



Value creation by “muddling” in the B2B sector[☆]

Peter Hultén^{*}

Hull University Business School, Cottingham Rd, Hull, North Humberside HU6 7RX, UK
 ESC Rennes School of Business, Rennes, France

ARTICLE INFO

Article history:

Received 1 January 2009
 Received in revised form 1 April 2010
 Accepted 1 December 2010
 Available online 20 January 2011

Keywords:

Customer-perceived value
 Muddling
 Upgraded product offerings

ABSTRACT

Using empirical data from an online survey of 93 managers in the Swedish business-to-business sector, this study analyzes customers' perceptions of the value of upgraded product offerings. With a Lindblomian perspective, this research identifies factors that affect value judgments. Findings indicate that communication of the value of upgraded product offerings and usage situations are positively associated with the customer-perceived operative value drivers. However, it is only the value perceptions from usage situations that significantly impact the perceived value drivers. A conclusion drawn is that Lindblom's theories on “muddling” are instrumental in explaining why it is difficult for a customer to accurately assess the value of a new solution, and why usage situations positively affect the operative value drivers in a buyer-seller relationship. Thus, “muddling” creates value in such relationships.

© 2010 Elsevier Inc. All rights reserved.

1. Introduction

The procurement of upgraded production equipment forces decision makers to face several challenges, some of which may be known in advance and allow modifications of the new technology prior to installation. However, other challenges become evident only after the installation of new technology. These “bugs” in the system are difficult to foresee, and as Toyota's recent problems indicate, no brand or product category is safe from unpredictable outcomes of modifications to the design and integration of new components. In this paper, the upgraded product offerings are defined as offerings of products which have the same core functions as earlier versions, but with modifications in design and components making them slightly different from earlier versions (e.g., Skarp and Gadde, 2008; Matthyssens et al., 2009).

The challenges associated with marketing upgraded product offerings are particularly apparent in the business-to-business (B2B) sector, where new technology can trigger organizational change and affect communication (e.g., Orlikowski, 1992; Zackariasson and Wilson, 2004). Thus, a new technology might spark chain reactions that affect procedures and working practices far beyond the core functions of the technology. This study draws on the notion that such effects influence customers' perceptions of the upgraded offerings' value (Skarp and Gadde, 2008). Such effects draw attention to a central B2B marketing problem because, at the same time as competition forces suppliers to upgrade their product offerings, a

misfit between the upgraded components and a customer company's production systems adversely affects customer satisfaction.

Therefore, this article examines how upgraded product offerings affect customer-perceived value in the B2B sector. This topic is interesting because upgraded production equipment may include “bugs” that create problems in customers' production systems. Specifically, this paper addresses the customer companies' assessment of the value that has been created for them by a supplier given the trade-offs between all relevant benefits and sacrifices in a specific-use situation (Flint et al., 1997; Skarp and Gadde, 2008; Ulaga and Chacour, 2001). This view of value judgments draws on Hirschman and Lindblom's (1962) suggestion that snags, difficulties, and tensions are inevitable, so companies must learn how to exploit them to advance their problem-solving process. Indeed, since some problems tend to be interlocked with interdependent solutions (Braybrooke and Lindblom, 1963), the communication between a supplier and a customer becomes a critical factor affecting customers' value judgments. Furthermore, as Lindblom (1968) notes, some problems need to be invented before an appropriate solution can be found; landing a man on the moon was not a problem until the decision was taken to do so. A Lindblomian perspective may thus facilitate our understanding of the factors that affect a customer's judgments of the value of a supplier's upgraded product offerings.

Prior studies of customers' value assessments offer important insights about the relationship between price and value (Anderson et al., 1993, 2000; Hultén et al., 2009), the impact of relationships on value assessments, the potential for competence creation (Golfetto and Gibbert, 2006; Grönroos, 1997; Gwinner et al., 1998; Ulaga and Eggert, 2005, 2006), and the means by which corporate reputation adds to perceptions of value of highly intangible services (Hansen et al., 2008). Recognizing contextual influences on business relationships, this study

[☆] The author thanks Marco Michelotti and Tania Steyn at ESC-Rennes School of Business for their valuable comments on previous versions of this manuscript.

^{*} Hull University Business School, Cottingham Rd, Hull, North Humberside HU6 7RX, UK.

E-mail address: P.Hulten@hull.ac.uk.

responds to calls for further investigations of value drivers in customers' relationships with their key suppliers. Other sources of inspiration include Skarp and Gadde (2008) and Matthyssens et al. (2009), who highlight the need for studies of the customer-perceived value of upgraded product offerings.

This article specifically focuses on customers' perception of the operative value of upgraded product offerings in the context of the Swedish B2B sector. Thus, the operative value refers to customers' perception of the benefits obtained from using a supplier's products and services. Conceptually, a Lindblomian perspective contributes to current knowledge about customer-perceived value by creating a framework for explaining the factors that affect value perceptions and the adjustments that buyers and sellers make. Furthermore, this article contributes by testing the relationships between upgraded offerings and customers' perceptions of the operative value they obtain from working with key suppliers. Therefore, managers and scholars seeking knowledge about factors that influence value assessments in the B2B sector should find this paper interesting.

The subsequent literature section outlines the relevance of the Lindblomian perspective for an analysis of the factors that affect customer-perceived value in buyer–seller relationships. Next, the explanation of the applied research method precedes the description of the analytical approach and empirical findings. This article concludes with a discussion of the results and proposals for further research directions.

2. Background

The term “muddling,” introduced by Lindblom (1959), often gets mistaken for a jumbled, confused, or bungled approach to decision making (Hällgren and Wilson, 2007). However, Lindblom (1959) actually outlines a decision-making approach associated with policy making, in which decision makers cannot identify or quantify alternatives easily (Hällgren and Wilson, 2007). Thus, muddling results when policy makers confront a huge number of alternative policies, along with their potential drawbacks. Muddling provides a way to solve problems when synoptic or comprehensive perspectives are impossible because of the number of parameters involved (Hirschman and Lindblom, 1962). Muddling, or disjointed incrementalism, also can deal with circumstances for which a substantial departure from comprehensive understanding is both inevitable and desirable (Hirschman and Lindblom, 1962). Fig. 1 illustrates the links

between the analytical typologies that Braybrooke and Lindblom (1963) specify and managers' understanding of problems and decision-making approaches.

Value assessments in a B2B setting occur in a context characterized by a good understanding of organizational needs and technological constraints (quadrant 2, Fig. 1). Despite the rapid pace of technological change, elements of incremental change appear as well, because the new technology adapts to fit users' needs in interlinked systems, as well as the constraints established by specific production units. Thus, persons responsible for production units may engage in trade-offs that reflect the constraints of existing equipment. Several elements of this disjointed incrementalism are also likely to appear in the communication between customers and suppliers with regard to upgraded offerings. For example, the knowledge of the parties involved in the communication may be limited to equipment that differs only marginally from the equipment in place. Other companies adjust production systems in response to financial constraints; in these situations, “impossible” actually means “prohibitively costly” (Braybrooke and Lindblom, 1963, p. 93). The need to manage such situations may prompt firefighting behavior, which does not fully solve problems but instead allows them to recur, time and again.

In the spirit of Lindblom (1959), such behavior is not necessarily reflective of a decision-making failure. Rather, this behavior develops because of the complexity of the system and because a production system cannot be complete nor stay complete (see Hirschman and Lindblom, 1962). Furthermore, in some situations, foresight can be misplaced, which may complicate the problem. Learning the “hard way” about the problems that the future holds may, therefore, be an efficient way to a solution (Hirschman and Lindblom, 1962). However, when learning the hard way, people rarely appreciate the experience. Instead, dealing with unanticipated problems often causes stress and irritation among the parties responsible for units that may be affected by, for example, a sudden failure of a component. In this scenario, the parties may be prepared to identify and deal with problems in “old” components, because the service personnel know which areas to examine and how to get the machine back in working order. However, problems caused by new or upgraded equipment may be more complex since the new components can include “bugs”, which are difficult to identify. The risk of potential “bugs” in upgraded equipment may, therefore, adversely affect how managers assess the value of upgraded equipment. Some problems are inevitable though, so the parties involved in solving those issues can improve

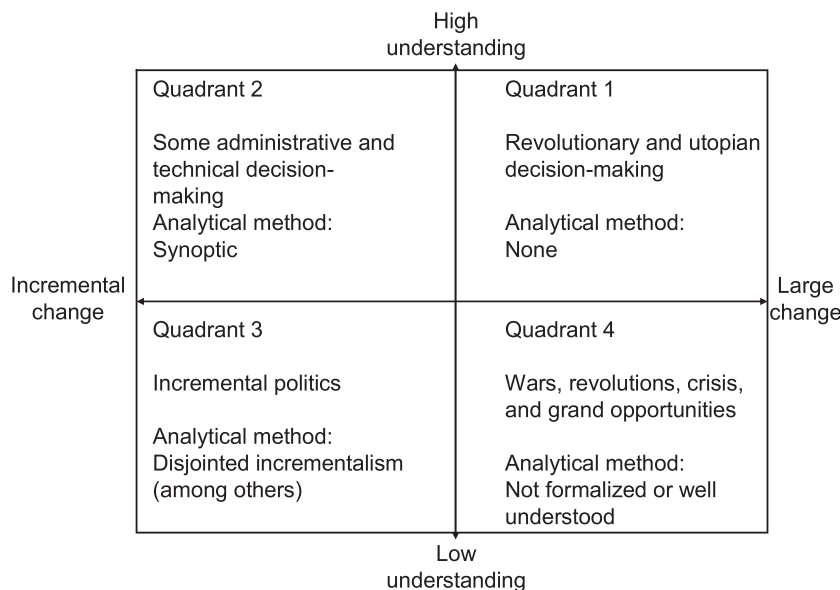


Fig. 1. Decision-making typologies of Braybrooke and Lindblom (1963).

متن کامل مقاله

دریافت فوری ←

ISIArticles

مرجع مقالات تخصصی ایران

- ✓ امکان دانلود نسخه تمام متن مقالات انگلیسی
- ✓ امکان دانلود نسخه ترجمه شده مقالات
- ✓ پذیرش سفارش ترجمه تخصصی
- ✓ امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
- ✓ امکان دانلود رایگان ۲ صفحه اول هر مقاله
- ✓ امکان پرداخت اینترنتی با کلیه کارت های عضو شتاب
- ✓ دانلود فوری مقاله پس از پرداخت آنلاین
- ✓ پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات