinen 2012, 156). Predictive validity on the other hand means the practical and criterion-related validity, establishing the relationship between constructs and measures by demonstrating that a set of measures posited for a certain construct correlate with or predict a given outcome variable. (Järvinen 2012, 156) In this thesis study, also the convergent and predictive validity has to be ensured.

In the end, this chapter 3 provided a wider look on the research design and methods of the empirical study. The chapter consisted for example of the case description, data gathering and analyzing methods, as well as the reliability and validity ensuring aspects. In the following chapter 4, the findings from the empirical online questionnaire will be discussed and analyzed.

4 FINDINGS

In this chapter, the findings of the empirical part of study are being presented. The findings will provide important information for the researched topics and support the collected secondary data gathered to the literature review in chapter 2. The first subchapter focuses on presenting and analyzing the received answers regarding to the study participants' thoughts about shipping service qualities surveyed in the questionnaire's (Appendix 1) part 8. After, the second subchapter focuses on the questionnaire's parts 9 and 10, surveying the respondent's thoughts about the importance of both environmental aspects of shipping services and human to human connection in services. Lastly, the subchapter 4.3 focuses on presenting the rest of the findings of the survey, for example regarding to customers' preferences of contact methods and answers to the open question.

All in all, out of the contacted 150 customers, 68 responded to the online questionnaire, meaning that the response rate of the survey was 45 per cent. This can be said to be a commendable outcome, as general response rates to similar surveys lay usually around 10 per cent, and the number of responses also exceeded the researcher's own expectation of 50 responses. A right kind of manner of the approach and the fact that the researcher was familiar to most of the contacted customers have presumably bettered the response rate notably.

Altogether, 32 countries were represented in the survey, and most answers were received from Great Britain, France, Germany and Turkey. As responses were received from all the other continents than Antarctica, a widely international aspect was carefully considered. A bit more than a half answered, however, that their represented company's main country of operation is a country in Europe. Forming two clusters, it was still possible to observe, that answers between European and non-European company representatives didn't differ significantly from each other and thus the concentration on European customer's doesn't affect massively on the study outcomes.

From figure 12, it can also be seen, that providing additional shipping services was seen very important by over a half of the respondents, and that only one of the participants didn't see offering them important at all, but preferred shipping services of their own arrangement. Besides the international aspect, this is a very important observation, and supports the perception that additional shipping services can create added value to most customers and be used as a competitive weapon in international business.

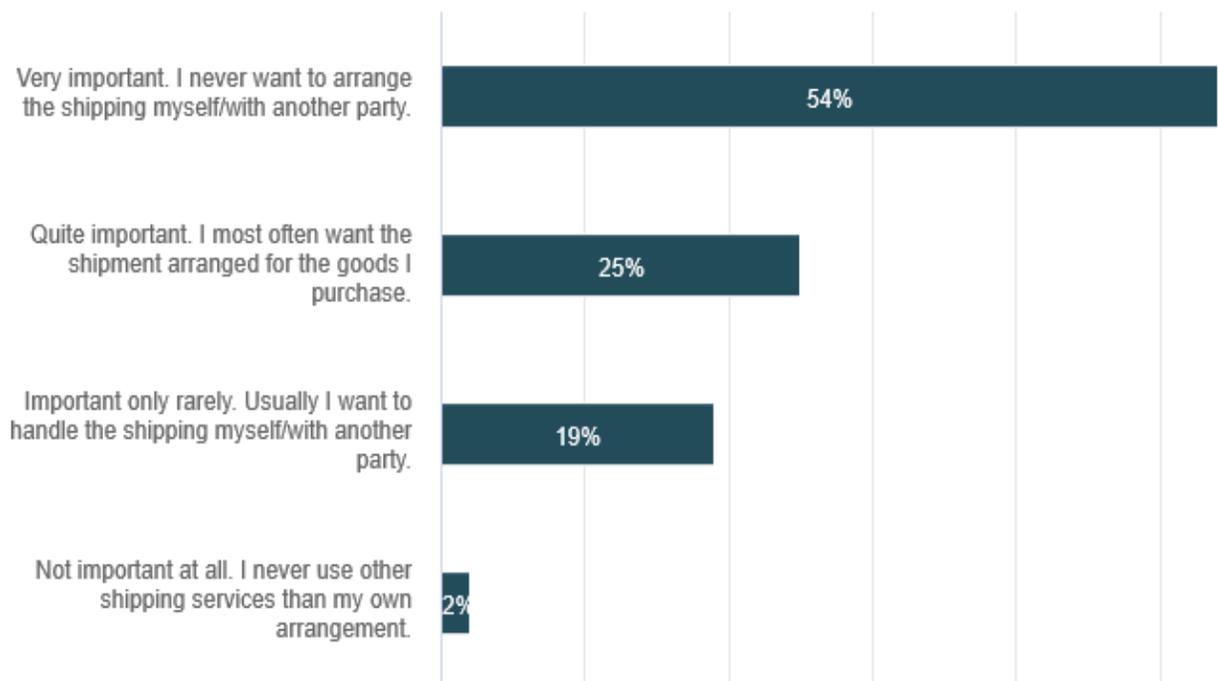


Figure 12: The importance of providing additional shipping services.

In addition to careful planning and execution of the survey, the participants were asked to inform the years they had worked in such positions where they had had something to do with logistical shipping services to further increase the reliability of their answers. The purpose of the question was to ensure, that most participants would have enough knowledge and experience of the studied area, and that they would be competent in answering the presented questions. In the end, over a half of the respondents claimed to have worked in applicable positions for over 6 years, and only four customers were

newer to the tasks than one year. This means, that the participants can be said to represent a competent response group. In the next subchapter, the findings of part 8 of the online questionnaire will be addressed.

4.1 Findings regarding to shipping qualities

In this subchapter, the data gathered in the part 8 of the online questionnaire will be discussed and analysed. In part 8, the participants were asked to evaluate the importance of different kinds of shipping service qualities drawn from the findings of the literature review and logistic services in general. The participants were asked to rate the importance of the qualities on a likert scale from one to five, one being not important and five being very important. Figure 13 presents the received answers to all 11 different sub questions.

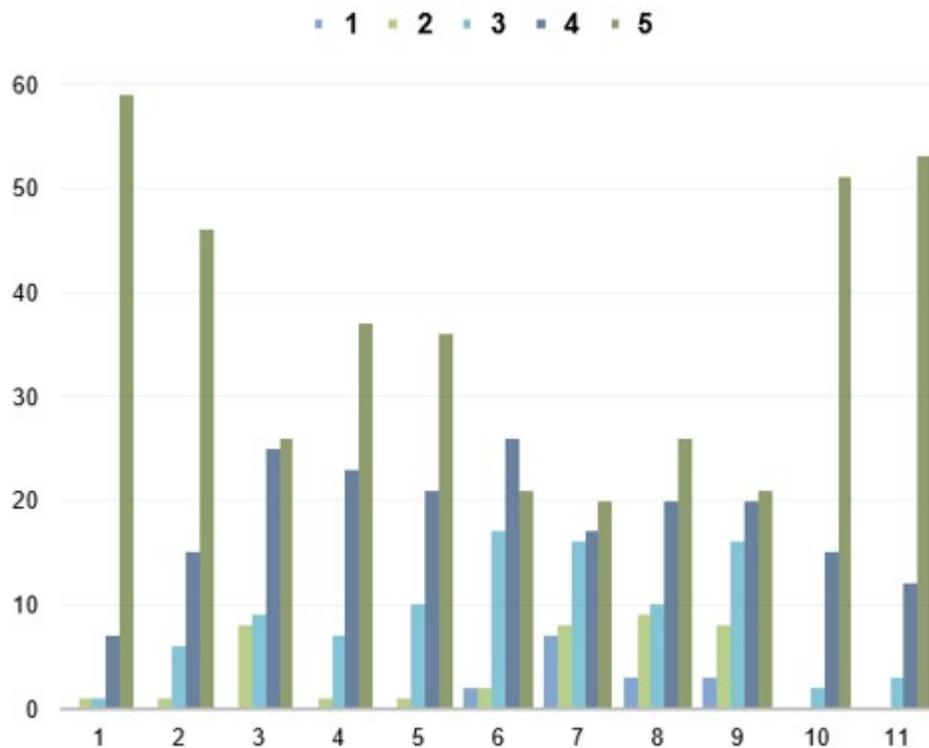


Figure 13: Question 8 - number of responses to each surveyed quality on a likert scale from one to five.

The first sub-question of the survey's part 8 was examining how important customers saw that the estimated shipping time is provided prior to purchase. As can be seen from the figure 13, almost 60 participants out of the total 68 answered, that the estimated shipping time is very important to know prior to purchase. In addition, question two surveying how important informing the shipping price prior to purchase is, followed the same trend, answers diving just a little more between alternatives *very important* and *quite important*. In addition, questions ten and eleven surveying the importance of having a tracking possibility provided and having it for free, were mainly seen very important among the survey participants. Thus, it can be said that the hypotheses regarding to all; shipping price, schedule and tracking are supported in the empirical study.

Questions four and five, measuring how important the participants saw providing the forwarding method (e.g. air, ocean, truck) of the shipment and several shipping options to choose from prior to purchase, were also seen mainly very important or quite important among the customers. Instead, in questions three and eight, surveying the importance of informing the forwarding company and the shipping package (e.g. container, pallet, box) prior to purchase, answers for *quite important* were reaching about the same level of answers for option *very important*. In addition, an increased number of *I don't have an opinion* and *only a little important* answers were received for the questions.

For questions six, seven and nine of the questionnaire's part 8, options *very important*, *quite important* and *I don't have an opinion* rose all about the same level, and especially for seven and nine, an increase with answer *only a little important* can be observed. Question six was measuring the participants thoughts about the importance of next day services (9AM and NOON), were as question seven focused on the importance of providing possible return costs prior to purchase. Question nine on the other hand surveyed the importance of having a possibility to affect the shipping packaging. For this, however, the open question at the end of the survey provided further info stating,

that the possibility for affecting the shipping packaging becomes especially important in certain cases, such as when the end consignee locates on an island to where big and heavy packages can be very expensive to deliver.

4.2 Importance of environmental aspects and live service

This subchapter focuses on analysing the data collected in the 9th and 10th parts of the online questionnaire. The parts surveyed the participants thoughts and wishes regarding to human to human service and some environmental aspects of shipping services. As with part 8, also parts 9 and 10 were built with structured questions and a likert scale from one to five, one being not important and five being very important.

Part 9 of the online questionnaire focused on examining the respondents' thoughts about the importance of environmental aspects of shipping services and solutions. Figure 14 illustrates the responses that were collected to each four sub question.

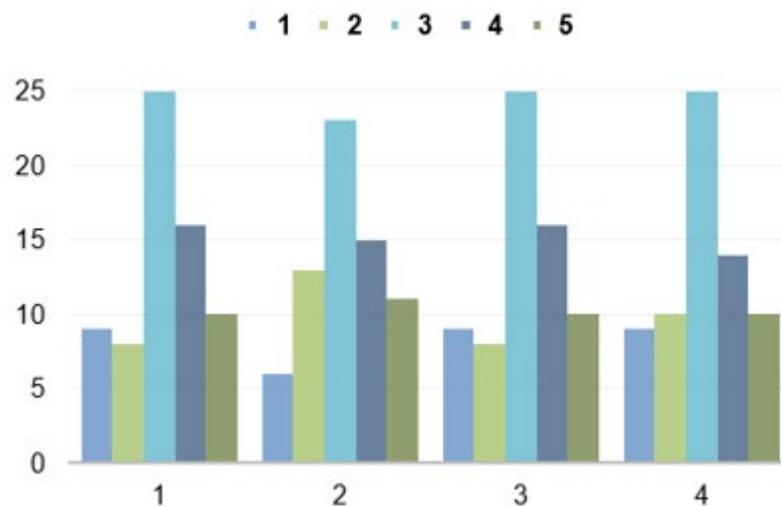


Figure 14: Question 9 - number of responses to each surveyed quality on a likert scale from one to five.

From the table, it can be seen, that for each question most answers were located to the *I don't have an opinion* alternative. From this, it can be inferred that the participants and their represented companies haven't possibly given yet much thought on the environmental aspects, but that they didn't all still want to answer that those would not be important at all.

The first sub question of part 9 studied the participants thought about how important providing an estimated carbon footprint of their shipment is, whereas the second one focused on examining the thoughts about having a possibility to choose an environmentally friendly shipping type for each order. The third question at the part examined on the other hand, how important the participants saw a possibility to compensate the carbon footprint of their shipment for example by an additional compensation purchase. Lastly, the fourth sub question focused on studying the customers thoughts about the importance of having a possibility to select environmentally packaging for their orders.

When studying if the possibility for compensational purchase was important to the participants answering that they would want to know the estimated carbon footprint of their shipments, it was found, that most respondents interested in the footprint would have wanted the compensation possibility for their orders too. When analysing, the two variables are positively correlated with a high correlation coefficient (0,87), and there is a very high statistical significance. In addition, those who answered that knowing the carbon footprint prior to shipment is *not important*, or *only a little important*, never voted for *important* or *very important* at the two other propositions, the importance of having a possibility to select an eco-friendly shipping type or an eco-friendly packaging for the order, either. This means, that there is dependence between being interested in the shipments' carbon footprints and the other environmental propositions. All in all, the steady answers to the whole part 9 of the survey follow in line with the hypothesis, stating that most international B2B customers wouldn't care about the environmental impacts of their purchases' shipping but some of them possibly think about them for example for the company's imago reasons.

When forming a cluster of respondents answering that they are quite or very interested in knowing their shipment's carbon footprint, and another cluster from those who answered that it was not or only a little important, it was seen that the responses to other questions than the environmental followed mostly in line with each other. Only for the question regarding to possibilities for affecting shipping packaging prior to purchase the answers differed such, that the first cluster saw the quality more important than the other. In addition, the members of the first cluster saw knowing the forwarding company more important than the second, never answering that knowing the forwarder was only a little or not important. From this, it can be deducted that customers interested in environmental aspects might want to know their shipping providers prior to purchase to ensure that also they follow similar values than the customer. As was seen earlier regarding to shipment packaging, customers interested in knowing the carbon footprints most likely want to ensure environmentally packaging for their shipments as well.

In the survey's part 10, the structured questions considered for example the importance of providing human to human service prior, during and after an order and shipping process. Figure 15 presents the received answers to the part's each sub question.

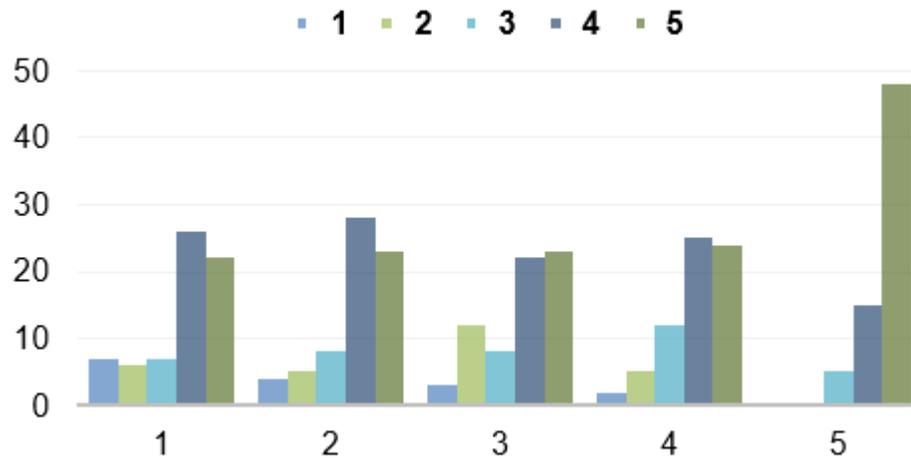


Figure 15: Question 10 - number of responses to each surveyed quality on a likert scale from one to five.

As can be seen from the figure (Figure15), clearly the most important aspect of the five sub question was, that the customers are given a possibility to contact a sales or logistics representative even though everything regarding the order and the shipment could be done online by themselves. This means, that companies should always remember to inform a contact phone number or an e-mail address even though their services could be executed completely through self-service technologies.

From the figure 15, it can also be seen, how constant the received answers to the other four sub questions were. Generally, about 70 per cent of the respondents saw that human to human connection was important or very important at all three stages of the ordering and shipping process. The first question surveyed if the customers saw it important that a live sales or logistics representative provided the price, schedule and other information of the shipment instead of a website, where as the second focused on the importance of providing information about the progression of the shipments during they are happening. The third sub question on the other hand surveyed if the respondents saw it important, that a live representative would be checking that the ordered goods are received well after the shipment, for example by a phone call or an e-mail. In the end, the favouring of live service is a bit surprising finding from the questionnaire, as self-service technologies and automation are nowadays tried to be improved and increased in many fields of business. However, when asked the participants how important they saw that everything regarding to their purchasing and shipping process could be done online or in another automated system, only 10 per cent answered that it was not important or important only a little.

4.3 Other findings

This subchapter presents the other findings that can be drawn from the empirical study's answers. For example, the customer's preferences regarding to live connection methods will be stated, and answers received to the open question discussed.

Question 11 of the online questionnaire surveyed whether the customers would prefer phone calls or e-mailing in situations where a human to human connection is required. About 85 per cent of the respondents answered, that they would prefer e-mailing over calling (Figure 16). This means that when companies want to contact their customers, they should approach them by e-mails and provide e-mail addresses rather than phone numbers for example on their websites. Naturally, it still needs to be remembered that for example cases where some important information is needed fast, phone calls could still be a better idea than e-mailing, and so the preferences might vary.

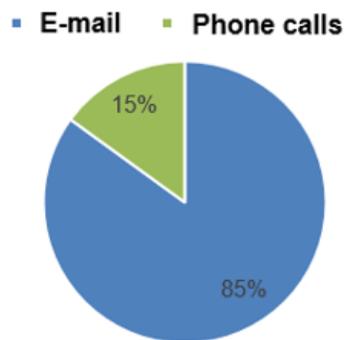


Figure 16: Customers' preferences for contact method.

The next question, question 12, on the other hand surveyed if the respondents would want a sales or logistics representative to personally contact them in case something goes wrong with their shipment. The other option provided was if the customers preferred an automated message and a possibility to contact a representative themselves if they wanted to. Again, about 85 per cent answered that they would prefer a representative contacting them directly. From this it can be inferred, that company representatives are still wanted to be the middleman distributing the message, especially when it comes to cases that require explaining, problem solving and consist of abnormal information.

In this paragraph the focus of the analysis will move towards the part 13 of the online questionnaire, where the participants were given a possibility to leave an additional, open comment, opinion or other feedback they might have been pursuing after the other shipping service-related questions. From the 68 respondents, 16 had left a comment to the open question and the twelve most relevant ones of them are gathered to table 1. Some of the received answers to the open question are not taken into consideration in this analysis, as they were answers such as “none” or went off from the desired topic.

Table 1: Answers to open question of the online questionnaire.

I wish to learn news from contracts with the new and current transporting companies.
Automatically send tracking numbers to the person who is in charge of the sales order.
For sea shipments a visual on the progress of the shipment? E.g. for container sales.
Shipping tracking information with the support of the forwarder agent.
The price of the shipping should be known at the time of the quotation, multiple options should be provided to allow customer to take the best solutions.
Would like to be informed if the shipment will not be at time delivered.
As we are located in an island, when the packaging is oversized or overweight the freight cost is coming very high. So, it is important that there is proper packaging.
Am automated message for the consignee and the shipper with regards to the movement of the cargo till the time cargo is cleared.
A person who speak French.
The delays should be informed before, sometimes when we asked the ship date, we face delays.
Tracking from PO receipt until delivery.
I miss an over night option (delivery until 6am).

As can be seen from the table 1, a few of the comments were suggesting something relating to shipment tracking. For example, one participant proposed that the tracking information could always be sent to the person responsible for the order (e.g. the person who made the order or the end customer), and another one that there could

also be a tracking possibility for sea shipments too. Another aspect that was brought up by some respondents of the open question was that customers should always be informed about delays. This is naturally very important, as the delays can affect massively on the performance of the end customers' and also decrease the overall customer experience and trust towards the company. In addition, aspects such as suitable packaging for avoiding extra costs and problems, an overnight delivery option (6AM) and multiple service languages were brought up by the respondents.

The last hypothesis presented in the theoretical main chapter suggested that the answers received to the online survey would stay approximately the same even though they would be received from different countries. The correlation can be studied for example in Stata. When selecting the list of countries as the first variable and the importance of estimated shipping time as second, it can be seen that the correlation coefficient is negative (-0,01), the statistical significance is very low, and that the selected variables are not correlated. After checking the correlations with a few other second variables too, it can be seen that there is no high correlation coefficients, and thus the hypothesis can be said to be successful. In the end, it still needs to be remembered, that only one or few answers were received from each represented country.

All in all, the empirical study provided a lot of interesting and theory-supporting findings. Even though many reliability and validity supporting activities have been conducted and considered in the execution of the survey, one more assuring test was wanted to be conducted. As stated in the chapter 3.4, the split half testing method was chosen to be executed to see if the received results can be kept as reliable in the end. Sub-samples for the halves were created by dividing the responses into two by the gotten answers for question one of the online questionnaire. The question surveyed whether the respondents' represented company was an internal or external customer of DC's, and in the end group A consisted of 43 participants, and group B of 25 participants.

In general, most of the received responses by both sub-samples follow in line with each other. Even though a little difference can naturally be seen in most questions, the trends of each section seemed relatively similar between the groups. Only a bit more notable differences between the sub-samples were visible in the questions regarding to environmental aspects of shipping services, when group A saw the presented propositions a bit more important than group B. However, in the end both groups' answers followed mainly the trends that were introduced earlier in this chapter, and thus, the split half testing can be said to be giving a confirmation that the results from the empirical study are reliable. In the next chapter, the conclusive parts of the thesis study will be presented and findings from both the theoretical and empirical parts will be discussed, combined and summarized.

5 DISCUSSION AND CONCLUSIONS

This thesis studied the promotion of additional shipping solutions and services in international B2B business sector. The goal was to find out how additional logistical shipping services can be promoted in a distinct way and how different shipping types, options and promises can best be marketed to customers. In addition, the objective was to find out what qualities of shipping services customers value the most, and to find a way how logistical services can work as an enhancer of sales along with the actual products.

The research was conducted in two parts; first representing the theoretical part with theory and findings from secondary data sources, and second representing the empirical study collecting primary data. The purpose of this chapter is to comprise the final discussion and conclusions from both of the study parts. The first subchapter summarises the theoretical contributions evaluating for example how well the presented theories from the secondary sources were supported by the results of the thesis' empirical part. The second subchapter on the other hand consists of the practical implications of the study, explaining the ways of exploiting the study findings in practice. In the final subchapter, the limitations of the study are critically contemplated, as well as the future research possibilities and recommendations presented.

5.1 Theoretical contributions

This subchapter consists of the theoretical contributions that can be drafted from the thesis work. It evaluates for example how well the theories presented in the chapter one and two were supported by the results of the empirical part of the thesis, and how the found research gaps can be filled with the study findings. In addition, the most important theoretical and empirical findings of the study will be provided, and the research questions of the thesis study answered.

The study background and research gaps discussed in the chapter 1.1 presented how the competition is rising rapidly in today's economy, and how companies are struggling to find ways to stand out from the competitors. Price reductions as well as product and service development aren't always enough for ensuring a continuous demand at markets, and other ways must be generated in order to survive. The problem of the highly competitive markets and not being able to stand out from the competitors was seen existent at the B2C but also the B2B sector, which is the focus in this thesis study.

For example, Sipilä (1996, 25) stated how the tense price competition and a high number of similar or substitutive products is leading goods-dominant companies into a situation, where differentiation is retrieved by linking additional services to the product sales. This study focusing on the additional shipping services at international markets, their commonness among today's companies was noted, although only offering shipping arrangements from the company to customers isn't differentiative enough anymore. Focus was chosen to be shifted towards shipping service's marketing and promotion. As Stafford et al. (2011, 136, 147) stated, only a few scholars have been studying for example services' advertising, and in addition, studies about shipping services have mainly focused on the B2C market sector.

As was seen in the empirical study, international B2B customers seem to expect that companies they purchase physical goods from, first of all offer them logistical services and solutions. Shipping arrangements from the seller to buyer or to end customer are wanted and offering them can be seen as a starting point companies should always begin with. As stated, in differentiation and value creation, only offering the shipping arrangements might still not be enough, as most of the international companies do so already, and no differentiating competitive advantage can be gained. Instead, focus should thus be aimed more on highlighting certain shipping service qualities and the overall service production process and value creation.

To answer the main research question presented in the beginning of the thesis study, the two sub questions have to be answered. The first sub question was; *how do customers see what are the most important qualities of shipping services and what adds them value*. In the theory section, it was found that value can be created to customers in many ways and that value can be created through lowering prices or improving customers' performance. For example, Smith et al. (2007) and Porter (1985) have proposed and studied these means of value creation. In addition, symbolic and experimental value can be created, meaning for example brand value and great service experiences. Different ways of creating value are often also non-exclusive from one another, even so, the most valuable aspects and qualities should always be studied and directed to each target group or segment separately, in order to obtain the best outcome as possible.

The answers to the beginning of the first sub question were found mainly from the empirical part of the study, as the focus of the online questionnaire was on discovering international B2B customers' thoughts and opinions about certain shipping service qualities. All in all, the empirical study supported the found theories and hypotheses quite well. It was seen for example, that productization and especially a clear price and service contents are important in the promotion of logistical shipping solutions. This follows in line with Parantainen's (2014, 13-14) statements about how formulating a name and price as well as stabilized a service belong strongly under the important service productization process. A price outline and clear service contents were seen important both from the customers' side, but also from companies' for ensuring that a high enough coverage is always secured, and that the services are easy for marketers and salespeople to communicate (Parantainen 2014, 25).

Also, qualities such as shipment tracking, providing information about shipment schedule and method, as well as having at least two shipping options to choose from were seen important from the customers' perspective. These findings support for example MetaPack's (2018) statements about the most important shipping qualities. Also benchmarking some great international companies, such as Amazon and Zalando,

it can be seen that providing these shipping qualities is already common and important in the B2C sector. After conducting the empirical research, it was seen how the importance of these qualities continues also at the B2B markets. The figure 17 is built to gather the most important aspects of shipping services, that should be considered and highlighted in the shipping service marketing together.

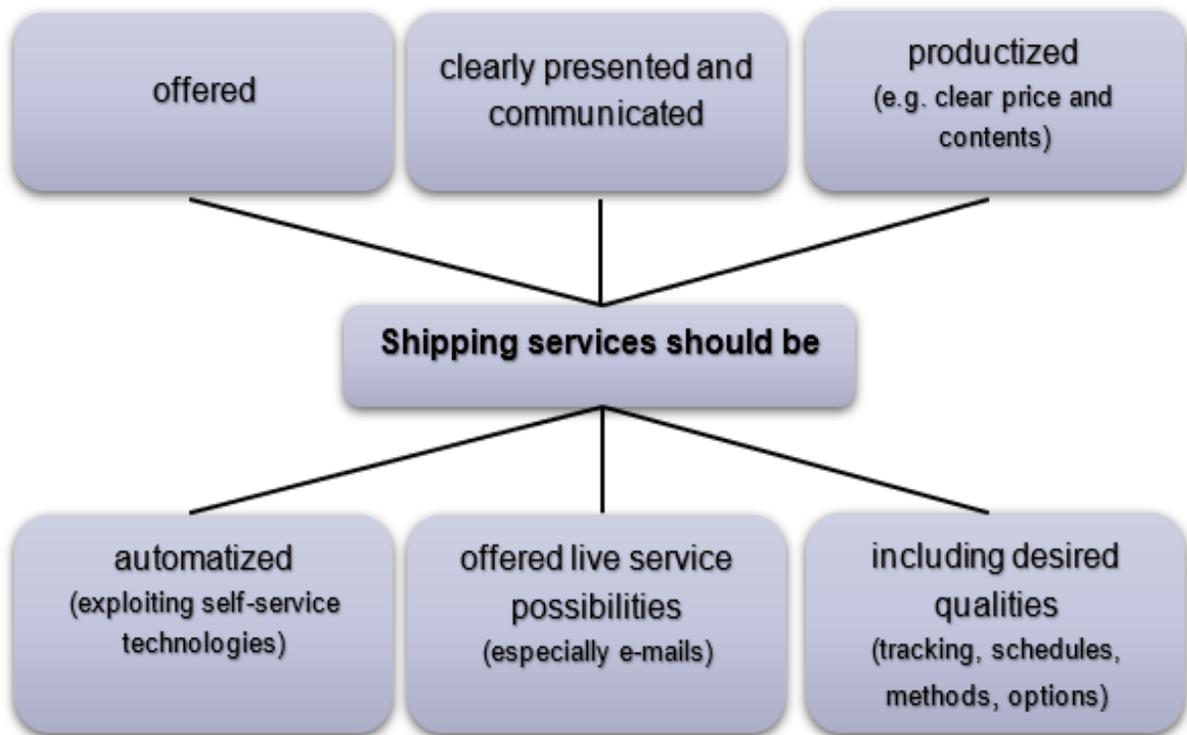


Figure 17: What services should be in shipping service marketing.

The second sub question of the thesis study was aiming for explaining how logistical services could be used for sales enhancement purposes, and how shipping services as additional services are linked with customers' purchasing decisions. The question was: *how can shipping services as additional services effect on customers' purchasing decisions and enhance sales?* From the secondary data it was seen how the customer's traditional purchasing process proceeds. For example, Kotler et al. (2017) have presented the five common steps of the customers' purchasing decision making process. The most important steps for influencing the customers' behavior and decision

making were seen especially the first, second and third steps of the purchasing decision making process. These steps are the need-recognition, information search and alternative evaluation stages.

At the need-recognition stage, marketers could first try to find out what kind of problems and needs their customers have and then trigger them by external stimuli to help develop the need in the first place. At the second, information search stage, companies could also provide information in many ways and platforms and ease the customers' processes. At the third stage of the purchasing decision making process, marketers could also try to effect on customers' decisions by clearly highlighting things that can create them value in their marketing communication. By effectively and successfully influencing on the three stages of the customers' purchasing decision making process, companies can enhance their sales directly.

To fully answer the main research question of the thesis study, also other considerable aspects were discovered in the research. Main research question being, "*how can shipping solutions and services be efficiently marketed to customers*", focus was paid for example on the marketing communication aspects. As stated earlier, clear marketing communication must not be forgotten in order to communicate the wanted message successfully to the target audiences because customers can not know about a company's great offerings unless they are introduced to them. When it comes to the actual communication and promotion of services and their value, the message should also be pleasant, entertaining, appropriate and surprising (Vuokko 2003, 69-70). In addition, companies should also be able to modify their communication depending on the situation and if the customer is searching for the information or not (Vuokko 2003, 69-70).

Another finding that was discovered in the thesis study concerns the importance of providing self-service technologies and live service to customers. As was found in the empirical study, international B2B customers seem to value live human to human service especially when facing problems with their order or shipment, but also want to

be able to handle everything regarding to their purchasing and shipping process online or in another automated system. In case some human to human contacting is required, customers most often prefer e-mailing over phone calling. All of this will also be included in the figure 17.

All in all, customer centricity and focus on customer value creation and communication seem to be the most important things in promoting additional shipping services. Only by truly focusing on the customers' point of view, needs can be recognized, value created and lastly communicated to customers. As Woodruff (1997) has proposed; customer value creation is another source of competitive advantage, and according to Vuokko (2003, 24), marketing communication is also a very important part of the companies' value creation process. By creating and communicating differentiative, great service, value and qualities, companies can remain competitive at the B2B markets. The theoretical contributions have provided great findings and theory for the firstly presented research gaps, as they pursue newly gathered information on how additional shipping services can be exploited in surviving at the tough, increasingly competitive markets. In addition, the contributions answer how a company's sales can be enhanced without price reductions and product development, and present fundamental aspects of how additional shipping services should be promoted. Whereas the previous studies have mainly focused on e-commerce, B2C markets, this study provided also a new perspective for the additional shipping service research area. In the next subchapter the findings and conclusions at a more practical level will be discussed.

5.2 Practical implications

This subchapter explains the practical implications that can be drafted from the thesis study and its findings. The implications refer to actions that companies' salespeople, management and especially marketing department can take into consideration when offering shipping services as physical goods additional services to customers.

Naturally, the very first thing companies should always do is to decide on their target groups and to get to know them, their behavior, wants and needs. In this thesis study however, this part of marketing theory was not covered more specifically, as it should be a matter of course and a clear starting point of any marketing actions. In the empirical study findings, it was seen for example how only those customers who were interested in knowing the carbon footprint of their shipment, were also interested in having a possibility to compensate the footprint. On the contrary, the respondents who were not or only a little interested in the footprint never wanted to have a possibility to compensate it or select an eco-friendly packaging or shipping type for their orders. From this, it can be seen how important it is for companies to know their customers' preferences and thoughts, in order to offer them things they particularly value. Even though offering for example the possibility to compensate a shipment's carbon footprint might bring a lot of value to some customers, others might think that it's completely irrelevant and just confusing the communication and marketing message.

On the other hand, a few shipping service qualities were seen generally important among most of the studied customers of the thesis' empirical part. As stated in the previous subchapter, these qualities were for example informing the price, delivery time, shipping method and providing a tracking possibility and at least two delivery options to choose from. A company's marketing and sales departments should thus make sure, that the shipment price and delivery time are always informed either at the company website, other sales channel or in the communication they have with the customers. In addition, customers should also be offered at least two or more different shipping options or modules to choose from, making it possible to semi-customize the service and allow the customer to have a possibility to influence on the service they will be receiving. Important is to remember that customers might have for example a rapid need for some products, meaning that the offered options could for instance consist of a faster and more expensive, and a slower and less expensive shipping options. Shipment method, such as air, sea and truck, should also be mentioned on the different shipment options, as most customers seem to care how the shipping will be handled. Naming the forwarding company on the other hand is not necessarily required.

After the customer has decided to purchase goods from a company, and the shipment is taking place, sales or logistics representatives should also remember to inform the tracking code to their customers or otherwise inform them how the shipment is proceeding. As Meuter et. al. (2000, 50) stated, self-service technologies could also be exploited especially at this step, as the tracking code could also be sent to the customers automatically, with which they can trace the shipment by themselves.

Other important qualities of shipping services in general seemed to be for example that the customers are provided a possibility to contact a live servant even though self-service technologies would be in use. Most respondents in the empirical study answered also, that they would prefer e-mailing over calling in case some human to human contacting was required. This means, that companies should inform valid e-mail addresses on their websites, other platforms, e-mails and marketing material, to make it as easy as possible for customers to contact them whenever wanted. An emergency phone number could also be informed in case customers would need assistance or something else rapidly.

When it comes to customer value creation, companies have many different options to choose from. They can for example choose, which source or sources they want to use for the value creation, and how and in which channels they should be promoted. Price reductions are one efficient way of adding customer value, but for example by selecting great logistics companies to work with, also the speed and quality of shipments can be improved. Value can also be created through well-known, respected brands, well working customer service and easily operative websites to name a few. An important thing to remember is however, that with services, marketing is not the only contact surface between the customer and the buyer and thus, companies should always focus on the whole service delivery process in general.

In the end, companies must remember that focusing on the whole service production process and customer experience is crucially important, as customers tend to base their opinions of a service or the service provider on the experiences they have had

earlier with the company. In addition, positive word of mouth can be increased through great service, which can increase the company's sales even further. As was stated previously in this study, marketing is not the only contact surface in service marketing, but also the service production and delivery. It is important how customer's attention can be won with highlighting specific qualities, but at least as important is to deliver the service well and as promised. In the following subchapter, the limitations and future research possibilities of the thesis study will be presented.

5.3 Limitations and future research possibilities

In this subchapter, the limitations that have affected on the thesis study are being discussed. In addition, some possible future research possibilities that have risen from the study are being presented, and the successfulness of the thesis study appraised.

A typical limitation that researchers often have to face during their research process is the time scheduling for their work. Limited schedules can be assigned by a supervising company, organization or equivalent, or be required for example by a project-like nature of the work. For this thesis study, the time limit was set according to the thesis supervisor's and the researcher's own wishes and adapted to the regular university schedule. In the end, the time schedule set for the work was tight yet realistic.

A tight schedule acts both as a motivator and enhancer of the thesis work but in the same time limits the research possibilities and the scope of the thesis work. In this thesis study, the set time schedule limited the research so, that with a longer schedule a wider theory base could have been gathered and possibly some supportive interviews added to the empirical part of the study. All in all, everything that was planned for the decided time frame was still conducted well on time.

Another common limitation researchers and research projects often suffer from is a tight or non-existing budget for the work. In this thesis study, the budget was a zero-budget meaning, that for example free and online versions of different applications and research tools were used, and no purchases for secondary data sources were possible to make. Good thing is however, that the tabulation tool Excel, survey tool Webropol and analytics tool Stata were all offered for use by the researcher's home university. Mainly, having at least some kind of low budget could have had an impact on the response rate of the online questionnaire, if the respondents could have been offered some concrete advantages for participating, or if a prize could have been raffled among the respondents. In addition, a few newer secondary data sources could have been used, and some other relating study findings analyzed to support the current findings.

As known, the study was also conducted through a sample survey, where the sample was selected through a discretionary sample. The main reason for not selecting a census study for such survey study was that some of the distribution center's customers were either not seen suitable for participating the survey or weren't wanted to be bothered with an additional request from the case company's side. The described limiting was seen important, as some of the company's customers were such new business partners to the case company, that the request was not seen appropriate at the state of the relationship. In addition, it is generally known that some particular customers and contacts of the case company have such difficulties understanding and communicating in English language, that they were better left out of the study to avoid both extra work and the risk of sacrificing the reliability of the answers.

In the future, this thesis study could be continued by researching other fields in business, as the presented empirical study only focused on the industrial machinery business field. For example, comparisons between different business sectors or operating countries could be made, in order to obtain wider knowledge of the study topic, and to see if there are differences between different sectors. Another research possibility could also be studying how shipping services should be marketed at a national level, or in business to customer (B2C) sector. Interesting might also be

studying, which other additional services could be promoted besides physical goods' sales, in order to enhance their demand in business and provide added competitive advantage.

In marketing, different kinds of decisions are often made on the basis of cost efficiency. Thus, studying more specific costs and revenue effects could also be an interesting study topic for the future. The idea could for example be calculating the actual costs savings or profits a company can gain through modifying their additional shipping services' promotion. Interesting would be especially monitoring a company or several companies in a form of a case study or multiple case study, where the processes and changes are really put into practice and financial impacts possible to see and analyze.

All in all, this study provides successful insights on the promotion of additional shipping solutions and services, and a base for further studies on the topic. Generally, the whole thesis work has provided interesting and important findings that made it possible to conclude great theoretical contributions and practical implications. As stated earlier, the thesis study and its findings are seen reliable, and the whole process has been educational and successful as a research.

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APPENDICES

Appendix 1. Online Questionnaire

Questionnaire about shipping services

Dear participant,

This survey is conducted as part of a master's thesis research conducted at a Finnish University, and ordered by [REDACTED]. The research focuses on studying the importance of different qualities of shipping services, which are provided as additional services besides physical product sales.

This survey is meant for the internal customers and distributor customers of [REDACTED] Distribution Center [REDACTED] (DC). All answers, comments and ideas are used for improving the logistics arrangement services [REDACTED] provides.

By continuing to the survey, you agree to take part on the study that is used for the thesis research and [REDACTED] service development. Identification of separate participants will be made impossible, and the data will be gathered fully anonymously.

Answering this survey will take approximately 10 minutes, and each respondent is asked to take part of the survey only once. The survey will take place between 2.5.2019 (13.00 CET) and 9.5.2019 (17.00 CET). All questions will be presented in English, meaning that an intermediate level of English is required.

Thank you in advance for taking part and giving us all the valuable information.

The first section focuses on discovering general information and background of the respondents and the represented companies.

1. Is the represented company in question

- another [REDACTED] location (DC's internal customer).
- other distributor (DC's external customer).

2. What is the company's main country of operation?

**3. Does the company operate in international markets?
In other words, does the company source and/or sell goods across at least two countries' national borders?**

- Yes
- No

4. How many years has the company/unit in question been operating?

- 0 - 1 year
- > 1 - 3 years
- > 3 - 6 years
- > 6 years

5. How many years have You been working at the company in total?

- 0 - 1 year
- > 1 - 3 years
- > 3 - 6 years
- > 6 years

6. How many years have You been working in a position where You have had something to do with goods movement across national borders (such as in sales, logistics, procurement or equivalent)?

Please include experience from current, but also previous employers/businesses.

- 0 - 1 year
- > 1 - 3 years
- > 3 - 6 years
- > 6 years

The second section focuses on discovering the respondents' ideas, needs and wishes regarding additional shipping solutions and services. Please consider Your answers as a company representative and not a private person. The starting point is, that the goods you want to purchase are ordered from another country than your own country of operation.

In this study, additional shipping services mean "extra" services, that are offered to customers when they purchase physical goods from a company. The term additional refers to the factor that offering these shipping services and solutions are not the main business of the company but an optional service they can arrange for the products.

7. How important is it that a company You would like to purchase physical products from provides shipping services as an additional service? Shipping service could be for example delivering purchased goods from the company to you.

- Very important. I never want to arrange the shipping myself/with another party.
- Quite important. I most often want the shipment arranged for the goods I purchase.
- Important only rarely. Usually I want to handle the shipping myself/with another party.
- Not important at all. I never use other shipping services than my own arrangement.

QUESTIONS 7-9:

Please evaluate the importance of the following features of additional shipping solutions and services according to Your own opinion. Each question is rated by the following scale:

- 1=not important
- 2=only a little important
- 3=I don't have an opinion
- 4=quite important
- 5=very important

8. The following part focuses on discovering how important different shipping qualities are.

	1=not important	2	3	4	5=very important
Estimated shipping time is provided prior to purchase.	<input type="radio"/>				
Shipping price is provided prior to purchase.	<input type="radio"/>				
The forwarding company will be provided prior to purchase (e.g. which company takes care of the shipment).	<input type="radio"/>				
The forwarding method is provided prior to purchase (e.g. truck, air, ocean).	<input type="radio"/>				

At least 2 different shipping options are provided (e.g. fast which is more expensive & regular which is less expensive) prior to purchase.	<input type="radio"/>				
Options for 9AM and NOON services are provided. Assumption is that these services cost extra.	<input type="radio"/>				
Possible return costs are provided prior to purchase.	<input type="radio"/>				
The shipping package of the good (e.g. container, pallet, box) is informed prior to purchase.	<input type="radio"/>				
A possibility for affecting on the shipping packaging prior to purchase is offered.	<input type="radio"/>				
A tracking possibility is provided for all shipments.	<input type="radio"/>				
A tracking possibility is offered free of charge.	<input type="radio"/>				

9. The following part is related to Environmental Aspects of shipping services.

	1=not important	2	3	4	5=very important
An estimated carbon footprint of the shipment is provided prior to or after the shipment.	<input type="radio"/>				
An eco-friendly shipping type is provided as an option to choose from. Assumption is that this would take longer than regular shipment.	<input type="radio"/>				
A possibility to compensate the carbon footprint of the shipment is provided. (For example by an additional compensation purchase.)	<input type="radio"/>				
An eco-friendly packaging is provided as an alternative. Assumption is that this would cost extra.	<input type="radio"/>				

10. The following part seeks to find out how important a human-to-human connection is with shipping services. The opposite to human-to-human connection could be for example automated web-shops or other softwares.

	1=not important	2	3	4	5=very important
The transportation price, schedule and other information is provided by a sales/logistics representative, not a website.	<input type="radio"/>				
A sales/logistics representative provides information about the progression of the shipment (e.g. tracking) by email/call.	<input type="radio"/>				

A sales/logistics representative sends a check-up email/calls that the goods have arrived well.	<input type="radio"/>				
Everything regarding the purchase and shipping process can be done online or in another automated system.	<input type="radio"/>				
In case everything can be done online or in another automated system, I am still offered a possibility to contact a sales and/or logistics representative. (e.g. phone number is available)	<input type="radio"/>				

QUESTIONS 10-11:

Please select the option that best matches to Your own opinion.

11. In case a human-to-human connection is required during the sales/shipment process, I prefer

- e-mailing.
- phone calls.

12. In case something goes wrong with my shipment, I prefer

- a call or an e-mail from a sales/logistics representative.
- an automated message, and a possibility to contact a sales/logistics representative if I want to.

13. Do you have any other comments regarding additional shipping services? Other features that have not been mentioned? Anything, please elaborate:
