

From the Seller's Offering to the Customer's Needing in a Business-to-Business Setting

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Abstract

Views on industrial service have conceptually progressed from the output of the provider's production process to the result of an interaction process in which the customer also is involved. An industrial company's offering often consisting of both goods and services is, however, inherently seller-oriented even if, especially when the focus is on solutions, there are attempts to be customer-oriented. But, there is a need to go beyond the current literature and company practices. We propose that what is needed is a genuinely customer-based parallel concept to offering that takes the customer's view, and put forward a new concept labelled *customer needing*. A needing is based on the customer's mental model of their business and strategies which will affect priorities, decisions, and actions. A needing can be modelled as a configuration of three dimensions containing six functions that create realised value for the customer. These dimensions and functions can be used to describe needings and consequently represent a starting point for sellers' creation of successful offerings. When offerings match needings over time the seller should have the potential to form and sustain successful buyer relationships.

Key words: business-to-business market, realised value, customer needing, mental model

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INTRODUCTION

This paper focuses on the business-to-business setting consisting of industrial manufacturing companies that provide services in addition to goods and strive to become customer-oriented industrial service providers and where there are notable differences between what and why current and potential customers are buying and what the sellers are offering. In the transition towards a service and solution business paradigm the sellers' emphasis is deliberately moved towards an increased involvement and integration in the customer's business (e.g. Oliva & Kallenberg 2003; Vargo & Lusch 2004). In a historic analysis of business marketing, Hedaa and Ritter (2005) distinguish five pairs of orientations in supplier-buyer relationships: (1) production orientation/competence orientation, (2) product orientation/offering orientation, (3) marketing orientation/solution orientation, (4) customer orientation/problem orientation and (5) holistic orientation/network orientation. They (p. 714) conclude that: "the supplier orientation must match the buyer orientation in order to allow smooth interactions." For the seller this would mean increased importance of understanding value creation and realisation from the customer's point of view.

It is obvious that previous studies refer to offering as a seller-based concept even if they focus on promised value to the customer. The same seller-focus goes for many companies today as well since they seem more occupied with improving their own processes and adding services than understanding different customer situations and value configurations. Some authors even argue that the key sales and marketing issue is to be able to demonstrate and document in monetary terms the superior value a supplier's offering deliver to the customer (Anderson et al. 2007). When industrial companies include service elements into their offering the nature of it changes, creating challenges both internally to co-ordinate and fulfil what has been promised as well as to communicate the offering to potential customers. Such an augmented offering or value proposition is often also based on including the lifecycle of products or the whole relationship with the customer. Services are considered as deeds, processes, activities and interactions that the industrial company is involved in such as maintenance, repair, training, and consulting services. A challenging management issue in

the transition is to change the industrial company's actors' mindset in terms of how they organise themselves and coordinate their combined activities to form a coherent offering. This has also been noted by Wynstra, Axelsson and van der Valk (2006) in an industrial service setting: "The classifications of business services that do exist focus on the characteristics of the provider, rather than the characteristics of the buyer or the usage situation". Such provider based classifications are not useful when we want to understand value co-creation and the customer.

At the same time as industrial companies have showed an interest in shifting their interest towards services there is an ongoing debate about value and how it emerges (Vargo & Lusch 2004; Grönroos 2008). According to what has been denoted as the service-dominant logic (SDL) (for example, Vargo & Lusch 2004; Lusch et al. 2007) or service logic (for example Grönroos 2000; 2006; 2008; Normann 2001) *value emerges to the customer in the use of service and is assessed on the basis of realised value in the customer's context. A key issue that is not explicitly addressed in the SDL literature is who is in control of the value.* Even if SDL focuses on how value is co-created with and by customers' value propositions and offerings it still takes the seller's view. This shows in the SDL definition of service which is 'the application of specialised competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself.' (Vargo & Lusch 2004, p. 2) The same seller view also applies to the few and recent business-to-business studies that can be found using a service-dominant logic approach. Vargo and Lusch (2008) in a forthcoming article draw parallels between SDL and shift in business-marketing literature and conclude that they share a focus on value creation and networks. Cova and Salle (2008) who suggest "switching from customer value proposition to customer network value proposition" have a seller view on who is in control of the service and "the resource integration." Other researchers with broader views on what creates value for the customer similarly take the seller perspective. For example, Hedaa and Ritter (2005, p. 715) in their identified holistic orientation wave advocate a network view seen from the supplier's perspective: "suppliers do not only focus on a given customer's problem but try to understand this problem in a greater picture of the customer's customer, their suppliers and the competition they face." The same goes for Normann and Ramirez (1994) who discuss the fundamental logic of value creation and suggest a value constellation approach, shifting the focus to the value-creating system such as a network instead of single companies.

While interviewing customers in industrial settings it became clear to us that, contrary to what is assumed and emphasised, customers' primary goal vis-à-vis suppliers is to become or stay as independent. This means that they would like to stay as uncontrolled by suppliers as they can. In addition to that they do not see themselves as co-creators of value but rather *the customers' outlook is: How can suppliers contribute to our business and our activities and thereby realise value for us?* In other words, the buyer would like to employ suppliers for its own purposes and is interested in being in control of the operations and having the freedom to act and change in line with their mental model of how to develop business. Taking this as the starting point for understanding value and value creation is what we suggest to be a customer-based view. It is fundamentally different from a customer-oriented view in that it starts from the customers and that it is not about considering and adjusting to customers. Instead the customer-based view means that value is derived from the customer who is or aims to become in control of its value-creation. Following from switching from offerings to needings, a new vocabulary would be needed. For example, seller adjustment, seller involvement, and seller participation emerge to signify that it is the buyer not the seller that is in focus. This means that instead of understanding and improving how the seller can make offerings adjustments in line with customer's needs and recognize customers as part and input in their offerings and processes, a needing focus would pinpoint that sellers need to understand and improve how they can fit customer needings. We prefer to use co-creation of service as a neutral description but stress that the seller and the buyer largely have different strategies, goals and interests in the co-creation.

Research gap and aim of the study

The starting point for the current study is that academic research and company practices are geared towards a seller-focused way of defining industrial service and value creation. It seems as if the fundamental meaning and definition of industrial service is underdeveloped, or rather that it is not sufficiently based on genuine customer understanding and customer-orientation. In light of these observations and our analysis, we pose the question: Has there been a preoccupation with what companies sell rather than what customers buy and pay for? The answer seems to be yes when reviewing studies and observing company practices. *The aim of the paper is to address this research gap and to define industrial service by conceptualising industrial service from the perspective of the customer and realised customer value.* A concept for what the buyer buys is necessary as a contrast to the offering concept of what the seller sells.

We introduce and give meaning to the concept *customer needing* which starts from the customers and their mental models (e.g. Welch & Wilkinson 2002) in buying situations. Needing refers to a customer-based configuration of different functions that represent realised customer value. Needings represent customer mental models for operating and buying and therefore have a direct impact on what role sellers/suppliers are granted. Following from switching from offerings to needings and consequently from a seller-focus to a customer-based view, new vocabulary would be needed. For example, seller adjustment, seller involvement, and seller participation emerge to signify that it is the buyer not the seller that is in focus. This means that instead of understanding and improving how the seller can make offerings adjustments in line with customer's needs and recognise customers as part and input in their offerings and processes, a needing focus would pinpoint that sellers need to understand and improve how they can fit customers needings and thus support the customers' value creation. In order to create effective offerings, the seller should have a good understanding of and respond to the customer needings. The customer's needing is, additionally, not static as it may change as a result of interactions with the seller. The seller can thus contribute to a change in the buyer's mental models and thus to re-configure the needing.

The study has been conducted in an abductive manner (e.g. Dubois & Gadde 2002) where previous industrial services studies and their definitions and models together with our insights from different industrial companies have had an impact. This research design is typical for the so-called Nordic School of Service Marketing (for more information on the service and relationship management fields, see Grönroos 1991) that aims to develop conceptual frameworks to structure emerging research issues. Prior to this study we conducted a study on how professional business-to-business companies initiate customer relationships (Edvardsson et al. 2008). Already during that study we found surprisingly few service models specifically developed for the business-to-business setting. This impression grew stronger during the following parallel research projects that included different manufacturing companies in Finland and Sweden.

The paper is structured as follows. We first introduce and develop customer needing and then illustrate it with empirical material. Finally we discuss its implications.

THE NEW CONCEPT CUSTOMER NEEDING

In this paper we propose a concept labelled *customer needing* which is defined as the customer's mental construction of what they are interested in and prepared to buy from a supplier in order to achieve expected realised value.

To capture the content of needing, we propose – based on a ‘constant comparative analysis’ of our empirical material - that it can be analysed with three dimensions which specify fundamental categories for realised value for a company. These are concepts on general level and each dimension

is in turn described with functions which are more concrete features of the dimension. Needing dimensions and functions taken together represent a conceptually dense way of structuring realised value in a customer-based way.

Three needings dimensions were developed and labelled: *doing*, *experiencing*, and *scheduling*. The doing dimension of needings is included to capture resources and activities which buying decisions often concern and traditionally has been included in industrial marketing and selling and buying literature. The experiencing dimension on the other hand is not as commonly used in the same studies, but was added because the buyer interviews revealed that such cognitive and emotional aspects were an inherent part of realised value. A final and different inherent feature of needings is time-related aspects which are grouped into a third scheduling dimension. The dimensions and functions are combined and illustrated in Figure 1

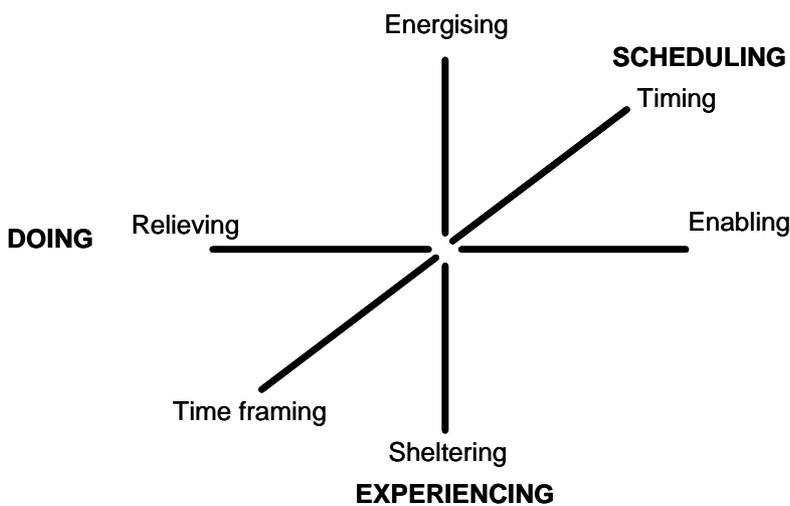


Figure 1. Customer needing dimensions and functions

The first dimension, i.e. *doing* which refers to activities and resources, consists of two functions: relieving and enabling. The function labels have been borrowed from Normann and Ramirez (1994) who when discussing value creation suggest that companies can enable customers to improve their performance themselves or relieves them of an activity which the supplier undertakes in their stead. Blois and Ramirez (2006) recently distinguish between internally and externally directed relieving and enabling capabilities. Their internally focused capabilities concern enhancement of operational performance and is measured in cost per unit, while externally focused capabilities involve changes to the buyer's product and understanding and exploitation of product markets, thus network effects. Relieving and enabling capture two fundamentally different reasons for buying and thereby types of realised value for the customer. They reflect a resource and activity focused needing function and are here suggested to represent two different functions on the doing dimension.

The second dimension, *experiencing*, refers to cognitions and emotions and consist of two functions: energizing and sheltering. This dimension complements the above and includes aspects such as trust, commitment, brands, bonds, and image. These aspects have previously been dealt with separately and researched in different theoretical disciplines but have not been highlighted as a cognitive set of elements which have a major impact on business-to-business sales and purchasing. This dimension emerged from our empirical data that suggested that such cognitive aspects are a significant part of industrial companies' mental models and buying behaviour. The doing dimension alone does not capture all realised value for a company; another dimension is needed to capture mental aspects. In general this experiencing dimension can be seen to be more complex than the doing dimension

because cognitions can be more difficult to articulate, has less measures and tools, and is more person dependent, but it can simultaneously be the most significant part of a customer needing.

A third dimension that can be useful to describe companies' mental models, goals and activities and consequently how companies view realised value needing is *scheduling*. Scheduling was therefore added as a separate dimension in customer needings. The more concrete functions are time framing, which can be either short-term or long-term aspects of a needing, and timing in terms of individual incidents affecting the needing and it changing over time. Time span has been suggested by Normann and Ramirez (1994) as one dimension of their offering concept. Blois and Ramirez (2006) also emphasize not only judgment but also the impact of time when discussing capability development. They found that what a company first saw as internal efficiency development later turned into market potential exploitation, indicating a clear change in content of needing in that company.

We have chosen to label the dimensions and functions with verbs and active verb forms in order to emphasize that they reflect a process and a pro-active realised value view. The functions of the first two dimensions can be seen as more or less opposites, while the two scheduling functions complement each other. The concepts and their meaning are not limited to one particular industrial service setting but applicable to any kind of business-to-business setting. Based on a number of studies and interviews with buyers and sellers in industrial settings with service we argue that using and combining these dimensions, doing, experiencing, and scheduling can provide insights into realised value and industrial companies buying situations. Similarities and differences and change over time in companies' buying preferences can be revealed by using these.

In the following the concept customer needing is first defined and then discussed and illustrated with empirical narratives from a study made in a large industrial manufacturing company and key buying decision makers in a dozen customer companies. A strong outsourcing trend is a key driving factor in the studied industrial repair and maintenance market, but there are substantial differences in how buyer companies think and behave vis-à-vis suppliers. There are a few strong key suppliers and many different alternatives to these. The studied customers differ in terms of demographics, and their current buying profile differs from ordering individual products, services or projects to signing short-term, time-framed contracts, and to conducting business on long-term basis with regular checks and contract renewals. The situation is typical for many industrial settings and findings should therefore be representative and applicable. In the empirical data analysis the aim was to distinguish different value-in-use situations for the customer, identify more specific customer goals within these as well as to compare the buyers' views with the seller's.

The first functions, i.e. relieving and enabling, refer to customer needings on a doing dimension. The latter ones, i.e. sheltering and energising, refer to experiential aspects of the company's needing. Scheduling in turn contains time framing and timing. The functions can be assessed both in terms of their scope and their significance to the buyer. Table 1 contains function definitions based on different realised value for the customer.

Needing dimension	Needing function	<i>Function definition</i>
Doing A resource and activity oriented	Relieving	Value realised by being relieved of performing tasks or carrying liabilities in current or future business activities.

dimension	Enabling	Value realised by getting additional resources, competence or capabilities that enhances the buyer’s performance and activities within their current business or enables them to create new business.
Experiencing A cognitive and emotional dimension	Sheltering	Value realised by being able to control risks and unwanted fluctuations in current or future business.
	Energising	Value realised by getting inspiration and motivation to perform activities in current and future business.
Scheduling Time based dimension	Time framing	Value realised by adoption to expected time frame and pattern of development of current and future business.
	Timing	Value realised by suitable timing of activities in current and future business.

Table 1: Definitions of needing functions

Empirical illustrations of needings

Empirical data that first called attention to the need to develop the new concept, customer needing, will next be used to show different needings. Interviews have been conducted with eight representatives from the seller company and sixteen different customer companies. The customers vary and represent different lines of business, purchasing history and current status, and location. The interviews have some been telephone but primarily personal and lasted for half an hour to two hours and transcribed afterwards. The interview themes were rather broad and included, for example, outsourcing trends in general and specifically in the company, purchasing processes and difficulties, views on different suppliers, and improvement ideas for suppliers. The aim with the ongoing business project is to increase the seller’s customer understanding and develop tools based on this improved insight. Condensed information from the interviews with buyers of service in industrial companies is used to show different needings. The empirical illustrations are not direct quotations from the interviews but compiled summaries from similar customer situations and have direct correspondence with real company situations.

Relieving in a needing

A typical situation for many industrial companies and the background for actively exploring outsourcing opportunities can be illustrated in the following way:

The tradition and attitude used to be that we would be self-sufficient and do everything ourselves; we had our own personnel and necessary production facilities for this. But then things changed as new regulations were introduced, and it became more difficult to find and train personnel. Technology is getting more and more complex, and soon we need to make major infrastructural investments. We as many others in our business were faced with a new ownership basis and management started to expect higher efficiency and profitability. We began to discuss what our core competences are and should be in the future, and we found that outsiders could do what we did much more efficiently. We have therefore outsourced many processes, and will continue to do so as long as we find that to be more profitable than doing them ourselves. This is connected to the plans we make now, 1-year, 3-5 year, and 15 year plans.

The description above is an example of a needing dominated by relieving as a function where the aim is to increase profitability without necessarily expanding into new business areas. It is basically about

how the company can do more with less. The particular business shown above has changed dramatically due to many different reasons and events. There are substantial differences in how the individual companies have responded. The time frame in such a situation can contain short-term features, typically fiscal year or project based, along with long-term goals and priorities. It typically depends on the specific business line and availability and know-how of own personnel how sensitive the company is to disruptions and delays which would be part of the time framing function.

Enabling in a needing

Needing is found among companies that in comparison are primarily interested in improving their ability to concentrate on their business, current or new. These could have already outsourced a great deal or have other strategic priorities. An example of a needing which contains getting rid of responsibility of a defined part of current operations, not to increase efficiency in the first place but in order to be able to concentrate on core business:

I would like the current or another supplier to expand their guarantee and business with us even further and take over the whole thing from us – after that we could buy undisrupted service from them or any company, merely inform some one what we need next month, and then we would focus on what we are really expected to do.

Many companies do not any more have own resources or personnel as they used to, and therefore value new ideas, technological innovations and measurement tools that sellers offer.

Energising in a needing

Some companies' buying is driven by a need to get stimulus and motivation from outside companies. An example where buying companies value mental aspects is:

What we look for is inspiration, know-how input, an active discussion partner in strategic planning. In addition to that they should function as a trigger and help us to change things. Outsiders have more authority and they are more convincing when they speak with our people and justify the need to change.

Sheltering in a needing

A different feature of a needing is when the company emphasises peace of mind:

We aim for smoothness and safety, we want to get competence so that we don't need to think about where we can buy what and at what price or how are able to constantly upgrade and develop the operations. If the installed base is from a certain supplier, then you can count on that company to know the most about the products and to be able to give predictive information on how to maintain them and avoid problems.

In this situation trust is a key issue. The company aims to avoid uncertainty and simultaneously values feeling secure about made choices.

Time framing in a needing

The seller may have an offering that as such is good and leads to business but does not fully cover what is important to the buyer. This next example illustrates that the buyer has a different and longer time perspective than the seller:

The suppliers should see beyond their own project and what happens after they have finished it and the ultimate outcome of it. Sellers tend to do so that the project as such is successful, but they leave as soon as smoke starts to out of the chimney – that is not what we want, the supplier needs to understand what the red thread is to us.

Timing in a needing

As in the first example people changes and new regulations activate discussions and new strategic priorities and action vis-à-vis suppliers. It can be single incidents or a sequence of incidents that change company practices:

About the same time as I came to this company we got a new CEO and we have actively worked on finding and working with partners on a long term basis. Some other key persons retired at the same time, and some people have been reassigned inside the company.

The needing is dependent on the particular point in time, and it may become relevant or stop being that over time.

Other features of needings revealed in the empirical study

Through the interviews it became apparent that needings have several interesting features that represent areas for further research. For example, companies may be aware of underlying mental models, they seem to have noticed that there is a difference between suppliers' offerings and what their interests are as well as mismatches, and there are examples of changes in needings. In the following we illustrate these features.

Awareness of underlying mental models

Companies may also themselves be aware that their needing differs from other similar companies and attribute this to differing mental models:

I know that other companies in our business buy where they can get the lowest prices, but that it not important for us. We have other priorities, and all key persons in our companies agree; we work with selected long-term partners. We are aware of risks that others stress as reasons for their decision, but we see it as dangerous and completely unnecessary to stress the risks. We work daily to improve co-operation with our suppliers, why should we think about what happens when we have failed and need to start from scratch?

That the customer may need to adjust its needing to sellers' way of doing business is illustrated with the following:

Over time the trend has been that companies, also suppliers, specialise and that means that also we need to specialise and split up our business in smaller units.

Awareness of offering focus rather than needing understanding

The seller can be considered to be too occupied with own offering instead of understanding the buyer's situation:

The sellers usually should do more what they do; to be so to speak in the customer's pants...the supplier needs to really dig into our problems and situation, to understand this. Oftentimes the real value for us is when suppliers work together in a project even if it is difficult because the companies may be competitors. Far too often it is up to us to fix the problems that have emerged in these projects.

Offering – needing mismatch

There were many examples of buyer-seller mismatches. The buyer can be the driving force in a new needing situation but faced with suppliers that are unable to create offerings to meet the new needing:

We would like the service providers in general to support us and other companies in our business in this new situation where cost efficiency means something different from what it meant five years ago – new measures and solutions from us are needed to cope. But, the service providers haven't yet reacted on this fact; they have not yet developed the cost efficient service that we need.

We want to work with suppliers and select the best in each area and work with those as partners. We need them to be able to fulfil our long-term goals, which extend 30 years forward. These are technologically complex plans and need to be based on the newest technology. We are very demanding as a customer and we won't accept sellers if they cannot provide us with the latest innovations, most professional people, and right partnership attitude where both parties' interest are equally important. Some suppliers are not used to this situation and they try to get away with what they are used to with other buyers. We want much more than the standard.

Needing dynamics

A typical example of how many companies' needing in the industrial market is changing as more and more companies outsource:

In the future we will continue to discuss what our own core business is and what additional processes could be outsourced. The situation is changing, and we discuss what we cannot outsource, and if there is anything that cannot be outsourced. There are conflicting opinions on what the minimum requirement would be for our company to continue – at the moment we have specified a few key areas, but these will most likely change in the future.

Simultaneously there are examples of how companies withdraw from outsourcing and start performing the tasks themselves:

We used to buy this service but then we made a change in our strategic plans, in how we defined core processes. Because of this we decided that we need to keep the know-how in house and stopped buying the service. We don't see it as going one step back; it is merely a consequence of changing strategic priorities.

DISCUSSION

We make the connection here to ideas presented recently in the IMP-literature where Welch and Wilkinson (2002) have proposed that in business relationships and network there is a need not only to consider the activities, resources, and actors (the traditional ARA-model) but also "ideas" which are the mental models and frameworks that are present in companies, relationships and networks. Welch and Wilkinson (2002) call for more research to identify and measure key dimensions of the mental maps used by firms to understand their relations and networks, to identify the factors shaping the development of these schemas over time, and how they affect firm behaviour. They conclude that there have been few attempts to use such techniques in business relationship and network contexts but it could be a way to "develop more nuanced ways for firms to understand and interact with their intermediate and industrial customers and to other relationship counterparts." (Welch and Wilkinson 2002) The current study is such an attempt since it captures what companies value, identifies the content of this mental model, and links it to specifically dealing with suppliers. Needing as a concept can therefore be linked to Welch and Wilkinson's (2002) AARI scheme of analysis as it can be studied on the same levels as ideas, i.e. scheme level within a company, scheme coupling thus between companies, and in the network as in a schema configuration.

Normann (1977) also argues that dominating ideas in a company are grounded in, on the one hand, norms and value, and, on the other, traditions and mental models among the significant actors. The dominating ideas are the outcome of competition between ideas on how to run and develop the business. The dominating ideas are not only the result of values and intellectual processes but also power and politics (Normann 1975 p. 18-19). Company norms and values, the company history, and significant actors' personal development and experiences form the basis for the scheme or mental models and change these models over time. The mental models function like a compass which gives energy and direction how to create business value, select suppliers, use products and other resources,

the roles and responsibilities of the actors involved and activities to be carried out. Normann and Ramirez (1994) stress the importance of mental models in order to adapt to changes in value-creating systems and customers' value-creation logics and to reconfigure business relationships and offerings. We believe that the customer needing concept gives a mental frame to develop customer-based offerings.

The existence of a difference between offerings and needings was a fundamental reason for developing the needing concept. In our case it was based on empirical insights. Also other studies (Tuli et al. 2007), however, report mismatches between suppliers and buyers on what they sell and buy respectively, and find that customer tend to view what they buy more broadly than what sellers consider that they sell. They conclude that suppliers should be more attentive to buyers, and improve relational processes. Purchasing portfolio models based on Kraljic's seminal paper (1983) is reported to have been widely used by purchasing professionals (Caniëls & Gelderman 2007). Making an interpretation we would argue that purchasing strategies based on such thinking is based on differences in needings. Gadde and Snehota (2000) find that companies increasingly become aware of different roles that suppliers can play in company strategies. They further propose that a richer analytical framework is needed when the aim is to shift from purchasing to making the most of suppliers in order to deal with the complexity of the new task. This indicates a need to understand customers' needings.

Needing has some similarities with Wynstra, Axelsson and van der Valk's (2006) categorisation for classifying buyer-seller interaction in business service by taking the perspective of the buyer, and identifying different types of fit between the offering and the buyer's processes. They suggest that the service should fit with the customer's final offering or processes, or that the buying company should be able to transform the service in the desired way. Their categorisation has an activity focus. Another link that the needing concept has is with Håkansson's (1982) problem solution and problem transfer as both cover what buyers look for in a business relationship: 'We shall use the terms general problem solving to characterize the relationship with respect to how difficult, complex or advanced the solution is and adapted problem solving to characterize the relationship with regard to the adaptation of the solution to a specific customer's need. The same distinction is made between general transfer and adapted transfer. It should be noted that these dimensions refer to the buyer's problem as well as to the seller's ability.' (p. 395) His vocabulary stresses level of adaptation and does not so much capture for what purpose customer makes purchases. There are also clear links to Walter, Müller, Helfert, and Ritter's (2003) notion of suppliers fulfilling different functions for the customer. They find in an empirical study in a manufacturing setting that customer finds a given supplier to fulfill direct functions, like reducing purchasing costs, delivering quality, covering a large volume or serving as a safeguard, as well as indirect functions, like gaining access to the market by the supplier relationship, using the supplier's information base, inspiring innovation through the supplier or simply enjoying the social benefits of the relationship. Their objective is to explain quality in ongoing relationships as the customers perceive it.

A third aspect that is visible in the needing and its functions is the presence of financial aspects as a driving force. Companies are increasingly forced to demonstrate in economic terms the consequences of actions and often even with a rather short-term perspective. This leads to one type of configuration of needing functions, while looser requirements concerning immediate economic results may lead to another configuration of functions.

Research implications

The proposed model and definitions clearly represent only a starting point for discovering how customers experience their situation when seeking suitable suppliers. It seems reasonable to assume that a needing might be structured also hierarchically in a similar fashion as means-end chains have

been used in consumer research going from attributes, to benefits, to values in increasing abstraction level. What, however, also should be noticed is that needings are related to an organisation's decision making, where there are several levels of decision makers and several involved functional areas. Normann's conceptualisation of dominating ideas in the organisation might therefore be one way of approaching an otherwise quite complicated area to study.

What clearly is needed is more empirical evidence concerning the functions and how they influence supplier choice. Also the size of the needing that corresponds to how extensive the needing is on all dimensions represents an interesting question for further studies.

Furthermore, it is essential both for academic research and for companies interesting in revealing customer needings to have a set of methods and techniques to use. These need to be developed and tested in empirical studies.

Managerial implications

The setting for the current study is manufacturing companies transforming into service orientation which as a topic has started to gain more and more attention from both research and companies (Oliva and Kallenberg 2003). Using services in manufacturing companies is by no means a novel phenomenon since for example after-sales services and training have been used for a long time as add-ons to increase the attractiveness of the core tangible products. What is new on the other hand is that more and more of these companies are transforming into considering service as the base for doing business and creating value for the customer. The main source of revenues and profits for many already comes not from selling the tangible products and machinery but from business services and maintenance contracts related to these. Reasons for becoming more service-oriented are economic and competitive as well as changing customer demands.

As a consequence of the shift in focus in favour of the customer and considering value to emerge in using the offering it becomes apparent that there is no real need in making a distinction between companies selling products and companies selling services or combinations of products and services. In all cases the key issue is that the customer has a needing and the seller provides an offering which should create value when used. Thus a raw material producer needs to be concerned about needings in a similar way as a professional service provider. It consequently means that the focus on transition from goods to services in fact is not entirely relevant any longer; the application area for service covers all companies.

We argue that the company has a major challenge in understanding customer needings in order to create corresponding customer based offerings and value propositions that will result in realised value for the customer when used, superior to other alternatives as perceived by the customer. We argue that existing conceptualisations may hinder sellers to understand what business customers buy and why, and consequently what the seller should provide. Welch and Wilkinson (2002) emphasise that sensitivity to underlying schemas and mental maps is needed when aiming to understand the response of relationship partners to any action – they define the logic that underlies the partner's view of the relationship, its functions and how it fits into their overall business. Mental maps have different roles such as help to focus attention and trigger memory, or they can and signal priorities and supply missing information.” (Fiol and Huff 1992, p 282 in Welch and Wilkinson 2002)

Companies continually have needings, regardless of whether there are real or potential offerings available. Sellers do not typically aim to discover or respond to them but are focused on selling and improving their offerings and finding customers with needs matching their offering. Sellers may be granted the opportunity to respond to these and can do this best by first discovering and understanding needings and then responding to them. How seller responds and what the outcome of this negotiation process depend on several factors and it might be so that the seller offering and the

customer are not always perfectly matched. Yet this paper puts forward that a shift from offering to needing will for example reveal new business opportunities and explain why so many sales attempts currently fail.

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