Creating value for the customer with industrial services: Selling industrial services is not a matter of price

According to the ESIC (European Service Innovation Centre) report, the Upper Austrian region is characterized by a strong manufacturing sector where service innovation driven transformation represents an inevitable step forward and is thus used as a large-scale demonstrator for the dynamic and broad impact of service innovation. The pricing of industrial services is a vast topic and difficult due to the complex parameters of services but represents one of the issues when talking about industrial services. As the Austrian region with high export rates and a broad international business presence, this paper focuses on companies in Upper Austria when elaborating on the importance of pricing regarding different value oriented services. Moreover, the paper emphasizes on general parameters that are important in the field of industrial services. In order to receive a more profound knowledge about the topic the authors worked closely together with the industry. A qualitative study conducted with five Upper Austrian companies highlights the challenges as well as the most important parameters and dynamics when actively selling additional services in the manufacturing industry. 51 in-depth interviews were carried out with sales employees, customers and experts from the respective companies. The results suggest that there are certain value dimensions which have to be taken into account for the successful delivery of industrial services. From a sales point of view price is the most important factor. However, this contradicts the common view of customers who rather base their choice on the aforementioned value driven aspects. Customers are more long-term and relationship oriented. Hence, the value benefits should be the main communication message towards the customer, and sales staff has to be trained accordingly.

1 Introduction

Industrial services have always been an important part of companies’ value chains and thus subject to many strategic decisions. They are also one of the differentiation possibilities when markets are saturated and customers are believed to base their decisions up to a certain extent on intangible aspects. Firms moved away from short-term success strategies to building up long-term relationships with suppliers (Ulaga and Eggert 2006).

Gitzel et al. (2016) define industrial services as “activities directly supporting a customer’s value creation by positively influencing their industrial production processes.” In this paper knowledge-intensive industrial services are defined as services which are provided and developed by manufacturers of industrial equipment and marketed to industrial clients. They may or may not be provided in relation to or in conjunction with industrial goods and the various phases of the asset lifecycle. Thus, industrial services can be classified into pre-purchase, at-purchase and aftersales
services (Homburg and Garbe, 1999). Knowledge-intensive services seek to facilitate the customer’s life through process optimization and the embedded rise of efficiency and effectiveness. Hence, the definition entails diverse industrial services like installation and commissioning, maintenance and repair, refurbishment and recycling services, trainings, hotline, machine and usage demonstrations, as well as support and troubleshooting. Furthermore, value-added services comprise activities such as condition monitoring, predictive maintenance, advanced diagnostics or asset and fleet management.

The region of Upper Austria provides an example of a driving economy where services and the transformative power of service innovation have yet to realize their full potential. Specialization in medium-tech to high-tech manufacturing makes Upper Austria the nation’s most export-oriented region. However, Upper Austrian manufacturing industries are facing increasing challenges as a result of globalization and corporate mobility, therefore looking towards knowledge-intensive services as a way of sustaining the competitiveness and economic growth of the region represents a driver of economic transformation (European Commission 2016). As mentioned earlier, industrial services range from maintenance and spare parts management to technology-focused services up to the handling of entire processes for clients in full service contracts. Despite all the involved potential industrial service is still a neglected topic in research. As a result, there is still a lack of methods, standardization and suitable approaches to successfully utilize the full service potential. Despite the country’s relatively good performance in manufacturing, it is also apparent that the development of knowledge-intensive services in Upper Austria is lagging behind the rest of Europe. Opportunities to transform existing manufacturing strongholds and their traditional pricing strategies through service innovation are not being fully realized (ESIC 2014). The growing consensus in the manufacturing industry is that knowledge intensive services represent a necessary step forward and have the potential to upgrade the traditional economic industry into a more productive, competitive and value-added business. There is a growing need to assess, analyze and demonstrate what impact knowledge intensive services can have on a company seeking to change to a service provider and to understand its potential when it comes to future competitiveness (ESIC 2014).

Carefully designed price levels regarding industrial services are a factor when it comes to customer satisfaction and is an important point in supplier-buyer relationships. Pricing has the power to attract and capture market demand and seen from the supplier’s perspective designing appropriate pricing is a key factor for business success. Moreover, it is vital when it comes to the optimization of a product’s or service’s true worth (Yeoman 2004). Yet, it was identified that there is a lack of knowledge when it comes to how industrial services should be priced in particular. Industrial services differ from products in a number of fundamental ways including intangibility, heterogeneity, perishability, inseparability, the critical role of employees in customer contact, and the need for a more extended marketing mix. These differences hold important implications for the development of pricing programs (Kostis 2009).

In contrast to the consideration of prices being an important factor in supplier-buyer relationships, Ulaga and Eggert (2006) pointed out in their study that price shows the weakest potential for differentiation. They indicate that relationship benefits display a much stronger potential for differentiation than do cost considerations.

Another issue to be considered is the finding of Ulaga and Eggert (2006) stating that supplier managers mainly focus on price as the key indicator of a successful supplier-buyer relationship whereas customers put more focus on the supplier’s capacity to offer a fair market price. According to their findings, customers were hesitant to overemphasize on the price issue as a cheaper offering can always be found. Thus, the customers were searching for a supplier which is able to support the client’s respective business needs and supply at a good price, passing cost savings on to customer. These findings indicate that there is a disparity of internal (supplier) and external (customer) price perceptions and that consumers actually show only a moderate interest in prices of goods purchased (Ulaqa and Eggert 2004).

This point of view is shared by Hinterhuber (2004) who highlighted that managers have a general
tendency to believe that price is an important issue for customers whereas customers are frequently unaware of prices paid and that price is considered of being one of the least important purchase criteria. This common misconception can be crucial and leads to companies losing potential profits by frequently making price concession.

Neither one of the aforementioned research studies focused on the different price perceptions when it comes to industrial services for b2b customers. Going deeper into this topic, one goal of the underlying research study is to find out if there is a different understanding or considerate inconsistencies of price levels in supplier-buyer relationships regarding industrial services of manufacturing companies in Upper Austria. Hence, the following research question had been developed:

RQ1: What is the perception of price levels of industrial services from an outside and inside perspective?

A pricing strategy based on customer values helps in maintaining and expanding existing clientele by offering high quality prestigious services, with the outmost goal of financial prosperity on the long run. Despite the fact that many companies claim to have the objectives of building long-term relationships with their customers, this is not always fully apparent in their service offerings. Services require a thorough understanding of how to help customers receive value. Anderson et al. (1993) define value in business markets as [...] “the perceived worth in monetary units of the set of economic, technical, service, and social benefits received by a customer in exchange for the price paid for a product offering, taking into consideration the available alternative suppliers’ offerings and prices.”

This definition indicates that also services can and should be translated into monetary terms in order to make the benefits of an offering visible to the customer. Also Terho et al. (2011) mention the importance of the visualization of value and the translation of customer benefits into monetary terms. Moreover, customer-perceived value can also be regarded as the difference between perceived benefits acquired and the perceived sacrifices made by a customer (Flint, Woodruff and Gardial 1997). These aspects of the value concept in general can be easily transferred to value in line with industrial services.

From an academic point of view, differentiation in business markets includes a value-based perspective which should not be disregarded (Ulaga and Eggert 2006). Despite the positive effects of providing customer value, many suppliers simply add layer upon layer of services to their offerings instead of tailoring their industrial services to customers’ individual needs. Simply said, many suppliers are missing out on opportunities to win, retain, or increase the significance of their offering to the client’s business. It was found that some suppliers provide customers with more services than they actually need at prices that sometimes do not necessarily reflect the value of those services to the customers. The problem at this point is that companies are not aware of the real value for the customer and many do not determine the necessary aspects and dynamics. Nevertheless, knowing the value drivers for specific industrial services can help a company to effectively design the offers and thus, make more profit. Therefore, the resulting research question for this paper is:

RQ2: What are the main “value dimensions” of successful service delivery?

Austria’s economy features a large service sector but many industrial companies face problems with the identification of the value drivers of their services and the different price level perception. Besides, the sales of the services, the international marketing and the strategic service management are often challenging. Additional difficulties occur with the integration of services in the organization and the establishment of a service culture. In order to identify and address those problems gaining further practical insights concerning the value of knowledge-intensive services and their pricing was indispensable.
2 Methodology

This paper is based on a literature review which served as the basis for a qualitative research study. Qualitative research was chosen as it was seen to provide in-depth insights into the world of industrial services.

The focus of the underlying research was put on the region of Upper Austria as it has a strong manufacturing sector. The manufacturing industry provides a vast variety of industrial services hence many manufacturing companies face the aforementioned challenges. In the scope of the project, called ServPrice, the University of Applied Sciences worked closely together with five Upper Austrian manufacturing companies which represent a convenience sample.

The time frame for the implementation of the project was October 2015 to December 2016. Research was conducted following several steps. As a starting point several workshops with management representatives were carried out in cooperation with the partner companies in order to specify the industrial services taken into consideration for this study. Secondly, various expert interviews were conducted in order to get a better overview about the different service dynamics. The experts in this case were service technicians who had a great knowledge in their specific field. The identification of the sample was led by judgmental selection.

Following this step, two interview guidelines, one examining the internal (company) view and one focusing on the external (customer) perspective was created in cooperation with the respective participating firms. In order to adequately answer the research questions both internal and external perspective had to be taken into consideration. The interviews were carried out using an in-depth approach in order to receive deep knowledge and understanding of the topic under study. In-depth interviews with sales people describe the internal view of value drivers and price level perception. In order to assess the external view of industrial services several clients were selected by the partner companies and the in-depth interviews were carried out according to their selection. The corresponding interview guideline was structured as follows:

1. Discussion of existing services.
2. Value of the services offered.
3. Loyalty towards services.
4. Services of competition.
5. Service innovation.
6. Perception of overall service quality.

The interview guideline for the evaluation of the internal perspective included an additional section in order to assess the sales dimension of industrial services.

The questionnaire was a combination of open questions and performance assessment questions (e.g. “How would you rate the general service quality on a scale from one to five? One being the best, five being the worst possible grade.”). The interviews were either carried out via telephone or face-to-face and had all been recorded, transcribed and analyzed. The analysis was made with the MaxQDA software and a relevant coding list. In total 51 interviews were conducted – among them 24 customer interviews, 13 interviews with sales people and 14 expert interviews. Thus, the number of respondents for both internal and external perspective was well balanced. Due to the international approach of the responsive partner companies several nationalities of the interview respondents were represented, including Austria, Germany, Switzerland, United Kingdom, United States of America, Chile and Mexico.
3 Findings

The preceding research provided an analysis of five Upper Austrian companies and their service offerings of knowledge intensive services. Based on the insights gained from in-depths interviews, various conclusions relating to the value of industrial services and their potential to transform local industries had been made. Besides securing local firm’s competitive advantage, industrial services also create opportunities for directly addressing some of Upper Austria’s challenges mentioned earlier. In this context, a number of dimensions, when it comes to using services to create and capture more value and better fulfil consumer demand, were identified.

To begin with, industrial services are vital for manufacturing companies as their lack might be harmful for the b2b customer’s daily business and success. For example, without proper and regular maintenance service a machine might break down. Those breakdowns are risky and might cost customers a lot of time, not to mention the tremendous costs involved.

“The service is the thing to buy a machine because everybody wants to buy a machine and to have the machine running the service is the main part or the main thing to deal with. “

“No company these days can afford a breakdown of a machine – they are the heart of a company.”

These statements highlight that industrial services as such constitute a significant value for the customer which can and should be expressed in monetary terms in order to make its effects clearly visible to the customer. In the scope of the research project several aspects or requirements of industrial services were mentioned continuously. As a result, those requirements were summarized into three general value dimensions which are important for the successful delivery of superior industrial services.

4 Value dimensions for successful service delivery

Research participants consistently described a set of various value-creating aspects which were summarized into three overall dimensions: performance, expertise and personal interaction. Those dimensions consist of various factors which are important regarding the successful service delivery in b2b industries. In this section those three value-creating dimensions are presented.

4.1 Performance

The first dimension is related to the implementation of industrial services and highlights some key aspects in order to achieve superior service performance. Those aspects are hence creating value to the customer. The performance dimensions consist of three elements.

The first element is reliability. Reliability refers to a supplier’s ability to deliver consistent performance levels over time. This element is also a lot about trust and the feeling of security which are both a key factor in supplier-buyer relationships. Thus, reliability is closely connected with the customer’s contact persons. A customer firm needs to know that whatever problem or emergency there might occur, that it can rely on the supplier and the respective contact persons in order to have the problem fixed in the least amount of time. This it is referred to as the element of availability and flexibility of the service delivery, meaning amongst other aspects a 24/7 service or “trouble shooting” in case of emergency situations.

“I know in the past that [24/7 hotline service] is very important. It is essential that we have support on the phone when something happens […]”

“Trouble-shooting is one big and the best argument we have. We never leave you alone and anytime the machines are running we are working. Any time, any moment you have a problem we will find a
solution.”

“Service [...] that means a quick identification, short delivery times, flexible assembly, adequate customer support, and the reliability of the contact person or service technician – that is most important.”

Furthermore, trust and reliability also go hand in hand when it comes to the delivery of certain goods or spare parts. Being indispensable for the smooth operation of everyday business, the disposability of spare parts represents one of the most essential services a supplier can offer. “If you have good support on the spare parts, it’s a wonderful machine if you don’t have support in spare parts it is not a good machine.”

A high level of availability and the accuracy of the set of spare parts are among the most important factors thereof. Furthermore, service technicians have to do their work in a highly accurate way in order to avoid failures and breakdowns.

“And they should be able to give a service and the staff needs to be competent.”

This also includes a clear documentation and a certain level of transparency. Hence, accuracy of the service delivery in general can be seen as the subsequent element of the performance dimension. Moreover, service providers have to convey security and availability and dispel fear of quality loss.

4.2 Expertise

Access to a supplier’s technical expertise was viewed as highly valuable by the customers. Understanding a customer’s business or at least making the efforts to do so can be seen as the first element in the expertise dimension. Although the term also includes the technical skills and knowledge of a supplier the active sharing of the knowledge and the willingness to get involved into the customer’s processes are the aspects that actually create value to the customer firm.

(...) the industries we come from are completely different compared to the market of [the supplier] because they know a lot about recycling and they have a lot of experience about that, but in regards of mining, what is actually the core business for us – we show more experience. (...) But between our technical department and their technical department we found a solution to improve the performance of the machine and it was a really nice experience.

“We usually build the machine with the optional equipment special for each customer. That means the customer gets the right machine for the right price and without paying for something extra that he is not using.”

Moreover, by handing over certain services (such as installation of certain parts or the application of varnish) to the supplier (outsourcing), the customer can benefit from the supplier’s knowhow and experience as well as reduce own costs and expenditure of time.

“In general they provide us with the suitable vanished parts, because then we have the least efforts. If we would have to do the varnish in-house there would be a lot of time and money issues involved.”

Supplier expertise is also about proactive suggestions (consultation) and providing the customer company with recommendations for improvement of operations.

“You need to show how the customers reduce costs, how they can produce with this and in the end it means more money for the customer company.”

Consultation goes hand in hand with the element of “understanding a customer’s business”. Furthermore, consultation includes the aforementioned importance of showing the customer the actual monetary benefits when using the service offering of a supplier.

A supplier’s thorough understanding of a customer’s operations and a long-standing experience with a customer’s products created opportunities for suppliers to add value in the improvement of existing products through service offerings.

“We are currently doing the expansion and the renewal of the machines with [company]. We again decided to work for them because they are a long-standing partner of us and they were always eager to improve our situation. They are a good and reliable partner.”

Long-standing and personal business relationships were a big topic throughout the interviews. Thus,
4.3 Personal interaction

Industrial services can be seen as a driver of personal interaction in supplier-buyer relationships. The respondents highly valued a supplier’s responsiveness which is the seller’s readiness to address customer’s concerns and show commitment.

“The most important thing is to show the client that you support him. The worst thing is when a customers’ machine breaks down because it costs the client a lot of money. That is why physical presence of the supplier is crucial.”

Suppliers add value to a service offering by taking efforts and showing dedication to help the customer as much as possible. This also includes high availability and a quick response rate.

“It is great to work with [company] and we also appreciate the special treatment we get and that we can keep the link with Austria.”

“The most important thing is to stay close to the customer.”

Everybody wants to have a quick response. Right now everybody wants to have easier and quicker responses from anything they need to have.”

Going deeper into the different dimensions of industrial services, more attention should be paid on trainings and seminars. The aforementioned factors of trust and commitment play an essential role when it comes to trainings as they provide a unique chance for companies to actively build relationships with the customer and help the customer to efficiently use the machine. Trainings can be operator and technical trainings, train-the-trainer courses or any related offerings. Thus, trainings serve as an important tool for suppliers to build interpersonal bonds.

“The customers go to Austria also to strengthen the relationship with the supplier and the people there. […] The customers see the faces of who to talk when there is a problem. So that’s very good because we come like a family. So my customers are more comfortable buying this machine and a few of them already bought the second machine – not only due to the training but due to the relationship that they feel.”

“Training is none the worse for being offered. And when it is offered it will be used. During trainings you can do a lot and you get to know people. So they have a great value.”

The development of relationships at an individual level was held in high regard and there are numerous examples during the interviews regarding value creation through personal interaction. Developing interpersonal bonds improves problem solving and communication and leads to a better understanding in business relationships. These benefits were regarded as contributing to the growth of a relationship as such. As mentioned earlier contact with the suppliers personnel like service hotline, service technicians, sales people, etc. is a key factor for strengthening interpersonal ties. Nevertheless, personal interactions should be done with caution as those interfaces include all different kinds of people which provides an area for certain pitfalls and misunderstandings.

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Table 1: Value dimensions for successful service delivery
Source: Authors

All of the three dimensions should be in harmony in order to achieve superior service delivery for b2b customers.

Summarizing, it can be seen that all the elements in the certain dimensions are related and interconnected. Some of them overlap in certain points and most of the elements influence each other to some extent. The reliability dimension can be seen as the core requirement for a well-
functioning b2b business relationship. Without the identified elements of reliability, availability, flexibility and accuracy, successful service delivery is in danger. “Expertise” and “Personal Interaction” on the other hand show potential for vendors of industrial services to “stand out of the mass” of suppliers and add substantial value to the customers’ business. The results of the interviews suggest that relationships are a key factor in buyer-seller relationships and show great potential for differentiation.

4.4 Strong relationships

One of the most significant insights is that industrial services are vital when it comes to long-term customer relationships and continuous business success. If carried out appropriately and carefully, industrial services provide the chance to increase and strengthen long-term customer relationships. It was found out that customers highly appreciate close business relationships including familiarity with contact persons and service technicians which requires a low internal turnover rate. Familiarity and a good relationship are the basis for mutual trust among business partners and add value to cooperation.

A recurring theme in the interviews was how buyers’ willingness to pay more or less for different supplier brands seemed to be driven by different types of relational associations. Trustworthiness was one consistently appearing association, and this statement explains how trust and commitment can be displayed:

“It was about how they asked about all our processes – they wanted to know exactly what we need and there was a big team behind. It was not just a sales person who tried to sell us something. We felt very well-advised and comfortable because we could discuss everything on another level.”

Commitment is usually conceptualized as a desired outcome of successful customer relationship, principally equivalent to customer loyalty (Moorman et al. 1992). Responsiveness appeared to be a very important way of demonstrating commitment, or signaling the absence thereof:

“Our wishes and needs were not really taken into account.”

Mutually important though for a significant number of interview respondents was the personal, human contact:

“If a customer spends three or four hundred thousand Euros on a machine to give them a warm comfortable feeling that the company they’re buying from is credible, professional, and they get a real good impression when they meet the people there. That’s when a customer can go away and make that sort of buying decision “yes, this is a product that I want to buy”.

The declaration “to put a face behind the name” also occurred more than once and undermines again the importance of personal contact:

“The customers have to know that there are people on the other side of the world. That there are people in Austria that can help them with anything they want to know. That they know who is the people in the company are […] so they know it is a human company. It’s not like you buy the machine and you know nothing about the supplier. Visits are very good for us because customers know that we as a supplier have a face.”

“I certainly think that it is an aid for the customer. I think it puts a face behind the names. It puts a face behind the company. It makes it more personal. At the company we like to think that we’re very approachable, and I think that’s probably the key thing that the company does very well, that they’re very open and approachable in that respect.”

“The most important thing about a supplier is that you know him personally. Because when I call I want to know to whom I am talking to and that I know that it works – that is the ultimate thing.”

“The competition does not have the same experience, the same values that company XY has for us due to the longstanding cooperation.”

“The most important thing is not to lose customer proximity and the active cooperation with the client.”

“We have a close relation with XY because we know people from XY for a long time.”
All those statements show that good relationships set the path to customer loyalty and hence lower client’s price sensitivity. Loyalty is generally believed to be related to profitability. As loyalty increases, the threat of competitive actions is reduced and therefore, loyalty is generally believed to contribute to a positive market performance. Customer loyalty can bring increased revenue for the firm since loyal customers are willing to pay more for the product and service of a provider that they are attached to. In other words, loyal customers pay a price premium for their preferred service provider which results in extra revenue for the seller (Papassapa 2009). The view that price premium is an outcome of service loyalty is also supported by De Chernatony and McDonald (1998), who state that firms with more loyal customers have the ability to command higher prices. Relationships built on trustworthiness and cooperative information exchange signal commitment and responsiveness and have a positive impact on buyers’ willingness to pay for a service. Commitment is one term that can be used to capture loyalty which is evident in this answer of a salesperson on the question why service is key in customer relationships: “We never leave you alone and anytime the machines are running we are working. Any time, any moment you have a problem we will find a solution.”

A customer mentioned: “Something can go wrong that is not on the topic, I can understand that. Nevertheless, you stay on your chair and do everything for the customer.” This statement highlights that even if failures occur, a supplier showing the appropriate level of commitment and who is aware of the significance of a problem is more valuable to the customer as such. This was also highlighted in the interpersonal relations dimension under the element of “responsiveness”.

4.5 Price perception

In order to answer RQ1, a closer look on different price perceptions was essential. Prices are as closely connected to services as they are to goods. As discussed earlier the difficulty in pricing of services should not be overlooked. Nevertheless, it was found out that the price as such is of secondary importance to most customers whereas the perceived value of services is critical. This is evident in this buyer’s answer on the question why they chose a more expensive supplier over less expensive one: “When we had problems they were always eager to solve them as soon as possible and they were always there to find a solution for us.”

Another client answered to the same question: “They are very responsive and responsible of failures. Compared to other brands they are quicker to give answers, fix problems and, yes, they don’t hide away.” Contrary to this, the sales force seems to focus its arguments mainly on price factors and value aspects seem to be neglected: “The competition is cheaper”, “Sometimes it is only about the price”, or “We have to focus on the price. It depends on how expensive that will be”. Many perceive additional industrial services as difficult to sell. “Services are hard to sell because the client does not want to pay for it.” Another sales person states the following: “Services are hard to sell because it is hard to put a service into words. A service just proves itself during its realization.”

The discrepancy between the perception of sales people and customers was evident when analyzing the different statements of customer groups and sales groups. As mentioned before, salespeople often focused on the high prices of their quality services as an obstacle whereas customers focused their arguments mainly on value factors, like fast availability, expertise, responsibility or reliability. Whilst salespeople stated that prices in general are too high, the connection between premium service and premium prices appeared to be more discernible for customers. “Let’s put it like this, the price-performance ratio is essential.”
Thus, it can be said that customers are willing to pay premium prices lest their benefits are obvious and the service is indispensable for their business success. If a company can ensure its customers certain conveniences, customers often do not hesitate to invest in the tendered service.

5 Pitfalls in the sales of services

When it comes to the sales of services as such, most problems occur due to various lapses in the sales process. One of them is that sometimes sales people do not give the client enough reasons and clearly defined arguments on why they should buy a certain service. The sales force rather focuses on selling per se than on the actual need of the customer and how the service has the potential to satisfy that need. During the study it was found out that very often sales people and customers do not communicate on the same level and the client often does not understand the arguments of a salesperson.

“It is a big package and as a client you often do not get an answer on how to properly adopt it; or about transparency - that it is easier and cheaper and for the client to handle.”

Thus, little transparency and comprehensibility and a lack of pro-arguments in general lead to poor sales performance of industrial service. Yet, sometimes problems have deeper reasons. Some companies give higher rewards for selling products and there is only little or no reward for the sale of services. An example for that would be a truck company who gives its salespeople a remuneration for selling a new truck but not for the refurbishment of an older vehicle although the refurbishment service might ensure acquisition and be more beneficial for the customer.

“However, I do not actively communicate a refurbishment to the customer. It’s more about selling new vehicles.”

Some services are just seen as necessary add-ons and not all firms recognize or exploit their full potential. At times there are no clear guidelines on how to organize hybrid sales of product and services. The combination of packages is often complex and time consuming and thus, all these aspects cause insecurity and little willingness to put effort into the active sales of services. Hence, sales processes need to be changed in order to transform the sales force into active value merchants of a company.

6 Conclusion

Summing up, it can be said that knowledge intensive services in the Upper Austrian manufacturing industry represent a necessary step towards higher productivity and competitiveness. Due to their special characteristics they can and should be actively used when strengthening relationships with b2b customers. The findings of the project support this approach and the results showed a close connection between a good, profitable, long-term business relationship and the active involvement in customers’ day to day business through knowledge intensive service offerings. A set of dimensions and their respective elements shall be considered in order to successfully deliver industrial services. Those dynamics comprise, but are not restricted to performance, expertise and personal interaction. Familiarity and a good relationship are the basis for mutual trust among business partners and add value to cooperation. Responsiveness, competence, customer proximity and proactive suggestions are important for customers in order to build trust. Relationships built on trustworthiness and cooperative information exchange signal commitment and responsiveness and have a positive impact on buyers’ willingness to pay for a service. These dynamics also hold important implications for the development of pricing programs. When it comes to pricing per se, the different price perceptions of salespeople and customers have to be taken into account. For sales employees price is the most substantial factor when it comes to services whereas customers rather focus on the aforementioned value elements. This means by focusing on value elements and dynamics during the pricing process,
firms can achieve higher profitability and revenues. Certain pitfalls regarding the sales of industrial services have to be taken into account in order to transform the salespeople to value merchants. Besides securing local firms’ success and competitive advantage, industrial services also create opportunities for directly addressing some of Upper Austria’s challenges. In this context, focusing on the development on effective knowledge intensive services can positively influence a manufacturing regions’ successful transformation to a more innovative environment.

7 Limitations and outlook

In this study there are several sources of uncertainty to take into consideration. Firstly, it has to be clearly pointed out that the findings from the qualitative research are not representative of a population. Only Austrian companies from a specific federal region were examined. Furthermore, the project was carried out based on a limited time frame and hence, the results are contingent on momentum. Taking those factors into account, the interpretation and application of the findings have to be judged in the light of limited generalization of this research. Secondly, this paper dealt with the industrial service values and benefits of clients from Upper Austrian companies in addition to the opinions concerning the topic of the respective salespeople. Although the research participants had different nationalities the study did not, however, consider intercultural aspects. Whether certain intercultural characteristics would influence service aspects is something requiring further examination. With intercultural dimensions being highly under-researched regarding industrial services, further research on the underlying factors is therefore recommendable.

Finally, one has to consider, that translations and language difficulties during the interviews and while transcribing them bears the risk of misinterpretations or mistranslations. For future implications it is important to point out the necessity of appropriately trained sales staff. As mentioned earlier the sale of services requires a specific set of arguments and due to their intangibility the values and benefits of services have to be pointed out thoroughly. Thus, adequate and tailored training of the sales force is of utmost importance for industrial service providers. In order to ensure sales, appealing incentives should be offered for high achieving sales both in- and outside national borders. Furthermore, new business models are needed for foreign international markets. What works within a country might not work in other markets and with increased globalization it is difficult to retain service quality. Fast paced, reliable service deliveries and their accompanying intercultural challenges are of utmost importance in our globalized economy and require careful further attention.

Literatúra/List of References

Kľúčové slová/Key Words
industrial services, price, manufacturing industry, value dimensions
priemyselné služby, cena, spracovateľský priemysel, rozmery hodnôt

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M31

Résumé
Vytváranie hodnoty pre zákazníka s priemyselnými službami: Predaj priemyselných služieb nie je záležitosťou ceny

Podľa správy ESIC (European Service Innovation Centre) je región Horného Rakúska charakterizovaný silným výrobným sektorom, v ktorom transformácia spôsobená inováciou služieb je nevyhnutným krokom v pred, a preto sa používa ako rozsiahly demonštrátor dynamického a širokého vplyvu inovácií služieb. Stanovenie cien priemyselných služieb je ťažké pre komplexné parametre služieb, ale predstavuje jednu z otázok o priemyselných službách. Ako rakúsky región s vysokými mierami exportu a širokou medzinárodnou obchodnou prítomnosťou sa tento článok zamiera na spoločnosti v Hornom Rakúske pri vypracúvaní dôležitostí oceňovania rôznych služieb orientovaných na hodnotu. Okrem toho zdôrazňuje všeobecné parametre, ktoré sú dôležité v oblasti priemyselných služieb. Na získanie hlubšieho poznania tejto témy autori úzko spolupracovali s priemyslom. Kvalitatívna štúdia s piatimi spoločnosťami zdôrazňuje výzvy, ako aj najdôležitejšie parametre a dynamiku, v prípade predaja ďalších služieb vo výrobnom priemysle. Bolo vykonaných 51 hĺbkových
rozhovorov s obchodnými zamestnancami, zákazníkmi a odborníkmi z príslušných spoločností. Výsledky naznačujú, že existujú určité dimenzie hodnôt, ktoré možno zohľadniť pri úspešnom poskytovaniu priemyselných služieb. Z obchodného hľadiska je to najdôležitejší faktor. To však odporuje spoločnému názoru zákazníkov, ktorí vychádzajú z ich vyššie uvedených aspektov. Zákazníci sú dlhodobejšie orientovaní na vzťahy. Hodnota výhod by mala byť hlavnou komunikačnou správou pre zákazníka a predajný personál musí byť zodpovedajúcim spôsobom vyškolený.

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