

23E50010

MANAGING VALUE-BASED SELLING

Creating value with customers (2)

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*READING FOR THE
NEXT MEETING*

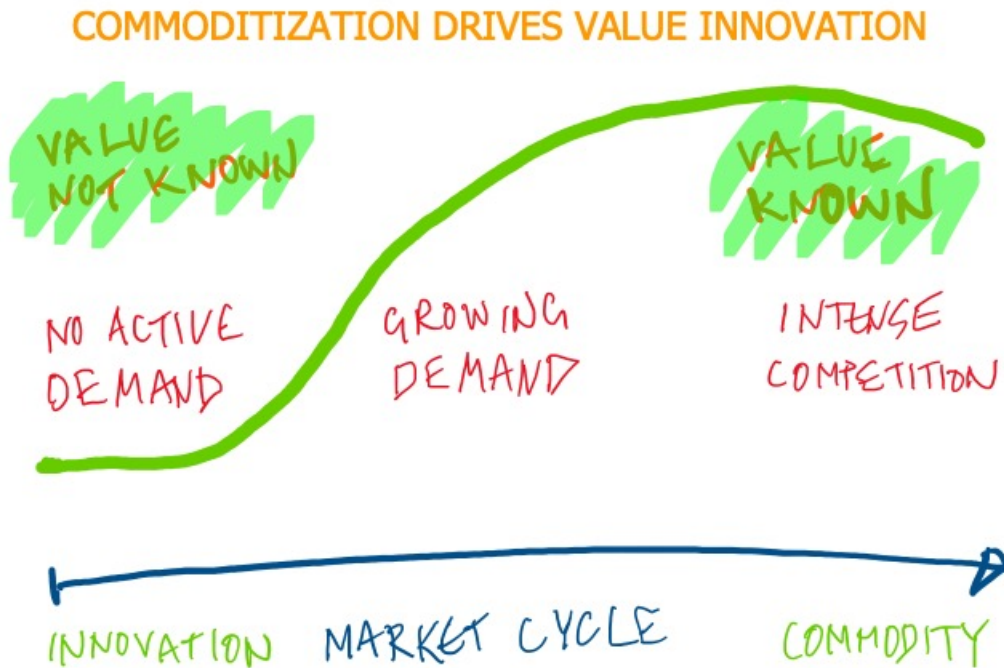
Customer Value Propositions in Business Markets

by James C. Anderson, James A. Narus, and
Wouter van Rossum

Anderson, J. C., Narus, J. a, & van
Rossum, W. (2006). "Customer
value propositions in business
markets". *Harvard Business
Review*, 84(3), 1–10.

WHY VALUE?

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins or other markings on the paper.



This graph illustrates a life-cycle of an innovation.

In the beginning:

1. The value of the innovation is not known (and hence must be shown)
2. There is no active demand
3. There is no competition
4. Buyers are visionaries and early adopters (Moore 1993)

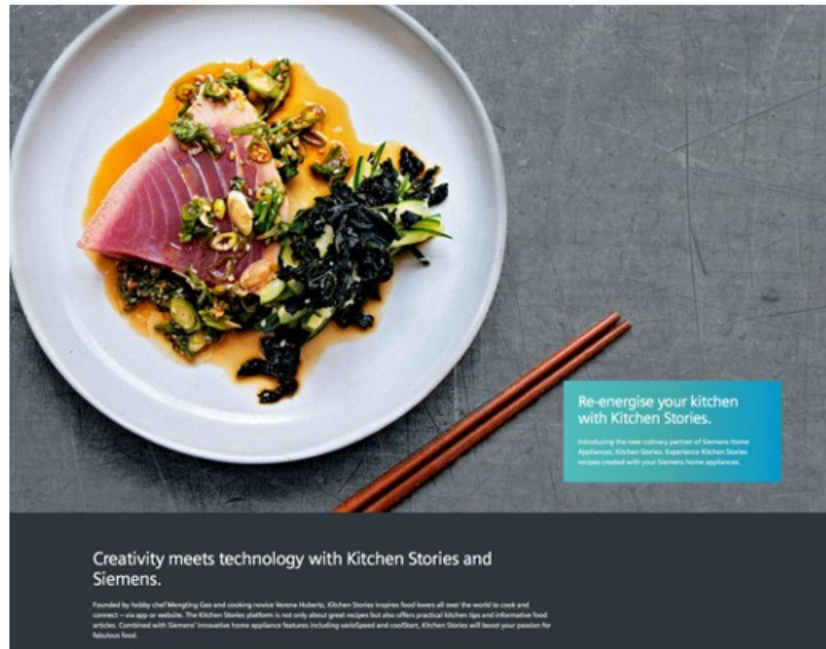
In the end:

1. The value is widely known (and hence is not discussed)
2. There is active demand
3. There is intense competition
4. Buyers are professional buyers

In your opinion, how does this change affect marketing and sales?

→ Need to differentiate by innovating

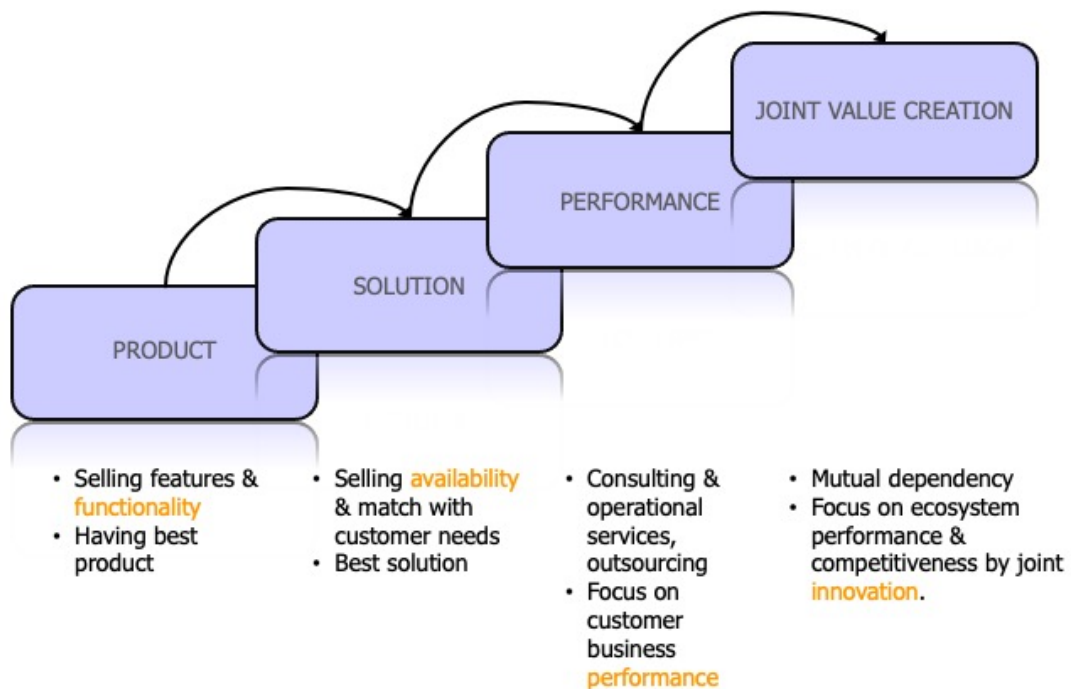
CASE Siemens



Siemens is adding intelligence into their kitchen equipment to provide additional services and integrate the equipment better with their customer's "life process".

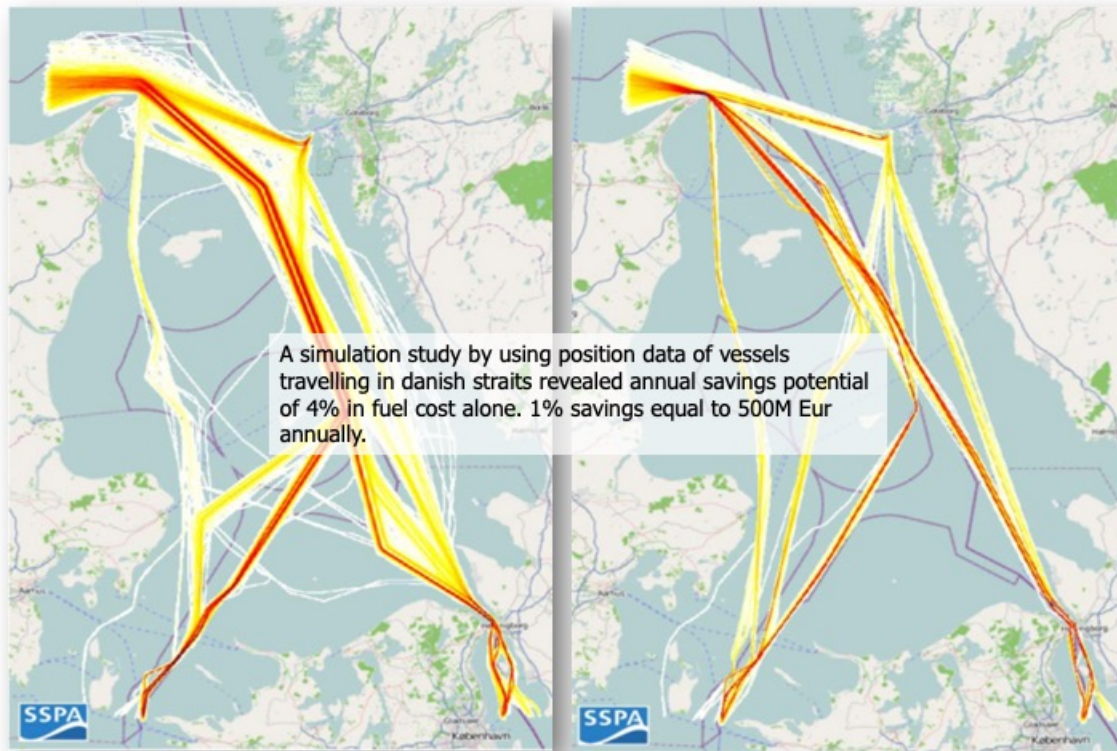
This is a good example of an attempt to differentiate in a business area, which is highly commoditized.

SYSTEMATIC DIFFERENTIATION BY EXPANDING INTO CUSTOMER SPACE



This drawing conveys a number of messages:

1. A starting point for a customer relationship is often a product (or productized service) which is easy to buy, and involves low risk for the buyer. Customer choice is based on product differentiators
2. Once the product differentiation is lost while market matures, the next step to differentiate is by moving to sell more comprehensive solutions, i.e. Product + services to ensure smooth operation of the product (maintenance, preventive maintenance etc.)
3. Once the solution differentiation is lost, the logical next step is to instead of selling tools for the customer to run a process, is to take over the process and sell performance instead. Different performance ensuring arrangements also belong to this category.
4. The final stage of differentiation involves mutual dependency and strategic cooperation to differentiate from other similar industry clusters for competitiveness.



How to benefit from value?

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on its right side, suggesting it's resting on a surface.

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