

OUTLINING THE CONCEPT OF CUSTOMER VALUE PROPOSITION AS A COMMUNICATION TOOL

A competitive paper

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Abstract

In this study, customer value propositions (CVP) are seen as a communication tool and the core of the company's marketing communication and sales message. The purpose of this paper is to delve into the concept of CVP and to identify its dimensions in order to develop and analyze the propositions. Unlike the existing literature, we do not go straight into the types and categories of these propositions, but rather focus on the various dimensions of CVP.

We have applied the domain analysis and the modeling for the data gathered from six case studies and an Internet survey. The existing knowledge on CVPs and communication of value is systematically combined with insights and observations gained from the data.

Based on analysis, companies use claims, comparisons and arguments that are often associated with CVPs. However, these messages might have evolved slowly without separate consideration and they are not encapsulated as brief, clear statements. Thus, consciousness and compactness are "just" two important qualities for CVPs. This paper suggests the dimensions related to orientation, concreteness and customization of CVP. The results contribute to the literature on CVP and lay the ground for further studies considering the qualities of a good and effective value communication.

Keywords: customer value proposition, marketing communications, industrial marketing, industrial products

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INTRODUCTION

According to Holbrook (1994), value has always been the fundamental basis for all marketing activity. In business and industrial marketing, the understanding of customer value is considered as a key competitive advantage (e.g. Slater, 1997; Woodruff, 1997; Ulaga & Eggert, 2006) and thus, value has been investigated from many different angles. However, both academics and practitioners feel that we have barely begun to understand what value truly means (Anderson & Narus, 1998; Lindgreen, 2012).

Value delineation is just one of the angles which still needs further investigation. Value delineation is characterized as value quantification and value communication. Recently, it was voted the #1 trend among business and industrial managers (ISBM, 2011). Managers worried about demonstrating value and helping their customers to see the total value proposition that their companies would be able to deliver to them. Considering sales communication, Terho et al. (2012) also noted that the credible demonstration of the offering's contribution to the customer's business profits is the most important aspect.

Customer value proposition may be seen as a critical tool for communicating value, and it is often described as an encapsulation of what the company believes its customers value the most and what it is able to deliver in the way that gives them the competitive advantage. Recently, customer value propositions have also received some attention also in IMP community (e.g. Patala et al., 2012; Cantu et al., 2008). Nevertheless, there is still surprisingly little research on customer value propositions (Ballantyne et al., 2011; Frow & Payne, 2008).

In this study, customer value proposition is applied on its more practical level: as a communication tool. In other words, we deal with the proposition as the core of the company's marketing communication and its sales message, thus aiming to give companies clear guidelines on what aspects of the customer value they should bring forward in their selling and marketing efforts. In a sense, this approach distinguishes the concept from the company mission, which otherwise may be seen as being very close to the more strategic level of the proposition. While customer value proposition is still seen as a statement of what the company is able to provide its customers, determination and compactness are considered as qualities, not as requirements.

The interest of this explorative study is to further the communication of customer value in industrial marketing communications and sales. More specifically, this study is about the nature, the type and the structure of customer value propositions in industrial marketing. The purpose is to go into the concept of customer value proposition as a communication tool and to identify the dimensions of customer value propositions to create more effective messages.

RQ1. What dimensions should be taken into account when formulating a marketing communication and sales message based on the customer value proposition?

RQ2. What could be the main qualities that dictate how good and effective the message is?

The limitations of this study may be illustrated by using Grönroos' (2009) approach on marketing as making, keeping and enabling promises, and McKinsey & Co's value delivery system (Lanning & Michaels, 1988). Considering the first one, this study limits making promises, and considering the latter one, this study focuses on the last step: communicating the value (sales force message, sales promotion, advertising, PR, etc. message). Naturally, in business-to-business markets value takes place in the interaction between customers and suppliers. In addition, customer value is not a dyadic issue, but other actors in the supply chain also have an interest in, and impact on, this value (Lindgreen & Wynstra, 2005). This study stands in this challenging context, but in a sense limits the "the opening phrase" of the seller.

The remaining part of this paper is organized in the following way. First, we introduce the theoretical foundations of our study, especially focusing on the definitions of customer value proposition. Second, we describe the methodology of the study. The methodology may be described as the systematic combining of the existing knowledge on customer value and customer value propositions with insights gained from the real world. Third, we report our findings and describe the dimensions of the customer value propositions. Finally, we draw conclusions and discuss implications and further research.

LITERATURE REVIEW

The following literature review is rather brief and focuses on the existing literature concerning customer value propositions and their nature. Due to the methodology used in this paper, a portion of the related literature is introduced, together with the research findings in the fourth section of this paper.

Since the 1980s, customer value proposition has been adopted by practitioners and academics bit-by-bit. Originally, the value proposition concept was introduced by Lanning and Michaels (1988), whose approach involved three processes: 1) analyzing customer groups by the attributes valued by their customers, 2) assessing opportunities in each segment to deliver superior value and 3) choosing the value proposition that optimizes these opportunities. Later on, customer value propositions have found their home, especially among the service-dominant logic researchers (e.g. Lusch et al., 2007; Ballantyne et al., 2011; Truong et al., 2012). In general, a customer value proposition may be seen as follows:

...the verbal statement that matches up the firm's distinctive competencies with the needs and preferences of a carefully defined set of potential customers. It's a communication device that links the people in an organization with its customers, concentrating employee efforts and customer expectations on things that the company does best in a system for delivering superior value. The value proposition creates a shared understanding needed to form a long-term relationship that meets the goals of both the company and its customers. (Webster, 1994, p.25)

There are few views on how customer value propositions may be categorized. We introduce three of these views. First, and probably the most commonly known, are the three types of customer value propositions as identified by Anderson et al. (2006): all benefits, favorable points of difference and resonating focus. The first one answers the question “why should the customer purchase from this specific company” by listing all possible benefits the customer receives from a market offering. While this type a proposition requires knowledge of only own offering, the second type also requires knowledge of the next best alternative(s). Here, all favorable points of difference relative to the next best offering are stressed. The third one, resonating focus, builds on the knowledge of what superior value a company’s offering delivers to the customer and stresses only one or two points.

Anderson et al.’s (2006) first and third categories are actually rather close to the second and third “levels of sophistication”, which Hinterhuber (2006) has recognized in the communication of value to the customers. All three levels are:

1. Communicating product features (the most basic level of communication of value is to advise the customers of product features)
2. Communicating customer benefits (communication refers to customer benefits, but companies do not always know which benefits really matter to the customers)
3. Communicating benefits in accordance with customer needs (the needs are addressed and thus, the message is much better acknowledged by the customer)

Second, Rintamäki et al. (2007) suggest that customer value propositions can be built around 1) economic, 2) functional, 3) emotional or 4) symbolic benefits. The emphasis between these four dimensions depends on the customers. An economic value proposition is most importantly determined by price, which is relevant to many customers who are neither able nor willing to make the monetary sacrifice required for higher quality. A functional value proposition is targeted at customers who are searching for functional value. Functional value means that products meet the target customers’ needs and processes. Emotional value is associated with experimental needs and symbolic value means that positive consumption meanings are attached to self and/or communicated to others. The two latter ones, emotional and symbolic value propositions, fit better in the retailing context that was used in Rintamäki et al.’s (2007) conceptual paper.

Third, Ballantyne et al. (2011) distinguish between unidirectional value communication and reciprocal value promises. The first one builds on the communication-as-transfer logic, where the company’s offering is transmitted to the customers in persuasive messages. Not surprisingly, this approach has become challenging due to the interactive internet-enabled world, more complex and service-orientated offerings and the multiple stakeholders and actors involved in value creation. The authors position the latter one, the reciprocal value proposition, “as a communication practice that brings exchange activities, relationship development, and knowledge renewal closer together” (Ballantyne et al., 2011, p. 209). Such value propositions aim to change the supplier-dominant perspective into the initiator-participant perspective, and the communication-as-transfer into the communication-as-process. While the categories by Anderson et al. (2006) and Rintamäki et al. (2007) may be seen more strategic, Ballantyne et al.’s (2011) work is closer to the communication level similar to this study.

Also the conceptual study by Frow and Payne (2011) is worth mentioning. Their study, positioned within the service-dominant logic domain, aimed to identify how the use of the value proposition concept provides new insights into value creation within a value network. They argued, “the development of value propositions in multiple stakeholder domains can provide an important mechanism for aligning value within a marketing system” (Frow & Payne, 2011, p. 223). The marketing system involved six groupings of stakeholders: customer markets, referral markets, supplier and alliance markets, influence markets, recruitment markets and internal markets. Value proposition potentially has a key coordination role between members of this system.

As the brief review above shows, the research has focused on how the content of the customer value propositions should be created, and how we can classify or categorize them. Some characteristics have been associated with these different categories, but there is no general view on all dimensions and qualities of customer value proposition.

This especially holds when customer value proposition is thought of as the core of the marketing communication and sales message. As mentioned earlier, communication and quantification of customer value is one of the most emphasized trends among business and marketing managers (ISBM, 2011). Also several authors emphasize communication of customer value as one of the cornerstones in the value delivery process (Lanning & Michaels, 1988; Anderson & Narus, 1998; Lindgreen & Wynstra, 2005; Anderson et al., 2006; Ulaga & Eggert, 2006; Grönroos, 2006, 2009, 2011; Terho et al., 2012; Töytäri et al., 2012), but still we lack the more concrete tools that enable companies to communicate value to the customer.

RESEARCH METHODOLOGY

Method

The study applies the method as presented by Ruokolainen and Mäkelä (2007). Domain analysis and modeling are used for producing models that include the concepts of the specific problem domain in the form of classes, attributes and relations. The authors argue that the method is helpful in constructing a deeper body of knowledge in the research area. The domain modeling technique bears some similarity to the grounded theory approach as presented by Glaser and Strauss (1967).

Candidates for concepts are tangible real-world things that can be conceptualized. A domain model in its simplest form only introduces the vocabulary of the problem area at hand (Ruokolainen & Uusitalo, 2012). In this study, the verbal description is used to define the concepts and the relationships between them. The building blocks for a domain model are identified with the help of example cases (interviews, marketing materials, internet websites and surveys).

The existing knowledge on customer value and customer value proposition is systematically combined with the insights gained from the real-world industrial companies.

Data

The data for this study were, and will be, collected in three ways that are summarized in Table 1. First, the cases of the two industrial companies located in the Tampere region were studied by the authors of this paper. These case studies involved interviews with the company representatives and the examination of the companies' selling and marketing communication material.

Table 1. Sources on data

Method	Companies (industry, size: S/M/L)	Responsible	Time
Interviews + marketing communication materials (A)	Two case companies 1. <i>Mechanical components, M</i> 2. <i>Manufacturing systems, M</i>	Authors	September 2012
Internet survey (B)	19 companies from several industries, including energy solutions, components, manufacturing systems and industrial services, consultancy. All, however, focusing on B2B markets.	Authors	March 2013
Interviews + marketing communication materials (C)	Four case companies 1. <i>Glass processing technology, M</i> 2. <i>Hydraulic equipment, M</i> 3. <i>Consultancy, S</i> 4. <i>Gaskets & other components, M</i>	Students (supervised by the authors)	April 2013

Second, we collected examples using an Internet survey targeted at CEOs of B2B companies in the Tampere region (Finland). Within this survey, we first asked the respondents to give us a brief description that they would tell a new customer about their company and what their company can offer. At the second step we asked them to define the customer value proposition of the company. Respondents were also asked to state if their replies already existed before the survey was taken or whether they were just written during the survey. They were also asked about their awareness of the concepts of customer value and customer value propositions. The response rate for the Internet survey was rather low, since the survey was suggested as optional after another relatively long questionnaire. Thus, we only obtained 19 responses.

Third, as an exercise for a marketing management course, the students were divided up into four pairs of to conduct interviews with business-to-business companies. These interviews focused on value creation and value communication, including customer value propositions. Students received a clear interview guide that ensured that the interviews were almost conducted in the same way as the authors in the case companies A1 and A2.

RESEARCH FINDINGS

Some background information

Before going into the customer value proposition, few questions were asked about customer value in general. To get some idea on how customer value is spontaneously emphasized by companies, we asked what is the first thing or are the first things customers should know about the company (note that we are talking about the message as we should). This was conducted during the interviews in cases A1 and A2, as well as in our survey. The following answers, as well as the rest of the comments, were translated into English by the authors.

- A1. We are a competitive and a truly customer-orientated company.
- A2. Exceptionally wide installation base and 30-year experience in the industry.
- B1. Reliability as a supplier. Well-known, high-quality products.
- B2. Innovative partner for our customers.
- B3. Multi-skilled company for professional services in the field of building.
- B4. What products/services we offer, where we are and whether we can satisfy their needs.
- B5. References, way to work and reliability meeting the technical requirements.
- B6. One of the leading suppliers of fiber laser solutions for material processing applications. We are known to create innovative and optimal solutions to solve clients' challenges. Our experience and application expertise benefit clients in a wide variety of markets.
- B7. Recycling services.
- B8. Good quality, Finnish-made machines for plast industry.
- B9. The leading wholesaler of professional tools, undoubtedly the widest and best selection of tools for the machine industry supplemented by excellent availability and price/quality ration, as well as additional services.
- B10. Human- and solution-orientated energy company for consumer and business customers. Sustainable energy solutions for changing needs.
- B11. Good quality, technical die-casting products at a competitive price.
- B12. Ability to supply cost-effective solutions and services (added value) to chosen customers together with the partners.
- B13. Our size, knowledge, customer-orientation.
- B14. We have focused on the manufacturing of multiform objects with cost-effective and modern equipment. We have 60 skillful employees and 30 CNC-machines, including 3D measuring. We are able to fulfill the quality, environment and safety requirements of our large Finnish customers.
- B15. Skillful and honest problem-solver.
- B16. The reputation, history and references.
- B17. Benefits offered to a specific customer.
- B18. Full service security house.
- B19. The equipment, quality (references), delivery readiness and reliability

According to the respondents, most of these comments were well thought through before the interviews and the surveys were conducted. Actually, one of the interviewees in case company A1, for instance, mentioned that they have been repeating the same message like a parrot for a long time. Only few of the survey respondents commented that they just created the message.

The more or less spontaneous answers show that customer value as a term does not show up at all. However, terms and concepts close to the customer value may be found: benefit, customer-orientation, solution-orientation, reliability, good quality, competitive price. When compared to

the types introduced by Anderson et al. (2006), most of the comments fall on “all benefits”. Companies focus on their own resources, products and capabilities. The competition and customer needs are less acknowledged. Even then, the respondents mainly represent the small and medium-sized companies in a quite small geographical area, and we may wonder if the large and diverse research into customer value has stayed put in the pages of books and journals.

Despite the absence of customer value in the above messages, the companies appear to know the concept well. Table 2 illustrates the viewpoint of the survey respondents on customer value.

Table 2. *Companies’ impressions on customer value*
(n=19; 1 = strongly disagree...7=strongly agree)

	1	2	3	4	5	6	7	Average
Our company is familiar with the customer value concept	0	1	1	2	4	7	4	5,42
Customer value is widely internalized in our company	0	3	4	2	1	5	4	4,68
Customer value is the starting point for all our activities	0	3	3	1	1	7	4	4,95

As it may be seen from the table, companies seem to know quite well what is meant by the term customer value. However, a few companies are suspicious of how this understanding of customer value is internalized within the whole organization and whether all employees use the customer value as a starting point of their activities. The overall message from the interviews was quite similar, as it can be seen from the following comments.

“I have had some courses during the last years, and there has been a lot of discussion about customer value. For some reason, the topic has not been discussed here.”

- Sales Manager (A1)

“We know quite a lot of the benefits and we aim to sell them instead of technical specs. However, I think value-based thinking and selling has been more typical worldwide, but not in Finland.”

- Development Manager, marketing (A2)

Next we are going to focus on customer value propositions. To get the respondents on the same level we gave them rough definitions of customer value “*as the difference between what benefits a customer gets from a product and services, and what he or she has to give/sacrifice in order to get them*”, and customer value proposition “*as a brief statement and message of what the company believes its customers value the most and what it is able to deliver in a way that gives it competitive advantage*”.

General observations and the examples of the customer value propositions

In both of the case companies, A1 and A2, the concept of customer value proposition was not known, but it felt quite obvious and also interesting. Neither of the companies used nor developed the customer value proposition actively. However, both companies realized that with the definitions given, they actually do communicate the customer value quite a lot. The feelings

in the case companies that were interviewed by the students were quite similar. Customer value propositions were not actively used, or actually even known, but the companies were rather enthusiastic to develop ones. The Internet survey respondents seemed to be a bit more aware of the concepts, as seen from the results in Table 3.

Table 3. *Companies' impressions on customer value proposition and communication of customer value (n=19; 1 = strongly disagree...7=strongly agree)*

	1	2	3	4	5	6	7	Average
Our company is familiar with the concept of customer value proposition	4	2	1	3	2	3	4	4,16
Customer value proposition is applied in our company	3	1	3	3	1	5	3	4,32
Communicating customer value is an essential part of our sales and marketing	1	1	2	4	2	4	5	4,95

As the last question in the Internet survey and in the interviews, we asked the interviewees and respondents to write down what is or what could be the customer value proposition of their company. They were especially asked to formulate them in the form that they would use to communicate them to the customers (message). Since the aim of this paper is to identify the dimension of the customer value propositions, it actually does not matter if customer value proposition already existed or if it was created just during the survey or interview. Either way, we get a sense of what dimensions these company representatives are thinking when related to customer value proposition and communication of value.

- A1. Almost 30-year experience and expertise. In the process and paper industries functionality, reliability and safety are the most important, and we have knowledge and special expertise on those. Straightforward partner without intermediaries.
- A2. When it comes to our products, during the last 30 years we have already solved already a wide range of our customers' problems.
- B1. Reliable and effective service for health care professionals
- B2. We are a partner for our customer, even a same person, for the whole projects, driving the benefit of the customer. Our work is organized in a way which makes both us and our services for the customers whenever necessary. Our wide-ranging knowledge ensures benefits for our customers. Tasks are done in the right time and we guarantee the best results.
- B3. The reliability of technical values, in our case, the efficiency and the optimal use of available energy.
- B4. Take advantage of our long experience and expertise in material process applications: we will develop an innovative solution for you – together. Our company specializes in fiber laser technology that allows optimal productivity. Our exquisite applications are suitable for industrial material processing solutions. We offer you the means to do things better.
- B5. We are able to offer wider turnkey projects, when compared to our competitors.
- B6. Sustainable energy solutions for changing needs, including solutions that offer added value to the customer by taking environmental issues into the consideration. The customer is the core of this.
- B7. We always do our best.
- B8. Our company ensures the continuance and development.
- B9. Based on the power of hydraulics, we offer pressure cleaning, compressed air, magnetics, vibration, etc., effectively and reliably to all machines at hand and hundreds of tasks. We offer the best efficiency-size ratio in the world without additional motors and without any discharge. Payback within a year or even less.

- C1. Seeing through – Delivery reliability, quality and keeping the promises
- C2. Varies a lot between the customer segments, for example a) efficiency and time saving for passenger hoists and b) maintenance interval for drill grinding machine
- C3. Comprehensive service. Customer may customize the service without a long commitment. The service is provided flexibly and by listening the customer, in such a way that the starting point results in mutual trust and transparent activities.
- C4. The right products to the right place. Long lasting co-operation, high quality, excellent communication and solutions made for our customers.

About one third of all of the propositions already exist, one third was well thought out, but are only now written/told, and one third was created during the survey/interview. Next, we have picked some of the characteristics of customer value propositions based on the given propositions and existing literature.

Consciousness

The case companies A1 and A2 used claims, comparisons and arguments that may be associated with customer value propositions. In addition, the customer value propositions presented above was formed quite easily. However, as mentioned earlier, they neither used nor actively developed their customer value propositions. Despite the fact of not having a customer value proposition, it seems that both companies have a kind initiator-participant perspective, relatively clear focus based on experience on various customer needs and a handful of benefits to offer accordingly. Thus, it seems that companies may have a customer value proposition, even a well-thought one, without any determination and conscious development.

Compactness

On the other hand, in both case companies, A1 and A2, the list of possible customer needs, potential benefits, competitive arguments and claims looked almost endless. Since their customer value propositions have evolved without separate consideration, they were not encapsulated as brief, clear statements. Thus, it seems that compactness is “only” an important quality for customer value proposition and not a requirement.

Dimensions of orientation

Competition orientation

Anderson et al.’s (2006) second and third type of customer value proposition included the aspect of competition. Some of the examples above show evidence of this as well, even though competitiveness is relatively, and maybe surprisingly, rare among the examples. For instance, B5 express some differentiation based on the wider offering in the turnkey projects. Another example is the customer value proposition of B9, which expresses superiority on one specific value driver (efficiency-size ratio).

Need orientation

Need orientation expresses to what extent customer value proposition is based on customer needs and how they are weighted. The dimension is close to the first and third type of customer value propositions as stated by Anderson et al. (2006). Our examples show three ways in which to express the need orientation: 1) open, all benefit-type propositions which mentions “customer”, “benefit” and/or “smaller sacrifices” without defining what kind of benefits they actually mean (e.g. B4, C3, C4), 2) blurred, but a bit more focused propositions, which are, for instance, based on a long history in the field (e.g. A2 has solved a wide range of their customers’ problems) and 3) focused propositions, which clearly names few value drivers (e.g. A1’s functionality, reliability and safety, B3’s efficiency and the optimal use of available energy, and B2’s availability of service).

Resource orientation

Resource orientation expresses to what extent the company discloses its resources, knowledge and knowhow. Levitt (1975) has already emphasized that a seller should look at his customer through window and not his own reflection in a mirror. However, a company may bring forward its capabilities and thus, the customer value proposition might be resource orientated. In this kind of case, it is the customer’s task to consider if there is any use for these kinds of resources. In other words, the customers themselves must figure out their needs, benefits and sacrifices.

None of our examples were totally resource-orientated, but it seems quite typical to stress the capabilities and knowledge of one’s own company as a part of the proposition. However, there is a widely used example of a fully resource-orientated proposition. Few years ago, a CEO of a globally-operating Finnish crane manufacturer received a letter from a smaller supplier. The letter proposed a new partnership, but did not mention a word about potential customer value. Instead, the proposition just listed the machinery and capacity of the company. CEO was quite concerned about the level of customer orientation in Finnish SMEs.

Value chain orientation

As mentioned earlier, customer value is not a dyadic issue, but the other actors in the supply chain also have an interest in, and impact on, this value (Lindgreen & Wynstra, 2005). Thus, the other parts of the supply chain should be discussed as an opportunity or, in some cases, a threat when formulating the customer value proposition.

Value chain orientation is close to the resource orientation when it comes to suppliers and sub-contractors of the seller. However, it should be seen as a separate dimension, since it expresses to what extent customer value propositions are dependent on, and vulnerable to, other members of the value chain. A classic example from the computer industry is the logo “Intel inside”, which indicates a certain quality for the customer. Another example could be an Indian energy solution provider, which emphasizes the role of a Finnish manufacturer as a partner and supplier of burners as a part of their offering for oil and gas conversion. Also few of the examples includes the partners of the company.

Dimensions of concreteness

Benefit concreteness

In order to develop convincing customer value propositions, suppliers should make their propositions concrete. Otherwise, they are actually selling “a pig in a poke”. According to Töytäri et al. (2011), suppliers should quantify the benefits their offering will deliver. Typically, customer value propositions express the functional benefits of the supplier’s offering in economic terms (Anderson et al., 2006; Rintamäki et al., 2007), which has, on the other hand, turned into a challenging task (e.g. A1 and A2; Hinterhuber, 2006; Terho et al., 2012). Especially, in regard to services, the benefits are often related to potential risks and thus, these “economic terms” should be based on the rather unpredictable likelihood and the impact on customer’s business.

C2 was actually an example that had clear key benefit to offer its customers. The problem in this study was the amount of varying customer segments that had a versatile product portfolio.

Sacrifice concreteness

Sacrifice concreteness expresses to what extent the negative side of customer value is described. The need for this dimension naturally depends on the perspective: for instance, is an easier and faster ordering process a benefit or a smaller sacrifice? Our examples do not concretely express the sacrifices of the customer. Few of them (e.g. B2) indirectly express easier interaction with the seller.

Timeframe concreteness

Timeframe concreteness expresses the period of time in which customer value will be delivered. The dimension is closely related to the two previous dimensions, since it requires some kind of impression of the concrete outcomes for the customer. Our examples did not concretely express any benefits and sacrifices, but one of them (B9) clearly offers the “payback within a year or even less”.

Use-situation concreteness

Use-situation concreteness describes to what extent customer value proposition offers an interface within a specific use situation. According to Woodruff and Gardial (1996), customer value is strongly dependent on the use-situation and thus changes over time. Our examples do not reveal these specific use-situations, but rather stay on a “philosophical” level. The issue of the use-situation is challenging for the academics as well, since value is often only discussed on a philosophical level in value creation literature (Grönroos, 2011). However, the use-situation concreteness should be seen as an opportunity for convincing propositions.

Level of argumentation

It is easy to claim that the offering would save money or enhance customer revenues, but only clear evidence reduces the uncertainty regarding value for the customer (Anderson & Wynstra, 2010; Terho et al., 2012). The level of argumentation expresses to what extent the claims of the customer value proposition are backed up. In other words, does the seller company demonstrate any evidence, such as references (e.g. Jalkala & Salminen, 2010), calculations (Hinterhuber, 2006), prizes or acknowledgements? Argumentation is closely related to the concreteness of the customer value proposition.

Our examples do not include strong and “direct” argumentation. Indirectly, one may find the long experience in the industry convincing (e.g. A1 and A2 have both operated about 30 years successfully). One reason why argumentation cannot be seen in these examples is because instead of the supplier-dominant perspective, companies might use the initiator-participant perspective (see Ballantyne et al., 2011) and leave the argumentation later when they know more about the needs of a specific customer.

“During the 30 years, most, if not all, customer needs have been in front of us. If necessary, we find a good reference for a specific problem.”

- Development Manager, marketing (A2)

Dimensions of customization

Channel homogeneity

Ballantyne et al. (2011) have suggested that companies should change their proposition approach from the communication-as-transfer into the communication-as-process. On a philosophical level this is possible, but when it comes to the marketing communication medium and its channels (including sales personnel), it becomes challenging. According to media richness theory, medium differ from each other according to their capacity to provide immediate feedback, to convey multiple cues, to support personalization and to communicate complicated messages (Daft & Lengel, 1986; Daft et al., 1987). Thus, channel homogeneity expresses to what extent customer value proposition might vary in different marketing communication channels.

From our case companies, A1 used quite a limited set of marketing channels, focusing especially on interpersonal channels, such as sales personnel and trade shows. A2 had a wider set of marketing channels, including social media and customer magazines. The customer value proposition was customized to some extent in different channels:

“The main message on the Internet websites is kept rather simple, maybe even too product-orientated. Sales personnel naturally adapt their sales depending on the customer needs. In our customer magazine the value proposition is verbalized through our customers’ success stories.”

- Development Manager, marketing (A2)

Audience homogeneity

Audience homogeneity describes to what extent the customer value proposition is customized for different customers and stakeholders. C1 and C2, for instance, represent companies that clearly indicated that different customers have totally different needs and therefore the customer value proposition must be tailored for each segment almost independently.

Frow and Payne (2011) proposed developing value propositions for multiple stakeholders to align value within a marketing system. Quite often, there are different kinds of stakeholders who have various preferences, and also within the customer's organization.

“We know that there might be differences among the listeners, but we adapt our main message only when interacting directly. Listen carefully to the needs and answer accordingly.”
- Development Manager, marketing (A2)

As mentioned earlier, customer value depends on the use-situation (Woodruff & Gardial, 1996). Furthermore, individuals see customer value very subjectively and, even in the same company, they perceive what is beneficial or unbeneficial for them in different ways. In addition, customers might differently prefer the individual and organizational advantages (Rugg et al., 2002).

Level of targeting

Different members in the customer organization are involved in the purchasing process (Robinson et al, 1967; Sheth, 1973; Webster & Wind, 1972; Anderson & Narus, 1998). The level of targeting is very close to previous dimensions, probably even an extension. The difference is that this time there might be the clear decision to target the proposition to only some selected stakeholders. Thus, the proposition might be targeted to a specific receiver or multiple receivers. On the other hand, the value proposition might represent the “fits for all” type, as do most of our examples.

Sustainability

The empirical observations of this study have not offered any clear support in the sustainability of customer value proposition. However, based on existing literature, this dimension is worth to acknowledging. Lindgreen and Wynstra (2005), for instance, reminding companies to take care of developing the value proposition along the product life cycle.

Cohesion

If a company chooses to customize its customer value proposition according to marketing communication channels or receivers, there is always a risk of incoherence. Different stakeholders might receive different propositions unintentionally and some stakeholders might receive different propositions from different channels. Thus, a company must remember the thread of the value creation.

CONCLUSIONS

Theoretical and managerial implications

The results in this paper contribute to the literature on customer value proposition and the communication of customer value. For customer value proposition research, the study offered some practical touches from the viewpoint of communication. For communication of value, the study contributed by gathering the dimensions which should be taken into account when formulating a marketing communication and sales message that has customer value proposition as its core. While the study did not necessarily offered anything totally new, the summarizing guidelines in Figure 1 have both theoretical and especially managerial implications.

The dimensions recognized here lay the ground for further studies, such as finding further evidence on the relations between the dimensions, and finding the most suitable customer value propositions in each context. Instead of going straight to the proposition types and categories (e.g. Anderson et al., 2006), the study focused on recognizing different aspects and dimensions to develop and to analyze the propositions. Naturally, we need to remember that this study was done on the “communication level”.

Even though some dependencies and similarities between the dimensions may be seen, this study did not focus on them. For instance, it seems rather obvious that the more complex the offering is, it is quite likely that less audience homogeneity is seen. As another example, an audience and channel homogeneous customer value proposition is quite probably coherent.

Similarly to the study of Frow and Payne (2008), the results have shown that companies in general have not actively developed their customer value propositions. In addition, according to our examples, companies build their propositions around their resources and competencies rather than their customer needs. Thus, it seems that companies think of value propositions in terms of what they offer their customers, rather than what their customers truly value (Christensen & Overdorf, 2000). The dimensions recognized here may give some clue for practitioners to think about the possible content and form of their customer value proposition, even though the qualities and effectiveness were not discussed.

Naturally, it should be remembered that customer value propositions might be communicated as a separate function. However, the company and the number of its functions must be involved in fulfilling those propositions (Webster, 1992; Webster et al., 2005; Grönroos, 2009). Nevertheless, this study focused, in a sense, on “marketing as making promises”.

Limitations and suggestions for future research

The main limitations of this research relates to its limited data, which limits the generalization. On the other hand, the purpose of the study was to identify the dimensions based on examples and existing literature and thus, one rich example would have been enough in principle. However, for the future research an additional source(s) for the data could be considered and the

customer view would validate these results further. The data was also only gathered from Finnish companies and therefore obtaining responses from other countries would also be beneficial in the overall validation of the results.

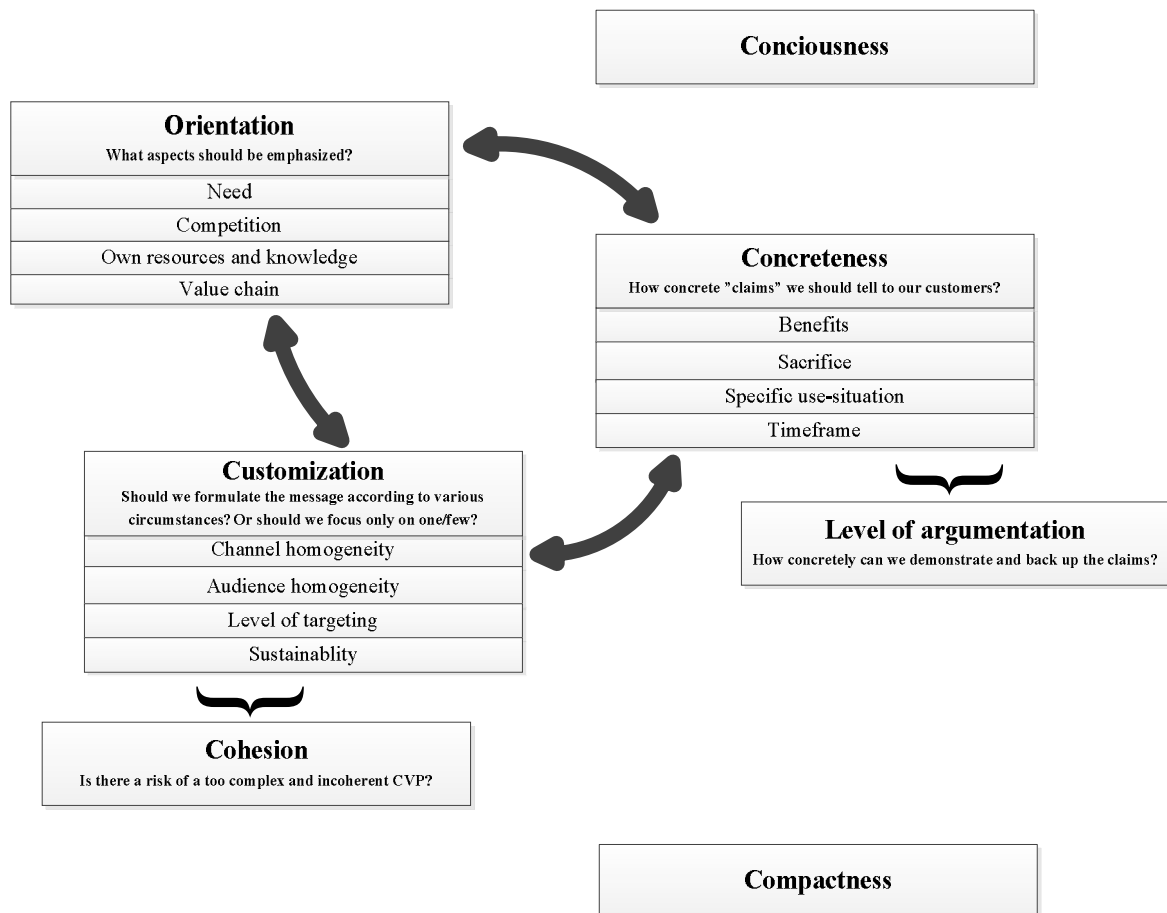


Figure 1. Dimensions of customer value proposition as a communication tool in industrial marketing

As mentioned earlier, the study did not try to find the dependencies between the dimensions. Therefore the further studies should focus on those. In addition, since the study did not discuss the effectiveness or goodness of customer value propositions, further studies should examine what characteristics make the proposition successful. Customer view would be very beneficial in this matter.

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