

COMEX: ANALYSIS OF VALUE PERCEIVED IN THE INTERNATIONAL TRADE
EXCHANGE

AUTHOR

VALENTINA SÁNCHEZ BRICEÑO

ICESI UNIVERSITY

FACULTY OF ADMINISTRATIVE AND ECONOMIC SCIENCES

PUBLIC ACCOUNTING AND INTERNATIONAL FINANCE

SANTIAGO DE CALI

2019



COMEX: ANALYSIS OF VALUE PERCEIVED IN THE INTERNATIONAL TRADE
EXCHANGE

AUTHOR

VALENTINA SÁNCHEZ BRICEÑO

PROJECT DIRECTOR

GUILLERMO BUENAVENTURA VERA

ICESI UNIVERSITY

FACULTY OF ADMINISTRATIVE AND ECONOMIC SCIENCES

PUBLIC ACCOUNTING AND INTERNATIONAL FINANCE

SANTIAGO DE CALI

2019

TABLE OF CONTENTS

RESUME	5
Keywords	6
1. OBJECTIVES.....	7
1.1 GENERAL OBJECTIVE.....	7
1.2 SPECIFIC OBJECTIVES	7
2. METHODOLOGY	8
3. STATE OF ART AND MODEL CONSTRUCTION.....	9
3.1 CONSOLIDATION OF THOUGHT.....	9
3.2 SELECTION OF THE BASE MODELS	11
3.3 BASE MODEL CONSTRUCTION.....	13
3.3.1 Summary of Hypothesis.....	15
3.3.2 Scale Items for Construct Measures	15
4. SURVEY USED.....	17
4.1 BASE MODEL	17
4.1.1 Summary of Hypothesis.....	17
4. RESULTS.....	20
5. CONCLUTIONS.....	21
6. ANNEXES.....	22
6.2 PAPER SUMMARIES.....	22
5.1.1 Selling value in business markets: individual and organizational factors for turning the idea into action.....	22
5.1.2 Value quantification capabilities in industrial markets.....	23
5.1.3 Investigating customer value in global business markets: commentary essay	25
5.1.4 Value proposition evolution and the performance of internal corporate ventures	26
5.1.5 Service innovativeness and firm value	27
5.1.6 The network value of products	29
5.1.7 How does firm innovativeness enable supply chain resilience? The moderating role of supply uncertainty and interdependence.....	30
5.1.8 Assessing and managing the costs of satisfaction in b2b services	32

5.1.9 Industrial services, product innovations, and firm profitability: a multiple-group latent growth curve analysis	33
5.1.10 Managing customer share in key supplier relationships.....	35
5.1.11 Distinguishing the effects of b2b information quality, system quality, and service outcome quality on trust and distrust.....	36
5.1.12 How sales strategy translates into performance: the role of salesperson customer orientation and value-based selling	37
..... BIOGRAPHY	
.....	39
Figure 1 Source: Dotzel, Shankar, & Berry , 2013	12
Figure 2 Source: Eggert A. , Ulaga, Haas, Terho, & Böhm, 2016.....	13
Figure 3 Source: own elaboration, 2019	13
Figure 4 Scale of Service innovativeness	15
Figure 5 Scale of Organizational and Individual Level.....	16
Figure 6 Source: Icesi University COMEX 2018	17
Figure 7 Callarissa et al., 2006; Ulaga, 2016	18
Figure 8 Source: own elaboration, 2019	19
Figure 9 Result with good Fit	20
Figure 10 Result with excellent significant	20

RESUME

Nowadays the cross-cultural investigation of relationship value in business markets had become an important issue to study (Ulaga, 2010) the value creation have become a relevant component of the strategic of the companies to be successful in the international commerce. This project analyzes the value presided in the international commerce exchange, since the orientation value factors. This project has been developed in two different stages, in the first one was done the consolidation of thought and the construction of the model propose, in the second one was used a survey developed for other students to make field work. The model proposed focused on the study of the perceived value of the supplier by the client since the influence of the Customer Satisfaction and the Sales Person´s Value-Based Selling. The survey utilized provides two different results, the first one with good fit but fail one of the three statistically significant, and the second with an excellent significant but with a regular fit. The conclusion of the investigation was that the customer satisfaction and the Sales Person´s Value-Based Selling could be orientation factors of value. The conclusion of the survey used is that could be necessarily have a bigger sample to give it robustness to the statistic contrast.

Hoy en día, la investigación intercultural del valor de las relaciones en los mercados comerciales se había convertido en un tema importante para estudiar (Ulaga, 2010). La creación de valor se ha convertido en un componente relevante de la estrategia de las empresas para tener éxito en el comercio internacional. Este proyecto analiza el valor presidido en el intercambio de comercio internacional, desde los factores orientadores de

valor. Este proyecto se desarrolló en dos etapas diferentes, en la primera se realizó la consolidación y la construcción del modelo propuesto, en la segunda se utilizó una encuesta desarrollada por otros estudiantes para el trabajo de campo. El modelo propuesto se centró en el estudio del valor percibido por el cliente desde la satisfacción y la venta basada en el valor de la persona de ventas. La encuesta utilizada proporciona dos resultados diferentes, el primero con un buen fit pero falla en una de las significancias, y el segundo con un excelente nivel de significancia, pero con un fit regular. La conclusión de la investigación fue que la satisfacción del cliente y la venta basada en el valor de la persona de ventas podrían ser factores de valor de orientación. La conclusión de la encuesta utilizada es que podría ser utilizada una muestra más grande para darle una mayor solidez al contraste estadístico.

Keywords

- Value creation
 - Business to business markets
 - Customer satisfaction
-
- Creación de valor
 - Mercado de negocio a negocio
 - Satisfacción del cliente

1. OBJECTIVES

1.1 GENERAL OBJECTIVE

Analyze the perceived value in the commercial exchange in the business to business market since orientation factors of value.

1.2 SPECIFIC OBJECTIVES

- Investigate the concept of creating value in the b2b marketS and how it affects the relationship with the customers.
- Know about different factors that generate value in the relations with the suppliers of the b2b markets.
- Build a research tool that allows me to relate aspects that give theoretical support of value formation through a form applied to professionals working in the area of purchasing suppliers.
- Apply the existing survey to people who work in purchasing supplier's area and run the model.

2. METHODOLOGY

This project analyzes the perceived value in the commercial exchange in the business-to-business market in two stages. In the first stage developed in the first project grade, through academic research that provides us with the theoretical basis to support the developed model and a survey that will be used in another project. In the second stage from an exploratory field applying an existing survey to professionals who work in the shop of supplier's team or have a direct relationship with their suppliers and based on their results, give conclusions and validate the model utilized. Finally, it should be noted that for reasons of practicality I worked with a survey already developed and verified (attached explanation and questionnaire) to draw these conclusions, I also leave a model for future students to work with the theme developed in this degree project.

3. STATE OF ART AND MODEL CONSTRUCTION

For this project, I realize a research about the value creation in business to business markets in the investigation line of Ulaga and Eggert, trying to find the orientation factors of value, like the grade of incidence of the international complete capacity and the grade of internationalization of the firm. The consolidation of thought been made from the investigation and selection of the most related papers with the topic to be discussed. The selection of the base model been made with two papers and their respective models, and the base model construction focused on the study of the perceived value of the supplier by the client since the most important factors described in the models selected.

3.1 CONSOLIDATION OF THOUGHT

This consolidation corresponds to the papers which summaries are in the annex. Nowadays the cross-cultural investigation of relationship value in business markets had become an important issue to study (Ulaga, 2010) to analyze that relationship is necessary to understand value as the fundamental basis for all marketing activity. The customer value is the cornerstone of business marketing (Eggert A. , Ulaga, Haas, Terho, & Böhm, 2016), and the value of a product has been assessed according to the direct revenues the product creates (Oestreicher, Libai, Sivan, Carmi, & Yassin , 2013).

To difference the business to business markets than the business to customer markets, is important to know that the fundamental distinguishes between pricing in business to business from business to consumer is that in business markets is all about quantifying value,

where the price is less than the quantified sum of customer benefits (Hinterhuber, 2016) . And the customer satisfaction has long been considered top priority in b2b markets: it is widely accepted, indeed, that business suppliers' success in the marketplace is deeply intertwined with their ability to look beyond the discrete transaction, and to establish long-standing relationships with customers (e.g. Cannon and Homburg, 2001; Dwyer, Schurr, and Oh, 1987)

The increasing competitive global business markets make understanding customer value perception in international business relationships paramount (Ulaga, 2010) the authors findings confirm the role of customer value as an antecedent to customer share in business relationships. (Eggert & Ulaga, Managing customer share in key supplier relationships , 2010) is important to refer a business to business markets understanding and selling value as a strategic to achieve marketing and sales excellence, an implementation of value-based marketing is the strategic base of the value-based selling (Value-Based Selling) (Eggert A. , Ulaga, Haas, Terho, & Böhm, 2016)

The business markets must create, communicate and deliver value to the customer (Ulaga, 2010), to create value is necessary to innovate and firm innovativeness is a multidimensional concept that refers to openness and capacity to introduce innovation in the organization (Hurley and Halt 1998; Halt, Hurley, and Knight 2004). For companies with high product innovation activity, services supporting the product (ssps) directly increase firm profitability, while services supporting the clients' actions (sscs) do not display any link with long-term profitability (Eggert, Hogreve, Ulaga, & Muenkhoff , 2011)

In the internet markets a product's network value as the sum of its intrinsic value and the value it generates for its neighbors through its outgoing links, which we label outgoing value (Oestreicher, Libai, Sivan, Carmi, & Yassin , 2013) For example, E-innovations are

new services that provide customer benefits primarily through the internet and p-innovations are new services delivered primarily through human interactions. (Dotzel, Shankar, & Berry , 2013). In addition, understanding the full value of a product can help managers recognize which products to offer to customers, which products to promote, and how to better price different products, it can change advertising (Oestreicher, Libai, Sivan, Carmi, & Yassin , 2013)

The growing globalization forces marketers to understand the extent to which they can standardize or must adopt their value proposition across countries and markets (Ulaga, 2010) and the success of internal corporate ventures (icvs) is contingent upon their ability to anticipate the bases on which their offerings appeal to their target markets, adjust these value propositions as the venture develops, and leverage their parent corporations' relevant knowledge stocks (Covin, Garrett, & Kuratko, 2014). Findings of the authors suggest that firm innovativeness is positively associated with firm supply chain resilience, and supply uncertainty negatively moderates this relationship but interdependence does not. (Gölgecia & Ponomarovb , 2015)

3.2 SELECTION OF THE BASE MODELS

For the selection and design of the proposed model, was selected two models of the academic papers that compose the theoretical framework were taken as reference, which turned out to be the most pertinent and complete in terms of explaining the perceived value in the commercial exchange in the business to business market.

In the first one, Thomas doze, Venkatesh Shankar, and Leonard I. Berry examine the determinants of service innovativeness and its interrelationships with firm-level customer satisfaction, firm value, and firm risk and investigate the differences between e- and p-innovativeness in these relationships, in “Service innovativeness and firm value”.

Figure 1
CONCEPTUAL MODEL LINKING SERVICE INNOVATIVENESS, CUSTOMER SATISFACTION, FIRM VALUE, AND RISK

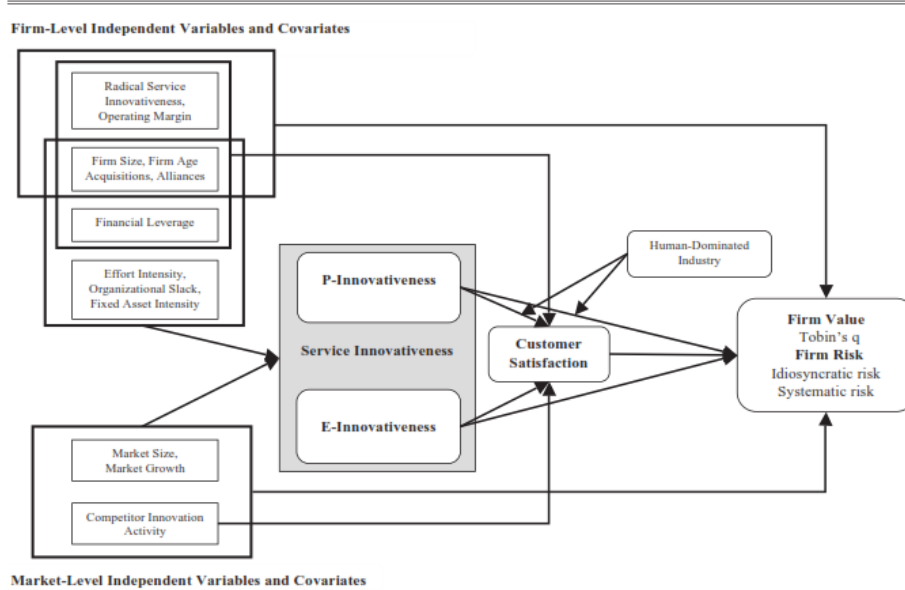


Figure 1 Source: Dotzel, Shankar, & Berry, 2013

The second model was proposed by Harry Terohm, Andreas Eggert, Wolfgang Ulaga, Alexander Has, Eva Böhm in “Selling value in business markets: individual and organizational factors for turning the idea into action” where they affirm that firms need specific types of salespeople and dedicate organizational support of effective value-based selling (Value-Based Selling) implementation.

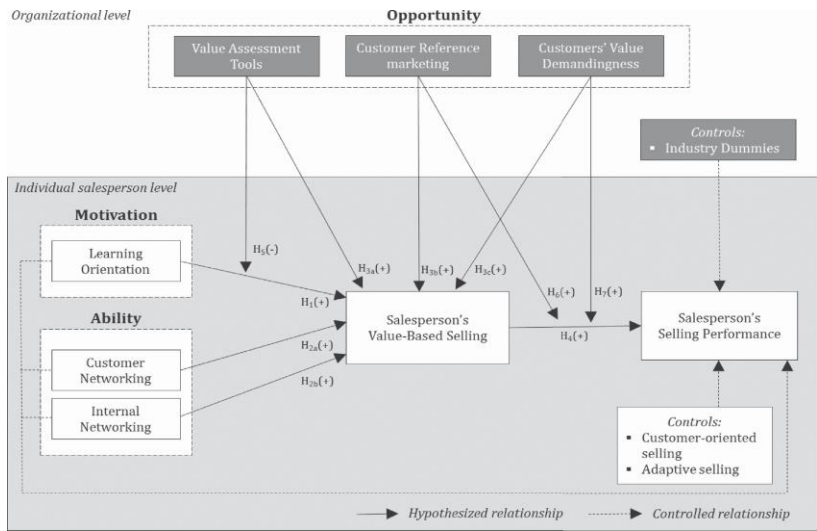


Figure 2 Source: Eggert A. , Ulaga, Haas, Terho, & Böhm, 2016

3.3 BASE MODEL CONSTRUCTION

According with the two models selected, this model focused on the study of the perceived value of the supplier by the client since the influence of the Customer Satisfaction and the Sales Person's Value-Based Selling.

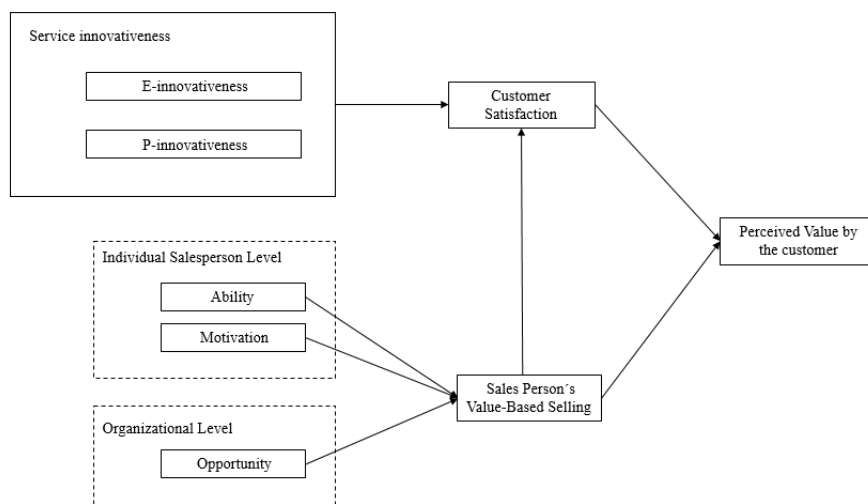


Figure 3 Source: own elaboration, 2019

The definition of service innovation as a new or enhanced intangible offering that involves the firm's performance of a task/activity intended to benefit customers, firms are keen to enhance their service innovativeness, or the organizational capability or propensity to introduce service innovations (Dotzel, Shankar, & Berry , 2013). According to this, the first hypothesis (H1) refers to the causal relationship between the customer satisfaction generated by the service innovativeness and the Perceived Value by the customer, and tries to confirm that in greater level of satisfaction generated to the customer, better is the value perceived.

- H1: Customer satisfaction influence the Perceived Value by the customer.

The management must proactively create an organizational environment that allows salespeople to adopt and thrive with Value-Based Selling (Eggert A. , Ulaga, Haas, Terho, & Böhm, 2016). Based on this, the second hypothesis (H2) refers that the Sales Person's Value-Based Selling influence to the Perceived Value by the customer, the Sales Person's Value-Based Selling since the organization opportunities and the salesperson motivations and abilities. This hypothesis tries to confirm that in greater level of adoption and thrive of the Value-Based Selling from the salespeople, the value perceived increase.

- H2: The Sales Person's Value-Based Selling influence the Perceived Value by the customer.

Firms need specific types of salespeople and dedicate organizational support of effective Value-Based Selling implementation (Eggert A. , Ulaga, Haas, Terho, & Böhm, 2016). According with this, the third hypothesis (H3) relate the Sales Person's Value-Based Selling and the Customer satisfaction in a causal relationship, where the Sales Person's Value-Based Selling influence the level of Customer satisfaction. The hypothesis tries to

demonstrate that when salespeople implement Value-Based Selling the Customer satisfaction increases.

- H3: The Sales Person's Value-Based Selling influence the Customer satisfaction.

3.3.1 Summary of Hypothesis

- H1: Customer satisfaction influence the Perceived Value by the customer.
- H2: The Sales Person's Value-Based Selling influence the Perceived Value by the customer.
- H3: The Sales Person's Value-Based Selling influence the Customer satisfaction.

3.3.2 Scale Items for Construct Measures

Service innovativeness

Innovative behavior measure (Scott, Susanne G. & Bruce, Reginald A. 1994)

- Searches out new technologies, processes, techniques, and/or product ideas.
- Generates creative ideas.
- Promotes and champions ideas to others.
- Investigates and secures funds needed to implement new ideas.
- Develops adequate plans and schedules for the implementation of new ideas.
- Is innovative.

Figure 4 Scale of Service innovativeness

Organizational Level

Value Assessment Tools (Homburg et al., 2008)

- We have developed tools to quantify our offerings' impact on customers' business.
- We have tools in place to estimate the financial implications of using our offerings to customers.
- We can assess the financial value our products/services deliver to customers.
- We integrate evidence across customers to build proof for our offerings' value.

Customer Reference Marketing (Terho & Jalkala, 2017)

- We widely utilize customer references in our marketing communications.
- We use customer references in sales communications to provide evidence of our performance.
- We utilize evidence from our customer references to communicate the value of our products/services.
- We apply customer references to concretize how customers can benefit from our products/services.
- We communicate our customer references as a proof of the functionality of our products/services.
- We ensure that our salespeople use customer references in their sales communications.

Customers' Value Demandingness (Wang & Netemeyer, 2002)

- Our customers challenge us to demonstrate the superior value of our market offerings.
- Our customers have high expectations for service and support.
- Our customers expect us to resolve their business challenges.
- Our customers expect us to make an impact on their business performance.

Industry

- Please indicate the industry in which you are mainly acting. [Global Industry Classification Standard]
- To what extent do you agree with the statements concerning your sales approach to high potential customers?
 - I work with my customers to find out what is needed to improve their performance.
 - I actively demonstrate to my customers the financial impact of working with us.
 - I focus on proactively improving my customers' business performance.
 - I use a value-based selling approach.
 - Based on a profound knowledge of my customers' business, I show how our products/services will improve their company's performance.
 - I work towards improving my customers' bottom line.
 - I focus on identifying opportunities to improve customers' business profits.

Individual Salesperson Level

Learning Orientation (Sujan et al., 1994)

- An important part of being a salesperson is continually improving your sales skills.
- It is important for me to learn from each selling experience I have.
- It is worth spending a lot of time learning new approaches for dealing with customers.
- Learning how to be a better salesperson is of fundamental importance to me.
- I put in a great deal of effort in order to learn something new about selling.

Customer Networking (Palmatier, 2008)

- I work hard to identify the relevant key stakeholders for our products and services at my customers' firm.
- Typically, I deal with the relevant decision makers for our products and services at my customers' firm.
- Typically, the contacts I have at my customers' firm make me very effective at working with them.
- Typically, I know a diverse cross-section of people at my customers' firm.

Internal Networking (John & Weitz, 1989; Palmatier, 2008)

- As a salesperson, I deal with the relevant decision makers at my firm.
- The contacts I have at my firm make me very effective in my job.
- I know a diverse cross-section of people at my firm.
- I build strong working relationships with other people in my company.
- I work very closely with non-sales employees at my firm to close sales.
- I discuss selling strategies with people from various departments

Selling Performance (Homburg et al., 2011)

Compared with other salespeople working for your company, how would you evaluate your overall performance...

- on achieved sales in the last 12 months?
- on achieved orders in the last 12 months?
- on the achieved total contribution margin in the last 12 months?
- on the achieved closing ratio in the last 12 months?
- on achieved customer satisfaction?
- exceeding the sales targets and objectives that are assigned to me?
- selling products with higher profit margins?
- generating a high euro/dollar amount of sales in my territory?
- producing a high market share for my company in my territory?
- identifying and selling to major accounts in my territory?

Customer-Oriented Selling (Thomas et al., 2001)

- I try to figure out what a customer's needs are.
- I try to bring a customer with a problem together with a product/service that helps solve that problem.
- I offer the product/service that is best suited to the customer's problem.
- I try to find out what kind of products/services will be most helpful to a customer.

Adaptive Selling (Robinson et al., 2002)

- When I feel that my sales approach is not working, I can easily change to another approach.
- I like to experiment with different sales approaches.
- I am very flexible in the selling approach I use.
- I can easily use a wide variety of selling approaches.

Figure 5 Scale of Organizational and Individual Level

4 SURVEY USED

4.1 BASE MODEL

This model focuses on the study of the perceived value of the supplier by the customer and its influences on loyalty and trust that in turn can influence the purchase of products or the return of services from the supplier.

4.1.1 Summary of Hypothesis

- H1: El valor percibido del proveedor por parte del cliente influye de forma directa en la confianza del consumidor.
- H2: La confianza del consumidor influye directamente en la lealtad de este hacia su proveedor.
- H3: El valor percibido parte del cliente influye la lealtad hacia los productos de su proveedor
- H4: La lealtad del cliente hacia su proveedor influye directamente en la decisión de recompra de sus productos.

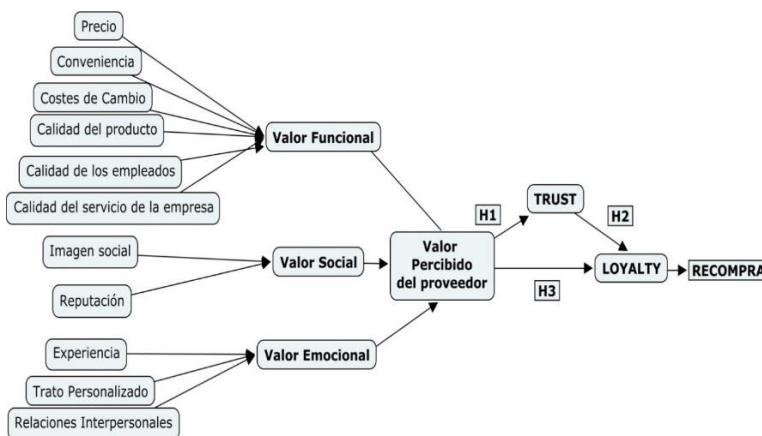


Figure 6 Source: Icesi University COMEX 2018

VARIABLE	NÚMERO DE ITEMS DE LA ESCALA	REFERENCIAS
Valor funcional calidad técnica del producto	Calidad duradera: 3 ítems Calidad técnica: 3 ítems	Lapierre (2000), Ulaga y Chacour (2001)
Valor funcional calidad del servicio empresa	Tangibilidad técnica: 7 ítems Fiabilidad: 5 ítems Seguridad 3 ítems	Codogan y Foster (1999), Lapierre (2000)
Valor funcional calidad servicio empleados	Empleados: 4 ítems	Lapierre(2000)
Valor funcional Sacrificios	Precio: 4 ítems Conveniencia: 4 ítems Costes de cambio: 2 ítems	Lusch y Brown (1996), Lapierre (2000)
Valor social	Imagen social: 4 ítems Reputación: 3 ítems	Nguyen y Leblanc (2001), Sweeney y Soutar (2001)
Valor emocional	Experiencia: 5 ítems Trato personalizado: 2 ítems Relaciones Interpersonales:5 ítems	Nguyen y Leblanc (2001), Sweeney y Soutar (2001)
Trust	Confiabilidad: 8 ítems	Ulaga y Eggert (2016)
Loyalty	Lealtad del cliente: 6 ítems	Ulaga y Eggert (2016)
Recompra	Recompra: 3 ítems	Ulaga y Eggert (2016)

Figure 7 Callarissa et al., 2006; Ulaga, 2016

For practical proposes this model was modified because the survey had limitations for the extension of the survey.

Summary of new Hypothesis

- H1: El valor funcional percibido por el cliente del proveedor y el producto, influye directamente sobre la percepción del valor emocional del cliente.

- H2: El valor funcional percibido por el cliente, influye directamente sobre el valor social que el cliente recibe.
- H3: El valor social percibido al cliente, influye directamente sobre el valor emocional generado al cliente.

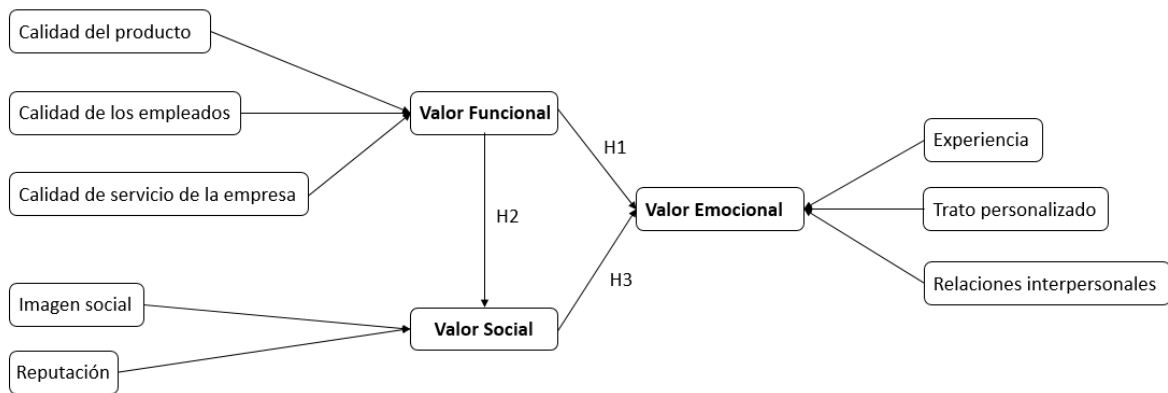


Figure 8 Source: own elaboration, 2019

4. RESULTS

The survey utilized provides two different results, the first one with good fit but fail one of the three statistically significant, and the second with an excellent significant but with a regular fit. The hypothesis was been probe with a significant level of $\alpha 0.1$ in the first result one of the hypothesis couldn't be probe because $\rho 0.159$ meaning that there is not enough evidence to affirm that the Emotional Value influence the Social Value, in the second one all the hypothesis was probed.

			Estimate	S.E.	C.R.	P	Label
VE	<---	VF	1,046	0,151	6,938	***	ok ok no
VS	<---	VF	0,777	0,259	3,005	0,003	
VS	<---	VE	0,253	0,179	1,409	0,159	
VERI3	<---	VE	1,032	0,092	11,172	***	
VERI1	<---	VE	1,037	0,093	11,151	***	
VETP2	<---	VE	1,083	0,102	10,591	***	
VEEXP4	<---	VE	1				
BFCPEMPL3	<---	VF	1				
BFCEMP13	<---	VF	0,914	0,119	7,699	***	
VSIMG2	<---	VS	1				
VSREP3	<---	VS	0,987	0,118	8,34	***	

Figure 9 Result with good Fit

			Estimate	S.E.	C.R.	P	Label
VE	<---	VF	0,978	0,134	7,31	***	OK OK OK
VS	<---	VF	0,575	0,164	3,513	***	
VS	<---	VE	0,44	0,12	3,66	***	
VERI3	<---	VE	1,03	0,091	11,367	***	
VERI1	<---	VE	1,03	0,091	11,276	***	
VETP2	<---	VE	1,05	0,101	10,383	***	
VEEXP4	<---	VE	1				
BFCPEMPL3	<---	VF	1				
BFCPEMPL1	<---	VF	0,87	0,105	8,309	***	
BFCEMP13	<---	VF	1,073	0,122	8,829	***	
BFCEMP12	<---	VF	0,808	0,096	8,38	***	
VSIMG1	<---	VS	1				
VSIMG2	<---	VS	0,826	0,087	9,453	***	
VSREP2	<---	VS	0,673	0,076	8,907	***	
VSREP3	<---	VS	0,994	0,104	9,551	***	

Figure 10 Result with excellent significant

5. CONCLUSIONS

The conclusion of the investigation was that the customer satisfaction and the Sales Person's Value-Based Selling could be orientation factors of value. For the survey used, I recommend applying the survey to a bigger sample, because the model has a good theoretical base.

6. ANNEXES

6.2 PAPER SUMMARIES

5.1.1 Selling value in business markets: individual and organizational factors for turning the idea into action

Authors: Harry Terohm, Andrea's Egger, Wolfgang Ulaga, Alexander Haas, Eva Böhm

Publication: Industrial marketing management, Elsevier

Year: 2016

The authors refer a business to business markets understanding and selling value as a strategic to achieve marketing and sales excellence, an implementation of value-based marketing is the strategic base of the value-based selling (Value-Based Selling). Firms need specific types of salespeople and dedicate organizational support of effective Value-Based Selling implementation. Value-Based Selling is most effective when salespeople learning orientation and networking competencies emerge as critical antecedents.

Value is defined as the fundamental basis for all marketing activity, the customer value is the cornerstone of business marketing. This paper examine how, customer value-based corporate strategies can be translated into value-based selling practices. In this study the Value-Based Selling was analysed in two level: individual salesperson and organization level. The project used 50 firms' senior sales directors and in the finally they could conclude that many salespersons were unable to practice Value-Based Selling.

The three study raises questions are: what are the determinants of Value-Based Selling at the individual salesperson level? Does Value-Based Selling lead to superior salesperson performance, above and beyond prevalent selling approaches? And which organizational factor need to be in place to facilitate the adoption and performance outcomes of Value-Based Selling in business to business firms? To answer these questions first they made a motivation-opportunity- ability (moa) framework with specific determinants, outcomes and contingences of Value-Based Selling, to made this they used 944 salespeople and 43 sales organization, the result was that Value-Based Selling enhances salespeople's performance, beyond the effects of established sales constructs. Second, in individual salesperson level, they find that Value-Based Selling requires a specific profiles and competences (orientation competences and networking competences). Third, they study how managers can promote Value-Based Selling amount their salespeople and support their sales force wile rolling out Value-Based Selling.

They conclude that the management must proactively create an organizational environment that allows salespeople to adopt and thrive with Value-Based Selling. But Value-Based Selling is not always effective, where customers are perceived to have high expectations and require their sellers to “show them they money”.

5.1.2 Value quantification capabilities in industrial markets

Author: Andrea's Hinterhuber

Publication: Journal of business research, Elsevier

Year: 2016

The author explores the origins and benefits of value quantification capabilities in industrial markets. He studied 131 U.S. industries sales and account managers and he found that the value quantification capabilities improve firm performance but not individual sales manager performance, the effect of value quantification capabilities is stronger in stable markets than in the dynamic ones, and the traits that are related with the individual value quantification capability are: risk taking and creativity, sales manager questioning style, customer-oriented selling, and cross-functional collaboration.

The fundamental distinguishes between pricing in business to business from business to consumer is that in business markets is all about quantifying value, where the price is less than the quantified sum of customer benefits. Value quantification is not necessary in customer markets, individual customers implicitly make this value quantification and then decide accordingly. In business purchasing manager quantify the value of alternative offers in their supplier selection decisions. Most companies struggle to convert their value propositions between the capabilities that industrial sellers have regarding value quantification.

The author concluded answering the question, does value quantification improve performance in industrial markets? The academic research suggest that it does, and the qualitative research indicates that the performance of sellers in business to business improve as a result of value quantification. The value quantification capabilities are positively related to firm performance and the relationship is weaker in-flight dynamic markets.

5.1.3 Investigating customer value in global business markets: commentary

essay

Author: Wolfgang Ulaga

Publication: journal of business research, Elsevier

Year: 2010

Nowadays the cross-cultural investigation of relationship value in business markets had become an important issue to study. In the theoretical way they study how national cultures affect customer value perceptions in business markets, and in the methodological way they study the cross-cultural measurement equivalence on the basis of procedures specifically designed to support formative customer value model.

The business marketing is focused in the customer value and they studied it conceptually and empirically in customer and supplier perspective. Over time value is study in relationships and broader networks, product value-in-use and product value-in-exchange. The reason to study the customer value is because it is the criticality of value to every aspect of marketing decision making. The business markets must create, communicate and deliver value to the customer.

The growing globalization forces marketers to understand the extent to which they can standardize or must adopt their value proposition across countries and markets. In the study, the author investigated the cross-cultural generalization of customer value construction and the measurement and modeling of value in business markets.

Finally, they conclude that the increasing competitive global business markets make understanding customer value perception in international business relationships paramount. In

the theoretical way the relationship between customer-perceived product quality and core benefits is stronger in countries with high uncertainty avoidance and low cultural individualism; the national cultures affect purchasing professional's perceptions of customers benefit. In the methodological way the formative value measures across countries, researchers should probe three types of measurement equivalence and apply their step-by-step procedure.

5.1.4 Value proposition evolution and the performance of internal corporate ventures

Authors: Jeffrey G. Covin, Robert P. Garrett jr, Donald F. Kuratko, Dean a.

Publication: Journal of business venturing, Elsevier

Year: 2014

The success of internal corporate ventures (icvs) is contingent upon their ability to anticipate the bases on which their offerings appeal to their target markets, adjust these value propositions as the venture develops, and leverage their parent corporations' relevant knowledge stocks.

The authors built and tested a model of venture performance using data from 145 icvs, and found that value proposition evolution is related to venture performance in a curvilinear manner. Icvs whose value propositions exhibit moderate evolution perform better than icvs whose value propositions exhibit no evolution or extensive evolution, and the value proposition evolution–performance relationship is moderated by the parent corporation's familiarity with the venture's target market. The authors demonstrate the relevance of an icv's initial founding conditions to the specific shape of the adaptation–performance relationship,

showing that initial market familiarity predicts both the extensiveness of venture value proposition evolution and how such evolution relates to icv performance.

The study has three specific theoretical implications. First, icvs adapt their value propositions more successfully in markets familiar to their parents whereas icvs targeting unfamiliar markets may simply need to experiment more in order to build a knowledge base. Thus, there may be a knowledge building- related dynamic inherent to the exploratory process which suggests that early lessons will not be as valuable as latter lessons that occur after a core knowledge base has been built. A second implication relates to the apparent diminishing returns to value proposition evolution under conditions of high market familiarity and the knowledge-leveraging challenges that seem to account for this effect. The authors results suggest that an icv's ability to learn after repeated or extensive value proposition miscalculations will diminish as a function of market familiarity. Thus, while knowledge acquisition success is contingent upon the presence of prior knowledge in similar knowledge domains, prior knowledge may hinder icv managers' abilities to recognize why underperforming value propositions are not delivering expected venture performance. A final implication concerns the matter of how exploration and exploitation can interrelate across levels of analysis. The authors recognize that the knowledge gained through exploration becomes part of the knowledge stock that is exploited as the exploratory vehicle develops. More specifically, that the increasing market familiarity gained as icvs navigate their new business domains helps build the knowledge stock on which possible value proposition adjustments are made.

5.1.5 Service innovativeness and firm value

Author: Thomas doze, Venkatesh Shankar, and Leonard I. Berry

Publication: Journal of marketing research

Year: 2013

The authors examine the determinants of service innovativeness and its interrelationships with firm-level customer satisfaction, firm value, and firm risk and investigate the differences between e- and p-innovativeness in these relationships. They develop a conceptual model and estimate a system of equations using zero-inflated negative binomial regression and seemingly unrelated regression approaches. The results of the authors reveal asymmetries between e- and p-innovativeness. Whereas e-innovativeness has a positive and significant direct effect on firm value, p-innovativeness has an overall significantly positive effect on firm value through its positive effect on customer satisfaction but only in human-dominated industries. Both e- and p-innovativeness are positively associated with idiosyncratic risk, but customer satisfaction partially mediates this relationship for p-innovativeness to lower this risk in human-dominated industries. The findings suggest that firms should nurture e-innovativeness in most industries and p-innovativeness in human-dominated industries.

The authors define service innovation as a new or enhanced intangible offering that involves the firm's performance of a task/activity intended to benefit customers, firms are keen to enhance their service innovativeness, or the organizational capability or propensity to introduce service innovations. The authors categorize service innovativeness into two broad types: internet-enabled service innovativeness and people-enabled service innovativeness along with their corresponding capabilities, e-innovations and p-innovations, respectively. E-innovations are new services that provide customer benefits primarily through the internet and p-innovations are new services delivered primarily through human interactions.

The authors address the following two research questions: what are the effects of service innovativeness (e- or p-) on customer satisfaction, firm value, and firm risk, and how are these constructs related? And how does e- and p-innovativeness differ (especially in human-dominated industries)? Drawing from the marketing, strategic management, industrial organization, finance, and operations literature streams, the authors formulate a conceptual model of the determinants of service innovativeness and the interrelationships among service innovativeness, customer satisfaction, firm value, and risk. The authors develop and estimate a system of equations, comprising zero-inflated negative binomial and regression models on a uniquely assembled panel data set of 1049 e- and p-innovations introduced from 2000 through 2004 by 90 firms across nine industries.

5.1.6 The network value of products

Author: Gal Oestreicher-singer, Barak Libai, Liron Sivan, Eyal Carmi, & Ohad Yassin

Publication: Journal of marketing

Year: 2013

The value of a product has been assessed according to the direct revenues the product creates. Such influence is especially evident in e-commerce environments, in which products are often presented as a collection of web pages linked by recommendation hyperlinks, creating a large-scale product network. The authors present a systematic approach to estimate products' true value to a firm in such a product network. They focusing in the spirit of the pagerank algorithm, uses available data from large-scale e-commerce sites and separates a product's value into its own intrinsic value, the value it receives from the network, and the

value it contributes to the network. The authors demonstrate their approach using data collected from the product network of books on amazon.com. Specifically, they show that the value of low sellers may be underestimated, whereas the value of best sellers may be overestimated. The authors explore the sources of this discrepancy and discuss the implications for managing products in the growing environment of product networks.

The authors illustrate their approach by applying it to a large product network of books collected from amazon.com. The authors focus on the differences in network value across books and specifically examine how the network value of high-selling items differs from that of low-selling items. The value of low-selling items is underestimated compared with that of best sellers, and the authors use the product network value approach to demonstrate how the distribution of the number of incoming and outgoing links, and the extent to which these links are influential, contribute to this phenomenon.

5.1.7 How does firm innovativeness enable supply chain resilience? The moderating role of supply uncertainty and interdependence

Authors: Ismail Gölgecia and Serhiy y. Ponomarovb

Publication: Technology analysis & strategic management, Routledge taylor & francis group

Year: 2015

The authors focus on exploring the relationship between firm innovativeness and supply chain resilience (scr) in an attempt to facilitate bridging the gap between two important research streams and shed some light on the contingent value of firm innovativeness against

disruptions and adversities. The moderating role of supply uncertainty and interdependence in the focal relationship was also hypothesized and tested. Findings of the authors suggest that firm innovativeness is positively associated with firm scr, and supply uncertainty negatively moderates this relationship but interdependence does not.

Managers face a number of serious challenges on a daily basis as they deal with various uncertainties and adversities surrounding their operations. Nevertheless, an element of risk and its structural complexity is often undervalued or not taken seriously (golgeci and ponomarov, 2013). As a result, only a small percentage of firms are prepared to continuously handle adversities and disruptions due to risk situations in the long run.

Previous research indicates that supply chain resilience (scr) is a relatively new area of supply chain research that is related to risk management (ponomarov and holcomb, 2009; pettit, fiksel, and croxton, 2010). The authors explore whether and under what conditions firm innovativeness can be leveraged to mitigate and avert adversities and foster a higher level of firm scr.

While firm innovativeness is viewed as an organizational capability that contributes to firms' scr, environmental uncertainty and interdependence are hypothesized as moderators of such a relationship. The authors aim to facilitate bridging the gap between innovation and scr research streams and intend to contribute to both supply chain management (scm) and strategic management literature by exploring the nature of the relationship between firm innovativeness and scr.

Moderate correlations among the variables suggest the absence of significant multicollinearity. Furthermore, following the calculation of variance inflation factors (vif) for

all variables, authors concluded that multicollinearity is not a serious threat to the validity of the analyses, as all vif values including interaction terms remained below 2.2 and average vif values ranged between 1.2 and 1.6 (kleinbaum, kupper, and muller 1988).

5.1.8 Assessing and managing the costs of satisfaction in b2b services

Author: Antonella Cugini, Antonella Carù, Fabrizio Zerbini

Publication: Journal of strategic innovation and sustainability

Year: 2007

Customer satisfaction has long been considered top priority in b2b markets: it is widely accepted, indeed, that business suppliers' success in the marketplace is deeply intertwined with their ability to look beyond the discrete transaction, and to establish long-standing relationships with customers (e.g. Cannon and homburg, 2001; dwyer, schurr, and oh, 1987).

While buyers pay growing attention to suppliers' ability of adding value to the business offering from the very beginning until the very end of the supplying process (Ulaga and egget, 2006; tuli, kohli, and bharadwaj, 2007), competition facilitates switching behaviors, and makes customers more reluctant to pay premium prices to suppliers that are excellent in managing their satisfaction.

It turns out that satisfied customers can sometimes result in dissatisfaction of their suppliers, until extreme cases where customer relationships turn from assets to liabilities (gargiulo and benassi, 2000; pillai and sharma, 2003).

Indeed, the nature itself of a wide portion of business markets, where few customers account for large shares of suppliers' portfolios, and thus are key for engendering not only revenues but also costs, suggests that economics of customer satisfaction have to be kept in the highest consideration.

The authors build on their research in order to extend it to the management of satisfaction costs of business customers. In that context, traditional segmentation-based analyses poorly fit with satisfaction management. Customization instances are far much relevant, and push towards ad one-to-one solutions whose costs should be assessed on an individual, rather than a group basis. The authors provide a guidance to allow cost analysis at the single customer level, thus enabling assessing the economics of one-to-one strategies based on intangible offerings.

5.1.9 Industrial services, product innovations, and firm profitability: a multiple-group latent growth curve analysis

Author: Andrea's Egger, Jens Høgreve, Wolfgang Ulaga, Eva Muenkhoff

Publication: Industrial marketing management, Elsevier

Year: 2011

The authors research on the link between service revenue growth and firm profitability. The authors report the results of a longitudinal study based on panel data of 414 companies in the German mechanical engineering industry collected over a five-year period. The authors employed latent growth curve modeling and using multiple group analysis, the study provides empirical evidence for the causality between service infusion strategies and manufacturers' profit trajectories. The results also reveal differential effects of service categories and the moderating role of manufacturers' product innovation efforts. For

companies with high product innovation activity, services supporting the product (ssps) directly increase firm profitability, while services supporting the clients' actions (sscs) do not display any link with long-term profitability. Contrary, for companies with low product innovation activity, sscs have a significant, positive effect on firm profitability, while ssps have only an indirect effect. In conclusion, authors findings caution managers that service offerings do not automatically improve company profits. Manufacturers must carefully consider the fit between their service offerings and product innovation activities to grow bottom line results.

From a managerial perspective, there are straightforward economic reasons that goods-dominant companies increasingly venture into services. In business markets, in which manufacturers heavily rely on an installed base, substantial revenues and profits can be derived from services over the product life cycle (potts, 1988). Service revenues typically display healthy profit margins that serve as compensation for declining revenues and profitability in equipment sales (cohen, agrawal, & agrawal, 2006; reinartz & Ulaga, 2008).

In general, managers and scholars agree about the fundamental benefits of moving towards services. Yet increasing anecdotal evidence also reveals that results are often mixed at best. Product companies that enter service markets often cannot outperform their pure product counterparts in terms of revenue growth, profit margins, and returns on equity.

The authors study contributes to marketing research and practice in three ways. First, employing longitudinal panel data, that study analyzes long-term effects of industrial service offerings. Second, the authors underline their heterogeneity and uncover their differential effects on company performance. Third, that study enhances the understanding of conditions under which industrial services result in long-term profit growth for manufacturing

companies. In particular, the authors findings show that manufacturing companies can enhance profitability with industrial services when they account for the interplay between service offerings and product innovation activities.

5.1.10 Managing customer share in key supplier relationships

Authors: Andrea's Egger A, Wolfgang Ulaga

Publication: Industrial marketing management, Elsevier

Year: 2010

Supply base consolidation is an important issue in many business markets. Consequently, the allocation of purchasing budgets across vendors becomes an area of vital interest to suppliers. The authors argue that customer share is a key decision variable in business marketing settings and investigate how a supplier can proactively manage the share of its customer's business. The authors report the results of a cross-sectional study among purchasing managers in U.S manufacturing industries. The authors findings confirm the role of customer value as an antecedent to customer share in business relationships. The study shows that customer share influences the stability of key supplier relationships. Rather than displaying a direct impact, the authors results suggest that trust mediates and dependence moderates the link between customer share and search for alternative suppliers. Based on these findings, the authors propose a framework for managing customer share in key supplier relationships. Four approaches of how industrial vendors can proactively manage customer share are discussed.

From a cost perspective, placing a greater emphasis on fewer suppliers allows a customer to concentrate order volumes and gain more influence over vendors. Beyond price

concessions, a focus on selected suppliers allows a firm to reduce total cost of ownership. From a quality perspective, a limited supply base allows customers to invest in supplier development. In addition to improving quality of existing products, it allows customers to motivate vendors to engage in efforts of joint product development.

Buyers face increased dependence and, consequently, higher risks of supply disruption. In addition, suppliers may be tempted to raise prices to take advantage of a customer's increased level of dependence. Finally, favoring one supplier over others typically comes at the cost of reduced flexibility.

5.1.11 Distinguishing the effects of b2b information quality, system quality, and service outcome quality on trust and distrust

Authors: d. Harrison Mcknight, Nancy k. Lankton, Andrea's Nicolaou, Jean Price.

Publication: Journal of strategic information systems, Elsevier.

Year: 2017

Successful business-to-business (b2b) data exchanges can help firms improve interorganizational cooperation and operational practices, making the competitive advantage increase. But the data exchange quality and trust are not assured. Using two-factor theory and trust theory, the authors examine the differential impacts of information quality, system quality, and service outcome quality on trusting and distrusting beliefs. The authors also study whether trusting and distrusting beliefs have differential influences on relationship commitment and perceived risk. Results from a laboratory experiment show that information quality, a process (i.e., motivating) factor, more strongly influences trusting beliefs than

distrusting beliefs, whereas service outcome quality, an outcome (i.e., hygiene) factor, more strongly influences distrusting beliefs. Also, while trusting beliefs has a significantly stronger influence on relationship commitment, trusting and distrusting beliefs have equivalent effects on perceived risk.

The authors investigate their research model using a laboratory experiment that is intended to help create variance in quality. The experimental design places subjects in the role of a purchasing manager for a large manufacturing company who is using a system modeled after real-life b2b data exchange systems. The experimental materials include a number of b2b contextual attributes not only to help the subjects role-play, but also to ensure the context is distinguishable from a b2c context. This is important because b2b and b2c contexts differ widely in terms of purchase objectives, decision complexity, payment, products, and supplier relationships.

5.1.12 How sales strategy translates into performance: the role of salesperson customer orientation and value-based selling

Authors: Harry Terohm, Andrea's Egger, Alexander Haas, Wolfgang Ulaga.

Publication: Industrial marketing management, Elsevier

Year: 2015

In the business markets the importance of selling has been improved, the sales strategy remains an under-researched topic in the business-to-business marketing domain. How to implement it effectively or about the mechanisms of how sales strategy affects performance, despite its apparent importance for firm success. The auth (Eggert A. , Ulaga, Haas, Terho, & Böhm, 2016) (Eggert A. , Ulaga, Haas, Terho, & Böhm, 2016; Ulaga, 2010; Covin, Garrett, &

Kuratko, 2014; Dotzel, Shankar, & Berry , 2013; Oestreicher, Libai, Sivan, Carmi, & Yassin , 2013; Gölgecia & Ponomarova , 2015; Cugini, Carù, & Zerbini , Assessing and managing the costs of satisfaction in b2b services, 2007) they drew on a large-scale sample of 816 salespeople and directors from 30 sales organizations, and employing multilevel structural equation modeling, that study sheds light on the chain of effects that transforms sales strategy as an organizational variable into selling performance captured on the individual salesperson level. The findings demonstrate that a firm's sales strategy is related to market performance and affects salesperson selling performance both directly and indirectly. The results show that each sales strategy dimension affects salesperson performance in a unique way. Of the three dimensions of sales strategy studied, only segmentation directly impacts salesperson selling performance. Prioritization and selling models impact salesperson performance indirectly, via their impact on customer orientation and value-based selling.

The authors address develops and test a theoretical model of how sales strategy translates into performance in business markets. The authors focus lies principally on salespeople and their role in implementing sales strategy. Specifically, the study first, develops a model of how three conceptually distinct facets of sales strategy affect salespeople and their selling performance; second, tests the hypothesized direct, mediated, and moderating effects of these facets on salesperson selling performance; and third, further investigates the relationship between sales strategy and organizational market performance employing multilevel structural equation modeling, based on a large-scale data set of 816 salespeople and directors from 30 independent sales organizations.

BIOGRAPHY

- Covin, J., Garrett, R., & Kuratko, D. (2014). *Value proposition evolution and the performance of internal corporate ventures*. Journal of business venturing, Elsevier.
- Cugini, A., Carù, A., & Zerbini, F. (2007). *Assessing and managing the costs of satisfaction in b2b services*. Journal of strategic innovation and sustainability .
- Cugini, A., Carù, A., & Zerbini, F. (2007). *Assessing and managing the costs of satisfaction in b2b services*. Journal of strategic innovation and sustainability .
- Dotzel, T., Shankar, V., & Berry, L. (2013). *Service innovativeness and firm value*. Journal of marketing research .
- Eggert, A., & Ulaga, O. (2010). *Managing customer share in key supplier relationships* . industrial marketing management, Elsevier .
- Eggert, A., Hogreve, J., Ulaga, W., & Muenkhoff, E. (2011). *Industrial services, product innovations, and firm profitability: a multiple group latent growth curve analysis*. Industrial marketing management, Elsevier.
- Eggert, A., Ulaga, W., Haas, A., Terho, H., & Böhm, E. (2016). *Selling value in business markets: individual and organizational factors for turning the idea into action*. Industrial marketing management, Elsevier.
- Gölgecia, I., & Ponomareva, S. (2015). *How does firm innovativeness enable supply chain resilience? The moderating role of supply uncertainty and interdependence*. Technology analysis & strategic management, Routledge Taylor & Francis Group.
- Hinterhuber, A. (2016). *Value quantification capabilities in industrial markets*. Journal of business research, Elsevier.
- Mcknight, H., Lankton, N., Nicolaou, A., & Price, J. (2017). *Distinguishing the effects of b2b information quality, system quality, and service outcome quality on trust and distrust* . Journal of strategic information systems, Elsevier.
- Oestreicher, G., Libai, B., Sivan, L., Carmi, E., & Yassin, O. (2013). *The network value of products*. Journal of marketing .
- Terho, H., Eggert, A., Haas, A., & Ulaga, W. (2015). *How sales strategy translates into performance: the role of salesperson customer orientation and value-based selling*. Industrial marketing management, Elsevier.
- Ulaga, W. (2010). *Investigating customer value in global business markets: commentary*. Journal of business research, Elsevier.