Introduction of POSO-Concept by Wilo AB and its Benefits for the Company
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Mit freundlichen Grüßen an WIL O Group von

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1. Introduction

The Swedish branch of the WILO Group and the daughter of the WILO AG, which is one of the biggest producer of pumps worldwide, is going to introduce a new business organization concept in Sweden and evolve the present company's structure into a more customer-oriented one (Project-Oriented-Service-Organization) based on the experiences of the parental company in Germany – WILO AG.
A new service approach is going to be introduced by a company, which deals with business-to-business customers. Although manufacturers of industrial goods and equipment turn their interest from single transactions to doing business on the long-term scale with their customers, but still not many companies are in this process.\footnote{Grönroos C., The Relationship Marketing Process: Communication, Interaction, Dialogue, Value, p. 100}

Three reasons can be mentioned:

1. Firms might not believe in economic potential of the service component for their product.
2. Although having realized the market potential for the services, the company may decide that providing services is beyond the scope of its competencies.
3. The company may fail in deploying a successful service strategy.\footnote{Oliva, R., Kallenberg, R., Managing the Transition from Products to Services, p. 161}

The Swedish branch of the WILO Group is making a decision now if a new service approach should be introduced and what benefits will be achieved by it?

In our thesis we are going to investigate what POSO-concept is about and will refer to the results received by the German company WILO AG, which succeeded in introducing the new service-concept in Germany.

POSO is a company’s own approach which has not been given enough attention to previously within the company. In the industry, where WILO Group operates (production and sales of pumps), companies are usually more product – and engineering-oriented. That is why it is a new approach of turning a company producing Business-to-Business (B2B) goods into a service-oriented company. To emphasize this idea it is worth to mention that the parental company in Germany restructured the organization, so it is not only a turning point for the marketing department but for the whole firm.

The most important reason for investigating the company WILO Sverige AB is the introduction of the service-concept. WILO Sverige operates in the pump producing and selling industry where services are not that well developed as in a business-to-consumer
industry. The company in search for a competitive edge and for the ways to tie the customer in Sweden is planning to introduce the service-concept. This concept might let the company keep contact to the customer after the transaction has taken place. To investigate this concept referring to the results achieved in Germany and to analyze the benefits WILO Sverige AB will achieve through the introduction is our prior interest.

Another reason for the choice of this company is that it is a producer of industrial goods bought exclusively by retailers and wholesalers. This fact leads to the conclusion that we can remain objective in analyzing the new concept as the implementation of the concept is not dependent much on the cultural differences of the other customer-related variables. This is not an end-consumer product which could need efforts and measures in adapting it for the target market. The way to sell the pumps and the technical conditions of the pumps are more or less the same in every environment and country. That is the reason why POSO-concept will be taken into consideration and analyzed to be implemented in Sweden.

The third reason which is worth to be mentioned is the position of the Swedish brand on the market. WILO AB has a 10% market share and takes one of the leading places in several segments in competition with Grundfos, ABS and Flygt. These companies are in constant competition and they use partly the same retailers. In the theory service is seen as a fact which significantly affects competitive advantage, growth, and profitability. Service orientation is thought as a strategic response to market intelligence – a distinctive way of implementing the marketing concept, competing by means of outstanding service to enhance competitive advantage and customer value. Referring to this we would like to investigate if POSO being a service concept can create competitive advantage which differentiates WILO Sverige from its competitors.

Our interest lies in the opportunity to research the question of introduction of services in the company dealing with business-to-business customers. We would like to describe the benefits the POSO-concept brought in Germany and to analyze what benefits the Swedish

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3Semi-structured interview in WILO Sverige AB, Leif Lindberg, Managing Director, 2006-04-07
4Ibid
5Ibid
7Lytle, S.R., Timmerman, J.E., Service Orientation and Performance: an Organizational Perspective, p. 136
branch would achieve with the help of introducing services. The change to a more service-oriented company brought satisfaction and improved the relationships between the mother-company and its customers in Germany. Basing on that experience the headquarters are introducing this transformation in Sweden to make WILO Sverige AB more competitive and differentiated from Grundfos, Flygt, ABS.

Being the observers of the measures taken in order to introduce the concept in Sweden, we are interested in analyzing the changes the company will have to undergo when turning to a service-oriented one and the benefits the concept will bring to WILO AB.

Our main focus will be on the research and analysis of the POSO-concept. The benefits of turning to a service-oriented company will be analyzed and a SWOT-analysis for using this service-concept in Sweden will be given.

The last but not the least important reason for the choice of WILO Sverige AB is a direct access to the company, management and the organization itself. For us it was crucial to develop a contact to the company’s managers in order to receive the needed information from the German company as well as to be able to get access to resources in Sweden. Since the concept has not been introduced in Sweden updated and primary source information was needed to be able to research and to analyze the introduction of services.

From this position of observers we can have the opinions of both companies WILO Sverige AB and WILO AG and be independent in analyzing and drawing our conclusions on the effectiveness of POSO in Sweden.

1.1 Background
Competition in industrial markets is growing more intense and fierce. On the one hand, industrial customers are becoming more professional and they use outsourcing strategies and often globalize their approaches. On the other hand, technological changes and the
globalization of competition changing markets. Under these conditions service becomes a crucial factor in the process of creating superior value for customers\textsuperscript{8}.

Firms manufacturing physical goods are in need of new means of differentiating themselves and developing a competitive edge, and services are a source of opportunity to do this\textsuperscript{9}. Customer service enables companies to remain ahead of the pack and provides the “added thrust” to allow a challenger to attack and overtake the leader\textsuperscript{10}.

To be able to stand the stronger competition manufacturing companies are turning their focus from a single transaction to developing closer relationships with customers. According to Gummesson the introduction of services is one of the ways to create competitive edge and to be ahead of the competitors. This problem solution is recognized by WILO Sverige AB as well.

Until now the communication between WILO and the customers was limited to selling the pumps and using various marketing tools (promotion with McDonalds, sending leaflets and CDs with Wilo-Select about the new pumps) to promote the pumps among the target customers. Not much attention was given to the services the customers need in installing the pumps as well as after-sales services. Why does the Swedish daughter-company want to introduce this concept? What advantages has this concept brought in Germany? What are the benefits and difficulties of implementing POSO in Sweden? By answering these questions we aim at finding out if POSO is the possible strategy to solve the above mentioned problems. Below given timeline of WILO with its most important events is presented to give the reader a better understanding of how the company has developed.\textsuperscript{11}

\textbf{1.2 Problem Analysis}

The customers of WILO Group in Sweden are consultants, retailers and planners, but WILO Group does not provide any after-sales-services and the company’s structure might be perceived as complicated. Nowadays the contact is limited to the process of

\begin{itemize}
  \item Matthyssens, P., Vandenbempt, K., Creating Competitive Advantage in Industrial Services, p. 340
  \item Grönroos C., Service Management and Marketing, p. 49
  \item Mathe, H., Shapiro, R.D., Managing the Service Mix: After Sale Service for Competitive Advantage, p. 44
  \item WILO AG – The Management Board Information Prospect
\end{itemize}
selling/purchasing pumps. All the services are provided by the so called authorized Service Partners, there are 42 of them in Sweden spread all over the country. They have the competence of solving the problems if the purchased pump does not function, but they do not carry any responsibility in promoting any of the represented companies. In that way they sell WILO pumps, as well as Grundfos and Perfecta. So, if the WILO pump is broken, they will change it for a new pump but not necessarily with the equipment of the same producer.

As there are basically two big competitors in the segment of high quality and high price for that in this branch it can cause a problem in promoting the new concept of WILO on the market. This fact creates a problem if the customers of WILO will find it facilitating the purchase and the technical services being provided by the same company WILO or will they use the services of the Service Partner. The second big pump producer and competitor Grundfos has initiated the development of after-sales in order to keep the customer after the purchase of the pump has taken place. It leads to a problem if the POSO-concept which covers not only after-sales activities will create competitive advantage for the same target market as Grundfos has.

So notwithstanding the benefits the POSO-concept is going to bring there are significant problems which are important to consider while making the decision. On the next pages the whole POSO-concept will be taken under closer consideration and benefits of introducing a service-oriented approach in dealing with customers will be analyzed.

1.3 Objectives of the Thesis

Our objectives are:

*to analyze the POSO-concept and its benefits for the WILO Sverige AB*

Research questions:

1. What are the elements of the POSO-concept?
2. What are the necessary conditions of introducing a service concept on the example of WILO Sverige AB?
3. What benefits does an organization achieve by introducing services?
1.4 Purpose of the Study
We aim at researching what POSO-concept stands for and what the concept consists of. In our thesis the question about a service concept will be analyzed and the changes the company has to undergo when aiming to be service-oriented. It will be researched if the companies have to change their structure in order to provide the customer with the service he needs. Further on we strive to outline the benefits the company achieves from introducing the services.

All information will be analyzed from the company’s perspective.

The idea of introducing the concept was one of the reasons why we choose exactly this company and no other. WILO, although it has a well established position and the market is mature, and is not staying still and aims at developing to be prepared for the future changes and the competitor’s moves.

1.5 Delimitations
In our research we focus on analysing the information about the POSO-concept got from WILO Group and do not compare it with the Grundfos after-sales system. This fact influences the conclusions and recommendations which would differ if access to the Grundfos strategy had been given. We delimit ourselves from this alternative due to request of the WILO managers and the shortage of time.

We are aware of the differences of the situations on the market for the German and Swedish companies. That is why we delimit ourselves from analysing the influences of these differences on forming the content of the POSO-concept. WILO AG wanted to implement the service-concept to avoid the unnecessary waste of customer’s time, in Sweden – strong competitor and Service Partners. That is why in our research we have described the POSO-concept in the way it was used in Germany and analysed its benefits for the Swedish market.
2. Methodology

*Methodology describes how the research was conducted to investigate the problem. More precisely this means the scientific perspective, strategy and approach as well as the research method chosen for this bachelor thesis will be reasoned.*
2.1 Pre-understanding

“The process of pre-understanding refers to people’s insights into a specific problem and social environment before they start a research program or consulting assignment; it is an input”\textsuperscript{12}. Pre-understanding can be achieved by the researchers or through the intermediaries what is second hand.\textsuperscript{13} Spending too much time on gathering opinion may restrain the construction of a good study and therefore the most important element is to keep the open mind while going through the research. Inadequate pre-understanding means that you are not aware of the consequences that arise, and therefore by focusing on facts that are irrelevant for the research area.\textsuperscript{14}

2.2 Choice of Scientific Approach

Depending on what kind of information we want to focus on, we can choose between two main methodological approaches that are the quantitative and qualitative. Operating with figures and numbers, building up statistics are some of the elements which make up the quantitative approach. The qualitative approach concentrates mostly on the evaluation of the more fragile and soft information which is not so easy to structure. Case study, which is a qualitative technique, concentrates on real actions taken by an actor, action which is usually happening presently. Although case study is usually qualitative approach it can combine also methods from quantitative evaluation mode.

Due to our pre-understanding and the way that we are approaching the continuous examination trying to comprehend and answer our research questions, this following chapter is best described as a hermeneutic approach, by means that the hermeneutic researcher\textsuperscript{15} sees the research object on the basis of his/her own pre-understanding.

\textsuperscript{12} Gummesson, E., Qualitative Methods In Management Research, p. 15
\textsuperscript{13} Ibid. p. 57
\textsuperscript{14} Ibid
\textsuperscript{15} Patel, R., Davidson, B., Forskningsmetodikens Grunder, att Planera, Genomföra och Rapporteren Undersökning, p. 93
2.3 Case Study
A case study is a particular method of qualitative research. Rather than using large samples and following a rigid protocol to examine a limited number of variables, case study methods involve an in-depth examination of a single instance or event.\textsuperscript{16}

The case study gives a possibility to gain an in-depth view in the organization so that the researchers can understand the whole process and not only get the general overview. During the case study the researchers have a limited possibility to omit any blind spots in the research and that’s why it is more beneficial as a tool. Case study is of course much more culture concerned and social dependent as it is usually made in one particular organization.

In this thesis the purpose is congested in few questions which will be explained and answered during the study to describe the concept and the process of its introduction. The study and our investigation were done on a real company and in the present. Therefore case study was the most appropriate method to investigate the problem and get deep into the research.

There are three distinguished types within a case study: exploratory, descriptive and explanatory.\textsuperscript{17} In our paper we will focus on descriptive and explanatory study rather than on exploratory. Participating in the process will allow us to depict the whole idea and the changes which will take place in a very through-out way and in this sense explain also the process of change within the company.

In our case study we used several sources and approaches to analyze the data. One of the most important ways to obtain the data was constant contact with the company and communication with the company’s managers in Sweden as well as in Germany. We also used written reports and general information which was very important in order to get an overview about the company.

\textsuperscript{16} http://en.wikipedia.org/wiki/Case_study  2006-04-07  
\textsuperscript{17} Yin, R. K., Case Study Research, p. 3
Our research concern is to a certain extend in interpreting the soft data and in analyzing it in comparison to theoretical knowledge.

2.4 **Data Collection**

Data for case studies can come from many sources of evidence. Six important ones are: documents, archival records, interviews, direct observation, participant-observation and physical artifacts /…/ A useful overview of the six major sources considers advantage over all the others. A good case study will therefore want to use as many sources as possible.\(^{18}\)

While looking for the data needed for the thesis we used main databases which were able to present articles or books relating to the concept described in this thesis. We used many sources to gain an overview on the selected subject and to create a fundamental basis of knowledge about the reasons of creating the process.

The data was collected through several ways of field study like mentioned interviews and direct observation. We have made two semi-structured interviews with the managers at WILO in Växjö and the manager at WILO AG in Germany. We also managed our research through the written information provided by the WILO Group, had feedback from the company about our thesis and refined information, when needed.

2.5 **The Interview with the WILO Representatives in Sweden.**

The two semi-structured interviews with the WILO Sweden marketing managers were made in a monthly interval. Once at the very beginning of the defining the purpose of our paper and the general objectives and once again to confirm and consult the ideas already included in the thesis.

\(^{18}\)Yin, R. K., Case Study Research, p. 3
2.6 Direct Observation at WILO Sweden and Contact with the Swedish Branch as well as the Headquarters in Germany.

As one of the authors was doing internship in the international marketing department the observation of the process was virtually provided and contact with the company was not blocked as we gained a good access to the information needed to write this thesis. Thank to openness and friendliness of the management we were able to gain also access to the German headquarters of the company to gain information which was very helpful while analyzing the consequences of the introduction of the process.

2.7 Data Quality

In order to construct the validity, multiple sources of evidence should be used in the research process. Another tactic to realize the validity is to establish a chain of evidence, by performing a linkage between the theoretical framework, the construction of the data collection tools and the actual empirical data\(^{19}\).

In this research, the empirical data was mainly collected from semi-structured interviews with WILO Sverige management, observations as well from secondary sources such as company website, Internet, articles and books. Hence the methodology of this thesis includes multiple sources of evidence.

2.7.1 Internal Validity

Internal Validity is primarily concerned with causal relationship, whereby certain conditions are shown to lead other conditions and distinguished from spurious relationship\(^{20}\). The descriptive concept of our study focus on the introduction of the POSO-concept in same organization but in two countries.

\(^{19}\) Yin, R. K., Case Study Research, p. 36
\(^{20}\) Ibid
2.7.2 External Validity
External Validity is related to the possibility of generalization from research results\textsuperscript{21}. The generalization is not easy and automatic, since the products and industry are very specialized.

2.7.3 Reliability
The test of reliability is to ensure that if a latter investigator follows exactly the same procedures as described by a previous one, and conducted a similar case study all over again; he should arrive at the same findings and conclusions.\textsuperscript{22}

Study in WILO Group was conducted in a very special moment for the company and it will be probably impossible to make the research once again upon the same circumstances. It was of our great interest to participate in planning such an important change for the company.

2.8 Empirical Data
Empirical data refers to data which is “derived from experiment and observation rather than from theory”\textsuperscript{23}. Reliable empirical data is most crucial for the success of a thesis as it provides the basis for a later conducted analysis and conclusion.\textsuperscript{24}

“Daily we are observing the world around us. /…/ The observation is the primary instrument for us to obtain information about the environment and we do it more or less by a chance assuming from our own experiences, needs and expectations”\textsuperscript{25}. Observation, as a science technique can be used to obtain data from a case study like ours. We are getting a lot out of visiting company’s working environment and observing the places where the ideas develop.

\textsuperscript{21} Yin, R. K., Case Study Research, p. 37
\textsuperscript{22} Ibid
\textsuperscript{23} http://www.wordreference.com/definition/empirical 2006.04.10
\textsuperscript{24} Gummesson, E., Qualitative Methods In Management Research, p.15
\textsuperscript{25} Parel, R., Tebelius, U., Grundbok i Forskningsmetodik, p. 93
2.9 **Source Criticism**
In our paper, mostly in the theoretical part, we tried to be as critical as possible to the secondary data as articles from databases and books. All sources are important to look with criticism of the authors. Comparing the theory with actual knowledge can lead to very useful conclusions. This all was made by analyzing field data with the help of the found theories.

2.10 **Disposition Model**

**Chapter 1 – Introduction**
*Our ambition with this chapter is to introduce and make the reader understand the research problem and purpose for this bachelor thesis.*

**Chapter 2 – Method**
*In the method chapter we present our work process as our choice of research method. The intention with this chapter is to motivate the chosen approach for the problem.*

**Chapter 3 – Theory**
*This chapter presents the theory which is relevant for the research problem. We will examine services, service-concept and the benefits the company achieves from introducing the services.*

**Chapter 4 – Empirical Findings**
*Here we will show the result, which has been collected from the interviews with management of WILO AB as well as WILO AG and documents to which we had access to.*

**Chapter 5 – Analysis**
*The purpose of this chapter is to bind together the theoretical chapter with the result of the empirical data and have an analytic discussion about the result.*
Chapter 6 – Conclusion

In the last chapter of this thesis we wish to present our conclusions, which have been made. We will also give our suggestions to further research about the problem.
3. Theoretical Framework

In the following chapter the theoretical framework will describe by first of all giving an overview of theories concerning the introduction of services, the parts a service concept consists of. Further on the benefits from the company’s view on augmenting the company’s strategy to services will be presented. What is a service? What changes does a company have to undergo when introducing the services? What benefits can a company gain by introducing services?
### 3.1 The Way from Transactions to Long-Term Relationships

#### 3.1.1 How it Comes to Services?

Many manufacturing companies nowadays turn their focus from one single purchase and from viewing their customers as a series of discrete transactions\(^\text{26}\) to developing long-term relationships with clients\(^\text{27}\). The sources of being competitive focusing only on the technical advantage are not unlimited. Manufacturing companies cannot afford losing the contact to the customer just after the transaction. More efforts should be made in order to remain competitive and make customer come back to the company one more time. One way of doing that is introducing services.

When the outcomes (goods, equipment) constantly become closer to the competitor’s, the company emphasizes more the change of the nature of consumption. Even on-going product development does not always lead to creating competitive advantage. Hence, *Only services, such as tailor-made design, installing equipment, customer training, service recovery and complaints management are left for the market to use.*\(^\text{28}\)

Often long-term customer relationships form a base for profitable business.

Maklan and Knox confirm this by saying that businesses concentrate on the creation of layers of added value surrounding the core functionality in order to distinguish oneself from competitor with similar performance characteristics\(^\text{29}\). In this situation the nature of consumption or usage is changed to a continuous consumption process. The nature of this process becomes very similar to the process consumption characteristic of services.

Thus Grönroos summarizes the changes in the service management perspective in manufacturing firms in the following way:

> from value based on product to the total value developing customer relationship,

\(^{26}\) Szmigin, I.T.D., Managing Quality in Business-To-Business Services, p. 6  
\(^{27}\) Grönroos C., The Relationship Marketing Process: Communication, Interaction, Dialogue, Value, p. 100  
\(^{29}\) Maklan, S., Knox, S., Competing on Value, p. 19
➢ from short-term transactions to long-term relationships,
➢ from core product quality to total customer perceived quality in enduring customer relationships from production of the technical solution as the key process in the organization to developing total perceived quality and value as the key process\textsuperscript{30}.

3.1.2 Developing Service Perspective

In a customer relationship that continues after a single transaction, the product becomes just a part of the holistic, continuously developing service offering. As seen from the manufacturer’s point of view the core product is a core element of the service offering and is a prerequisite for a successful offering. What counts is the ability of a firm to manage the additional elements of the offering better than the competitors to create value for customers in their internal value-creating processes. Further on to create competitive advantage and value for customers manufacturers have to turn products into elements of a holistic service offering. They must be servicefied\textsuperscript{31}.

The necessity of introducing additional service around the product order to be a future-oriented company was mentioned also by Kostecki. The supply of goods and services should be together integrated into the general customer-oriented strategy which provides solutions to the customers’ problems\textsuperscript{32}.

Moreover, the core product is less seldom than the elements surrounding the core are the reasons for dissatisfaction\textsuperscript{33}. Thus, what Levitt concluded already in 1980s about what should accompany the sale of the mere product, “having been offered these extras, the customer finds them beneficial and therefore prefers doing business with the company that supplies them\textsuperscript{34}”, is very updated for today’s situation.

\textsuperscript{30} Grönroos, C., Service Management and Marketing, p. 196
\textsuperscript{31} Ibid
\textsuperscript{32} Kosteki, M.M., Marketing Strategies for Services, p. 5
\textsuperscript{34} Levitte, T., After the Sale is Over, p. 9-10
Other reasons are provided by the authors of the article Managing the Transition from Products to Services. They consist in the arguments, that services have higher margins then products and they are a more stable source of revenue as they are resistant to the economic cycles that drive investment and equipment purchases. The authors continue by mentioning that services are less visible and more labor dependent thus they are more difficult to imitate. In that way they become a sustainable source of competitive advantage.\(^{35}\)

Thus it is very important what organizational principles, structures and processes have to be changed for a company focusing on providing services. The emphasis of the business model changes from transaction- to relationship-oriented. It is of vital importance to understand what resources, structures are crucial to consider and create in order to be competitive, offering services. This topic will be researched in theories of authors in service marketing on the following pages.

### 3.2 What is Service?

#### 3.2.1 Definition of Service

More and more managers are coming to realize that service is an indispensable part of the package offered to the customer, it adds value and is capable of being tailored. It is capable of forming long-term relationships with customers.\(^{36}\) Service marketers emphasize that the benefits of dealing with a company are demonstrated most effectively after the sale.\(^{37}\)

In all of these sentences of the authors of works on services one recognizes the benefits of adding services to the core product. Thus to use services as a means of differentiating from competitors, to tie up customers and to develop personal relationships and as a result get good margins, we need to make the first step, namely, to understand what “service” is and how it differs from a “good”.

\(^{35}\) Oliva, R., Kallenberg, R., Managing the Transition from Products to Services, p. 160

\(^{36}\) Hart, N., Effective Industrial Marketing, p. 239

\(^{37}\) Berry, L.L., Parasuraman, A., Marketing Services Competing Through Quality, p. 7
A service is something which can be bought or sold but which cannot drop on your feet\textsuperscript{38} - a clear and simple definition of service given by Gummesson.

Grönroos offers a more detailed definition of service:

\textit{A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and the service employees and/or physical resources or goods and/or systems of the service provider, which are provided as solutions to customer problems}\textsuperscript{39}.

To distinguish services from goods one needs to mention the most important characteristics of services according to Grönroos:

- services are processes consisting of activities or a series of activities rather than things
- services are at least to some extent produced and consumed simultaneously
- the customer participates in the service production process at least to some extent.

Services are considered to be processes consisting of a number of activities, which are produced and consumed simultaneously.

\textit{The consumer or user perceives the service consumption process as part of service consumption and not only the outcome of a process}\textsuperscript{40}.

It is also worth mentioning briefly the following characteristics of service defined by John Egan: Intangibility, Inseparability, Variability, Perishability, Non-ownership.

\textbf{3.2.2 Service Concept}

Grönroos introduces the definition of service vision to indicate a service-oriented business mission, the concrete guidelines within it are called service concepts\textsuperscript{41}. The service concept is a way of expressing the purpose that the organization intends to solve certain types of problems in a certain manner. The service concept should include information about what

\textsuperscript{38} Grönroos, C., Service Management and Marketing, p. 46
\textsuperscript{39} Ibid
\textsuperscript{40} Grönroos C., The Relationship Marketing Process: Communication, Interaction, Dialogue, Value, p. 101
\textsuperscript{41} Grönroos C., Service Management and Marketing, p.193
the firm wants to do to a certain customer segment, how this should be achieved, and what resources are needed for that.

The service concept should be as concrete as possible so that everybody could understand it. Depending on the amount and differentiation of the segments, there could be more than one service concept. It is however important that they fit together into the whole service vision or business mission. Before the service concept is determined all the necessary information about the market should be found, otherwise there is a risk that there will not be enough market for the services produced according to the service concept.

To implement a new service strategy one has to implement a new way of thinking. Thus the service influence on customer relationships can be increased in three ways:

1. by developing new strategies to offer to the customer
2. by activating existing but hidden services or service elements in a business relationship
3. by turning the goods component into a service element in the customer relationship.

New services are understood as various consultancy services, information services, repair and maintenance services, Web sites, customer training, etc. Clearly that can be differentiating from competitor’s offering. However these new services require new investments and increase cost level.

The second less difficult way of increasing influence on customer relationships is actively using existing but hidden service elements in the relationship between the client and the service-provider in order to differentiate the offering and add value to it and thus make use of these services as a means of competition. They include order taking, deliveries, invoicing, etc. If these service elements are thought of as services and the value added that can be created by them is recognized, the firm may improve its position and strengthen its competitive edge.
Introducing a new service strategy the company has to understand how to manage the new challenges connected with it. The company has to pay attention to:

- be aware of the value customers receive by consuming or using the offerings of a company and knowing how services alone or together with information, physical goods or other kinds of tangibles contribute to this value; to understand how total quality is perceived in customer relationships to facilitate such value and how it changes over time;
- understand how an organization (people, technology and physical resources, systems and customers) will be able to produce and deliver this perceived quality and value;
- understand how an organization should be developed and managed so that the intended perceived quality and value are achieved;
- make an organization function so that this perceived quality and value are achieved and the objectives of the parties involved are met.

The company has to understand the following means: what the perceived quality and value customers are looking for in service competition, how to create that value for customers, how to manage the resources available to the organization to achieve such service-based value-creation.

### 3.2.3 Service Package

To describe the service package it is necessary to name the two categories it consists of: the main service or core service and auxiliary services or extras. A model of the service offering, the bundle of process- and outcome-related features of the service, has to be customer-oriented. To manage the service offering Grönroos defines three steps of this process:

- developing the service concept
- developing a basic service package
- developing an augmented service offering.

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42 Grönroos C., Service Management and Marketing, p. 195
43 Ibid, p. 196
44 Ibid
To explain the process of forming the service one has to start with the basic service package as the service concept means the intentions of the organization. The basic service package determines what customers receive from the organization, it describes the services that are needed to fulfill the needs of the target market and guarantees that the technical quality of the outcome will be good. The service production and delivery process and the customer perception of the buyer-seller interactions is an integral part of the service. This is one of the reasons why the basic service package has to be expanded into an augmented service offering.

According to Grönroos the basic service package includes core service, facilitating services, supporting services. Supporting services do not facilitate the consumption or use of the core service, but are needed to increase the value of the service or to differentiate the service from those of competitor's. One can speak about the Augmented Service Offering when the basic service package includes accessibility of the service, interaction with the service provider and customer participation.

**Figure 1**: The augmented service offering

Source: Suprenant, C., Add Value to Your Customer, American Marketing Association

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46 Suprenant, C., Add Value to Your Customer, American Marketing Association, reprinted in Grönroos, C., Service Management and Marketing p.84
To the accessibility of the service the following things belong:

- the number and skills of personnel,
- office hours, timetables,
- location of services.

To the interaction with the service organization belongs interactive communication between employees and customers, which in turns depends on the behavior of employees. Customer participation means that the customer has an impact on the service he perceives.

3.2.4 Creating Customer Added-Value

*Added Value* refers to the increase in worth of a product or service as a result of a particular activity. In the context of marketing, the added value is provided by features and benefits over and above those representing the “core product”\(^\text{48}\).

Christopher, Payne and Ballantyne give a good definition to the customer value in the service process: “value” in this context refers to customer value, meaning a benefit that will contribute to the total utility of the product or offer in the eyes of the customer- and hence their willingness to pay.\(^\text{49}\)

The process of creating customer added-value in a service-oriented company is much more complicated then in a goods-oriented company. We will explain that first on the product surround concept by Christopher, Payne and Ballantyne and then on the example of Grönroos’s service marketing triangle.

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\(^{47}\) Ibid, p.84  
\(^{48}\) www.tutor2u.net, Marketing Glossary, 2006-05-01  
\(^{49}\) Christopher, M., Payne, A., Ballantyne, D., Relationship Marketing Bringing Quality, Customer Service and Marketing Together, p. 151
The idea behind this schema is that the “core” essential product may represent 70 per cent of the costs of manufacturing but only 30 per cent of the total impact on the customer. By contrast the “surround” may have 30 per cent of the costs but may include 70 per cent of the total customer impact. The larger the surround the greater the differentiation of a product compared to its competitors. Introduction of services enlarges the surroundings and is a point to differentiate from competitors and build customer value.

In the next schema will be shown how customer-perceived value is formed from the resources in the company. This schema helps to understand how a service-oriented company should function.

Source: Christopher, M., Payne, A., Ballantyne, D., Relationship Marketing Bringing Quality, Customer Service and Marketing Together

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50 Ibid
52 Ibid, p. 61
One of the important points in this schema consists of the fact of the missing product. The outcome consumption is changed into process consumption and no preproduced set of features that constitutes a product can be present. If one takes a look at this schema from the company’s point of view, the solutions offered by the company to the customer’s problems are formed by a set of resources needed to create a good customer-perceived service quality and value. The personnel creates value for customers in various service processes, such as deliveries, service and maintenance, etc. Among other resources creating value for customers are technologies and knowledge that employees have and that is embedded in technical solutions as well as the firm’s way of managing the customer’s time.

According to Grönroos the firm must have competences to acquire and to develop resources needed to manage and to implement the service process in a way that creates value for each customer. From the scheme one can see that not only full-time marketers create value for customers but more those people who interact directly with clients. These

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53 Grönroos, C., Relationship Marketing Logic, p.10
54 Ibid,
people are called according to Gummesson part-time marketers\textsuperscript{56}. These people are involved in the customer contact during the moments of truth when the service is being produced. Promises given by external marketing are carried out by the use of resources. In order to create them continuous product development is taken care of in the company. To create value for customers development, internal marketing, motivating atmosphere should be paid attention to.

It is quite important to emphasize that in order to build a successful service organization continuous development of competencies and of the resource structure of the firm is needed\textsuperscript{57}.

One needs to add that customers and their demands change over time as well. As products and services evolve, so do customers, and their experience of a particular service over time means they will grow in sophistication and self-confidence\textsuperscript{58}. So, the company has to keep a constant eye on customers in order to be able to offer the type of service the client needs at the moment.

\subsection*{3.2.5 Service System Model}

To analyze the service process we will use the Service System Model developed by Grönroos (see a bigger picture of the schema in Appendix, Schema 2). In the center of the model there is the service-producing organization and the customer is placed inside it as he is a “resource participating in the service process”\textsuperscript{59} and is the integral part of the Service System Model. Customers are considered to be a service production resource and are an important part in the service creating process.

\textsuperscript{56} cited by Grönroos C., Service Management and Marketing, p. 56
\textsuperscript{57} Grönroos, C., Marketing Services: The Case of a Missing Product, p. 327
\textsuperscript{58} Szmigin, I.T.D., Managing Quality in Business-To-Business Services, p. 14
\textsuperscript{59} Grönroos Ch., Service Management and Marketing, p. 317
In the scheme the line of visibility divides the part of the company which is visible for the customer from the invisible one. To the right of the customers their wishes and values are represented as well as their past experience, word of mouth and the negative influences of the past communication which may have impact on their interaction with the organization. All these parts constitute customers’ expectations from the service-providing company. To the left of the part creating services (technology, management support, support functions and support persons) there are business mission and service concepts which draw the guidelines for planning and managing service providing. Corporate culture is also an important aspect of the model. If the culture is not service-oriented, it creates problems for the service-providing organization.

If a closer look is taken to the interactive part of the model then it is important to mention that customers are already the part of the service-generating process. They take part in producing services as well as in creating them in the moments of truth.

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60 Ibid
61 Ibid
Employees directly interacting with customers are called by Grönroos in this model customer contact employees. Contact personnel are the most crucial resource for a service provider. They are in a position to recognize the wishes, needs of customers in the moments of truth by watching, asking and responding to the customers’ behavior.

Speaking about contact personnel it is important to mention that the attitude of employees creating services plays a vital role in creating relationships with clients. This can be seen in the following figure.

**Figure 4: Customer Satisfies**

![Customer Satisfaction Diagram]

Source: AT&T Universal Card Services.

This figure is very important as it facilitates in showing the necessity of changes when turning to a service-oriented company. It is clear that the contact personnel should be customer-oriented in order to keep relationships with customers.

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62 Kostecki, M.M., Marketing Strategies for Services, p. 124
63 Kostecki, M.M., Marketing Strategies for Services, p. 124
Computers, documents and other tools belong to the physical resources and equipment that are used in the service system. They help to create customer value even more when customers have to deal with self-services using the tools provided by the company. The impact of the support part in the Service System Model is important to consider as what happens behind the visible line is not always known by the customer. Because of this, customers do not realize how much the service production there contributes to service quality. Also, customers might not be aware of why a certain service has a certain price as the visible service production may seem not difficult and therefore in the minds of customers should not justify the real cost or the price level\textsuperscript{64}.

Contact staff often has to rely on physical support provided by functions and departments invisible to the customers. These support employees see the contact staff as their internal customers. The importance of internal marketing for the successful work of the whole organization was emphasized by Christopher, Payne and Ballantyne as the idea behind this definition is to ensure that all members of the staff provide the best representation of the company and carry out the functions of the service successfully.\textsuperscript{65} It is important to mention that internal service has to be as good as the service to ultimate customers otherwise the perceived service quality will be damaged and customer value will not be achieved.

### 3.2.6 Changes in Contact Personnel

When referring to the changes in contact personnel’s attitudes one can mention that, a similar idea was developed by Futrell in his book Fundamentals of Selling. He commented on salespeople, who are in direct contact with customers, they help customers to find right solutions through good services. Salespeople are knowledgeable, they listen well and come up with answers, they stand by their customers. They should be reliable as customers must rely on the credibility of service providers to assess whether the promised service will meet their expectations. Putting it otherwise, “customers do not purchase services, per se, but

\textsuperscript{64} Ibid, p. 318

\textsuperscript{65} Christopher, M., Payne, A., Ballantyne, D., Relationship Marketing Bringing Quality, Customer Service and Marketing Together, p. 29
promises of services”.

Contact personnel also perform a vital boundary-spanning role that links their firm to customers.

For effective communicating a service to the customer Berry suggests that the company representatives should be easily accessible to customers, they should initiate contact with customers and follow up regularly. The company should train and facilitate employees to provide personalized, responsive, and caring service as well as reward employees for nurturing customer relations. These ingredients will enlarge the tolerance zones of the customers.

Leo et al. are speaking about the necessary components of relationships developing during the interaction between the customer and the service provider: trust, bonding, communication, shared value, empathy and reciprocity. In the middle of the schema the customer is placed as for the long-term success of a service firm the customer orientation of the service process is crucial.

Futrell speaks even about a partnership between the seller and the buyer. Partnering gives a new meaning to customer focus. The author continues developing the idea saying that companies that put partnering into practice find that they reduce or eliminate conflicts of interest between themselves and their clients. Those who work at partnering find that very quickly their sensitivity and responsiveness improve significantly. Companies begin to anticipate trends in their customers’ businesses. They begin to know their customers’ requirements almost before the customers do.

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66 Rahman, Z., Developing Customer Oriented Service: a Case Study, Managing Service Quality, p. 427  
67 Boles J.S., , Barksdale H.C., Johnson J.T., Business Relationships: an Examination of the Effects of Buyer-Salesperson Relationships on Customer Retention and Willingness to Refer and Recommend, p. 254  
68 Berry, L.L., Parasuraman, A., Marketing Services Competing Through Quality, p. 145  
70 Grönroos, C., Marketing Services: The Case of a Missing Product, p. 323  
71 Futrell, C.M., Fundamentals of Selling Customers for Life Through Services, p. 54
At this point it is important to mention that in order to achieve long-term relationships, services provided should be of good quality. Everyone contributes to customer perceived quality and quality has to be monitored throughout the organization.\textsuperscript{72}

Customer satisfaction also leads to the external effects, such as favorable word of mouth is created, and sales volumes will increase.\textsuperscript{73} Importance of the word of mouth communication should be put enough weight to due to the intangibility of the service, which means that the service cannot be displayed or communicated to the customer.\textsuperscript{74} That is why the word-of-mouth, especially positive, is crucial in promoting the service.

\textbf{3.3 Benefits from the Introduction of Services}

\textbf{3.3.1 Competitive Advantage}

A strong service concept gives companies the opportunity to compete for customers; a strong performance of the service concept builds competitiveness by earning customers’ confidence and reinforcing branding, advertising, selling and pricing.\textsuperscript{75} Here Berry continues:

\emph{One of the reasons forcing manufacturers toward more service-intensive operations is the greater potential for building sustainable competitive advantage through service rather than goods.}

According to Quinn, Doorley, and Paquette, now physical facilities - including a seemingly superior product - seldom provide a sustainable competitive edge. Instead, a maintainable advantage usually derives from outstanding depth in selected human rights, logistics capabilities, knowledge bases, or other service strengths that competitors cannot reproduce and that lead to greater demonstrable value for the customer.\textsuperscript{76}

\begin{footnotesize}
\textsuperscript{72} Grönroos C., Service Management and Marketing, p 56
\textsuperscript{73} Ibid, p. 191
\textsuperscript{74} Clemes M., Mollenkopf D., Burn D., An investigation of marketing problems across service typologies, p. 586
\textsuperscript{75} Berry, L.L., Parasuraman, A., Marketing Services Competing Through Quality, p. 5
\textsuperscript{76} Quinn, J.B., Doorley, T.L., Paquette, P.C., Beyond Products: Services-based Strategy, p. 60
\end{footnotesize}
These are reasons found in the work of the authors on services and it was not once stated above that adding services to the core product will differentiate the company from the competitors and will create competitive advantage. This is one and one of the most important benefits the company gets from introducing services into the company’s offering. In fact, the findings of several studies on services marketing have proposed that in order to create and maintain a competitive edge, service organizations should develop long-term relationships with their customers.\(^{77}\)

### 3.3.2. Relationship Marketing

*Value for the customer is not embedded in products. Products are only facilitators of value. Instead, value for customers is created throughout the relationship by the customer, partly in interactions between the customer and the supplier or the service provider.*\(^{78}\)

From a firm’s perspective, the relationship marketing concept can be viewed as a philosophy of doing business successfully or as a separate organizational culture or value that puts the buyer-seller relationship at the center of the firm’s strategic or operational thinking.\(^{79}\)

Purchasing is moving from being a specific event in time to a mutual commitment between supplier and customer.\(^{80}\)

In the theory customer service is associated with the building of bonds to ensure long-term relationships of mutual advantage to both parties. For a company it is important to understand what and how a customer buys and how additional value can be added to differentiate it from competing offers. Value reflects the total benefit customers receive for the total “cost” they incur.\(^{81}\) The central features of the services are reliability, tangibles, responsiveness, assurance, and empathy. In packaged goods, marketing managers search

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\(^{78}\) Grönroos C., Service Management and Marketing, p. 24


\(^{80}\) Maklan, S., Knox, S., Competing on Value, p. 31

\(^{81}\) Berry, L.L., Parasuraman, A., Marketing Services Competing Through Quality, p. 143
for brand loyalty mostly through non-personalized means; in services, the goal is relationships, and tailored, personalized contact is a major tool.

Maintaining good relationships with the customer will bring three sources of cost reduction for the company:
1. fewer resources are needed to maintain the contact;
2. the person involved in contacts with the seller will need less of their time for handling these contacts;
3. it is psychologically less demanding to maintain contact with the seller, which in turn increases the mental capacity of personnel to be used for other tasks.\(^\text{82}\)

According to John Egan, customer service plays an important role in the realization of relationship marketing strategies. The influence of relationship marketing at the macro level is complemented by its importance at micro level of individual relationships and interactions.\(^\text{83}\)

In order to explain the profit for the company of developing relationships with customers many relationship marketing authors used the medium of “customer relationship life cycles” or “profit chains”. We will have a look at the simplest “return on relationship” model:

**Figure 4**: Simple “Return on Relationship” Model\(^\text{84}\)

![Simple “Return on Relationship” Model](source: Egan, J., Relationship Marketing Exploring relational Strategies in Marketing\(^\text{85}\))

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\(^\text{82}\) Grönroos C., Service Management and Marketing, p. 192
\(^\text{83}\) Egan, J., Relationship Marketing Exploring Relational Strategies in Marketing, 145
\(^\text{84}\) Jones, T.O. and Sasser, W.E., Why Satisfied Customers Defect, p.89
\(^\text{85}\) Ibid
Developed relationships with the customer bring customer satisfaction, which in turn increases customer retention. The customer buys more from the company and the last one increases its profits.

In general it is proposed by Sheth and Sisodia that customer satisfaction increases customer loyalty, reduces price elasticity, insulates market share from competitors, reduces failure rates and improves the firm’s reputation in the market place\textsuperscript{86}. Jones and Sasser propose that except in a few rare cases, customer satisfaction is the key to securing customer loyalty and to generating superior long-term financial performance\textsuperscript{87}. The closeness of interpersonal friendship relationships and the overall customer satisfaction with the service provider are potential antecedents of customer loyalty towards the firm.\textsuperscript{88} A broader model, described by Gummesson\textsuperscript{89} that suggests that building good internal quality operations leads to happy and content employees producing quality products, which in term results in customer satisfaction, retention and profitability, can be found in Appendix, Schema 1.

To be successful, the supplier or service provider has to unite its resources, competencies and processes with customer’s value-generating processes. If he succeeds in that the value base is turned into customer perceived value. To create value for customers in the process of developing relationships with them the company should show a genuine interest in them and their need, requirements and value systems, and in a convincing way to argue for products, services or other elements of total offering.

According to Berry the five strategic elements for practicing relationship marketing are: to develop a core service around which customer relationships will be built, to customize the relationship to the individual customer, to complete the core service with extra benefits, to

\textsuperscript{86} Sheth, J.N. and Sisodia, R.S., Revisiting Marketing’s Law like Generalizations, p. 80
\textsuperscript{87} Jones, T.O. and Sasser, W.E., Why Satisfied Customers Defect, p.89
\textsuperscript{88} Guenzi P., Pelloni O., The Impact of Interpersonal Relationships on Customer Satisfaction and Loyalty to the Service Provider, p. 366
\textsuperscript{89} Gummesson, E., Total Relationship Marketing; Rethinking Marketing Management from 4Ps to 30Ps , p. 184
encourage customer loyalty with pricing services and to develop marketing to employees so that they perform well meeting customers.\textsuperscript{90}

Christopher, Payne and Ballantyne also emphasize the importance of developing relationships with customers as an integral part of introducing a service concept.\textsuperscript{91}

Again to emphasize, in order to maximize the company’s long-term performance in such fields as customer retention, sales growth and profitability, the firm has to maintain mutually beneficial relationships with its target buyers.\textsuperscript{92} Among other rewards mentioned are: increased barriers to the entry of other suppliers into their customer base, greater profitability, and the maintenance of a stable market for their products. It is emphasized that these relationship-based advantages may be particularly true for services.\textsuperscript{93}

\textbf{3.4 Summary of the Theoretical Part}

As seen by many authors, Grönroos, Levitt, Maklan and the others in order to remain profitable and competitive on the market companies are turning to services. Product becomes a part of the developing service offering. By adding services to the whole concept offered by the company, the last one creates value for the customer in the internal value-creating process.

Further on a closer look is taken at the definition of service and how it differs from a good. Services are seen as processes and are produced and consumed simultaneously. Having understood what service is the topic of a service concept and the steps of its development have been discussed. Every service concept should present a service vision to indicate a

\textsuperscript{90} Leo,Y.M. Sin, Tse, C.B., Yau, O.H.M., Lee, J.S.Y., Chow, R., The Effect of Relationship Marketing Orientation on Business Performance in a Service-Oriented Economy, p. 658

\textsuperscript{91} Christopher, M., Payne, A., Ballantyne, D., Relationship Marketing Bringing Quality, Customer Service and Marketing Together, p. 22

\textsuperscript{92} Leo, Y.M. Sin, Tse, C.B., Yau, O.H.M., Lee, J.S.Y., Chow, R., The Effect of Relationship Marketing Orientation on Business Performance in a Service-Oriented Economy, p. 659

\textsuperscript{93} Boles, J.S., Barksdale, H.C., Johnson, J.T., Business Relationships: an Examination of the Effects of Buyer-Salesperson Relationships on Customer Retention and Willingness to Refer and Recommend, p. 254
service-oriented business mission, the concrete guidelines within it are called service concepts.

After that the service package and its consisting parts are explained. The purpose of it is to describe the core service as well as its surroundings: the service concept, interactions, customer participation and accessibility of the service. These parts are important in creating a service package which will create customer satisfaction and as a result – higher margins for the company.

The central issue in introducing services is creation of value for the customer, which is provided by features and benefits over and above those representing the “core product”. The creation of customer value is explained on the product surround model of Christopher et al. and on Grönroos’s service marketing triangle.

The service process is analyzed with the help of Grönroos’s Service System Model. The parts invisible in the process as well as visible for the customer are analyzed as well as their roles are commented. It is important to consider what happens behind the visible line as it is not always known by the customer. Thus customers might not be aware of the input in the service process and might not justify the real cost or the price level.

Among the benefits seen in introduction of the service concept are creation of competitive advantage, relationship marketing and quality of the services are identified. Competitive advantage is created through service rather than goods. An important part is developing personal relationships with the customer to insure his satisfaction in the services. Thus value for the customer is generated during the moments of truth, when the value is delivered to the customer.

Thus among the other customer satisfiers attitude is mentioned which is represented by the people who have immediate contact with customers. Services are seen as a tool to manage customer expectations from the offering. In general it is important to mention that these components: relationships with customers, managing the customer’s expectations, delivering high quality of the service all create customer satisfaction and lead to customer
retention. This results in creation of competitive advantage and satisfaction of employees and higher margins – the actual purpose of the company!
4. Empirical Findings

This chapter will first of all give a presentation of WILO Group. We will present the received information from the interviews and gained through the contact with the company. The authors will also present the findings from reports and other official documents.
4.1 Company Presentation

We have chosen a POSO concept introduced in the WILO AB as a study subject of our thesis, in order to investigate the influence of this new theoretical idea on the creating a process optimized service organization. The concept is already introduced in German parental company WILO AG but as the cultural differences between Germany and Sweden are minor we are not going to compare strategies and expected outcomes in both countries.

WILO Sverige AB employs 35 people working in management of the organization, marketing, support-team, product development, storage.\textsuperscript{94} The headquarters are in Växjö, but WILO AB has salespeople working in all the biggest cities in Sweden, thus covering the most important customers in each target segment. The customers of the company are represented by consultants, installers, wholesalers. The company’s sales reached the point of 660,8 millions Euro in 2004.\textsuperscript{95}

As the palette of the customers is limited to six business sectors of technically different pumps the communication with the market is narrowed to those segments.\textsuperscript{96} Still the company is willing to have a common message to the present and future customers. Of course WILO will not cease to expand its application know-how and to move into adjacent market segments. Transforming into POSO (Product-Oriented-Service-Organization) seems to be the most important task to the company which is now mostly concentrated on the outstanding engineering, R&D and a total quality management.\textsuperscript{97}

According to the company itself worldwide the name WILO is synonymous with the tradition of first class German engineering.\textsuperscript{98} The company produces pumps and pump systems for heating, refrigeration, air conditioning, water supply and sewage which are used in all areas of public life: in commercial buildings, communal facilities, industry and, of course in private homes. The company’s portfolio includes pumps of almost all sizes as well as customized solutions for specific customers.

\textsuperscript{94} Semi-structured interview in Wilo Sverige AB, Leif Lindberg, Managing Director, 2006-04-07
\textsuperscript{95} WILO Annual Report 2004, p. 25
\textsuperscript{96} The WILO Group Management Structure 2005, p. 1
\textsuperscript{97} Semi-structured interview in WILO Sverige AB, Leif Lindberg, Managing Director, 2006-04-07
\textsuperscript{98} WILO: Pumpen Intelligenz – Company’s Presentation, p. 5
4.2 Reasons for Inventing and Implementing POSO

The POSO concept was first introduced in Germany in year 2001 in response to a poor and badly optimized customers service as well as low morale of the employees.99

The starting point in funneling the ideas was the task to make the wishes and needs of the customers the target of the company and to be able to give and service with information any time. To realize that WILO Group has set the goals for the project:100

- the organization should be restructured according to the needs and wishes of the customers;
- reduction of costs;
- offering the higher standard of quality;
- reaching customers’ and workers’ satisfaction.

The starting task for POSO was to restructure the organization: the customer will not spend any time to reach the right person calling several times, but he will be served by one person from the WILO-team who will solve all his problems.101 To come to this decision to restructure the organization WILO AG interviewed customers and as a result built so called “Process Road Map” depicting the parts of the company which are responsible for different after-sales activities102. This helped the company to avoid the unnecessary calls and time the customers spent to get the after-sales services as well as to avoid the useless spending of time by workers.

As the process of installing and solving problems with the pumps is not an easy task and quite important for good functioning of living conditions of people, being able to get quick and competent information is of vital importance. Increasing the quality of service and reducing the time for giving competent information will lead to satisfaction of customers and employees as well.103

99 Semi-structured interview in WILO Sverige AB, Leif Lindberg, Managing Director, 2006-05-10
100 Pacha, Werner, WILO– Kundendienst, Service International 2005-10-25 p. 1
101 Ibid
102 Ibid
103 Semi-structured interview in WILO Sverige AB, Leif Lindberg, Managing Director, 2006-04-07
The recognition of the WILO among private customers is low as the product is targeted rather to the business customers, wholesalers, installers, planners and users of the systems.  

The corporate philosophy is to offer innovative pump systems to the customers. Accordingly, the company makes every effort to continually improve their products and regularly develop new technologies to satisfy the evermore complex requirements of modern buildings.

The company’s structure reflects the country of origin with high technical and innovative level combined with structured companies organization and well defined goals for the future. As the company claims “Total quality, outstanding engineering and R&D investments as well as a climate that fosters creativity and entrepreneurial spirit are our daily concern”. The main company’s slogan “Pumpen Intelligenz” which means intelligence of the pumps or pump intelligent shows the company’s attitude to the constant development.

4.3 POSO as a Way of Expressing the Constant Development

For a long time companies like WILO were concentrating on the technical proficiency rather than on the customer service and after-sales customer care until recent times when the product is not everything and relations between businesses are becoming more and more important.

Introducing POSO concept is one of the elements of the constant development which is part of the strategy of the Group. The company expects that building service with POSO will give company a competitive advantage on the global market and will help to adjust better to the current situation in the industry.

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104 Semi-structured interview in WILO Sverige AB, Leif Lindberg, Managing Director, 2006-04-07
105 WILO Annual Report 2004, p. 5
4.3.1 SWOT Analysis of After-Sales in WILO Sverige AB

Strengths:
As two main elements creating the strength of the company are at first good gross margin when comparing to other branches and relative good geographical coverage which enables to reach the customers easily in most parts of Sweden.

Weaknesses
Although the geographical coverage is an advantage the low control over Service Partners makes it sometimes hard to evolve in the demanded direction. From this factor next assumption is the less control over the service business concept and loss a lot of margin because of lack of own service organization. This all make is from WILO a minor player in some of the business sectors.

Opportunities
One of the main opportunities which the company sees is the possibility to increase the single unit price. Even slight price change can induce large growth of profit. The customer network developed by Service Partner, although pretty much independent, can be still used to build new business fields for WILO. Knowledge is an universal opportunity and it is also included in the company’s self-analysis to develop the current service concept.

Threats
The main risk for the company is that Service Partners will get on a weaker position what will induce the loss of market share and finally the customers. If the company develops their own, new strategy the conflict with the wholesalers is unavoidable.

Basing on a SWOT analysis of the introduction of services in Sweden, company’s management understood that the need of change is crucial and the best way is to introduce concept already tested in Germany which is called with commonly used abbreviation: POSO: Process Oriented Service Organization.

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107 SWOT – Analysis After-Sales Sweden, company’s own reference.
108 Semi-structured interview in WILO Sverige AB, with Leif Lindberg, Managing Director, 2006-04-07
With this concept the company created a system which is focusing on the after sales so there where for the most of the companies the contact with the customer finishes. The company’s expectations are to put the costs down as well as to increase the customer satisfaction from the product and the service itself on both customer as well as employee side.

4.4 The Reasons for POSO
The starting point for the re-organization is to fulfill the customers’ demands and wishes. After interviewing customers in Germany the company created a process roadmap which lead to complete reorganization of the whole work and order/request process. To avoid misunderstandings and time delays the employees got new responsibilities. Instead of processing one task and sending it further to storage and distribution one employee, or group of them, is responsible for the whole process of supporting the customer with the right part in the right time. The customers’ satisfaction with a better service leads to the increased satisfaction of employees.

The structured results of quality improvement makes it easier to understand customers satisfaction. The company’s internal customer survey showed that 93% of all customers reached the right person at the first call and 94% of the customers perceive the newly introduced system in Germany as good. Those two factors seem to be very important to the company and the organization would like to introduce the same model and customer service quality standards also in Sweden.

Based on the above given experiences from Germany the WILO Group is willing to introduce same concept in Sweden. This is essential to remain competitive on the Swedish market and to be able to grow together with the industry. The introduction of the process in all the branches is the final target of the corporation. This will improve not only the quality of the process but also the customers perceived quality what is not less important for the company. The company is devoted to constant improvement of quality and the introduction of the process is one of the ways to gain the objective.
In year 2003 the company, after several surveys and time spend on planning, started to introduce the POSO the Process Oriented Service Organization concept in the company.

4.5 The Main Target of the POSO Project

- Reorganize the company according to the present customers demands and needs
- Reduce the cost by limiting the unnecessary actions
- Offer the improved quality
- Improve the satisfaction among customers and employees

The introduction of the process is supposed to take place during a consequent and rapid change. The process will be made basing on the process road map made on the customers’ needs. The company, to reach exactly the main point of customer attraction, made in Germany several focus groups and surveys. The process is constantly improved basing on the scheduled survey distributed among the customers. On the process road map are several elements and processes leading to those elements. Before the creation of the process road map there was rather a department segmented orientation rather than process oriented.

Connecting the tasks into processes made the paths between the participating in action departments. Those paths are used in daily work life and improved as well the efficiency more common, not always customer-involved tasks in the company. Both those elements make the process oriented organization more reliable and secure for the future.

Unsecured and unclear service paths often disturb the process and the outcome of the process as well as increase operating costs which have to be transferred to the customer. While not using clear and easily followed up paths the company’s capacity suffers to a certain extent.

4.6 People in POSO

Another important step is assigning the right, fixed employees to the processes. The employees were formed in team which was responsible for a whole method rather than

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department and one action which was made inside of it. Process road map was used to see the exact points where employees and teams were needed. All the workers had got time to recreate the approach to a certain levels so that it will be consistent with department working culture.

The assignment of the employees to the formula was one of the most difficult task to deal with during the implementation. Workforce was made to change the whole working attitude and change the whole organization chart which was stable almost since the time when company was founded. For the employees it meant that they will have to learn completely new tasks and that their daily job will look much different than before. This change lead to many difficulties in employees’ attitude to their work and future in the company.

The whole process was graded constantly with quantitative and qualitative results which were presented to the involved parties. The teams were allowed to define their targets which they want to reach in the coming future and depending on the targets reached teams were able to asses their own results. The change was made according to the motto: Only numbers and facts that are known are possible to be used for improvement and discarding the failures.

With positive experiences in the past, in contradiction to the industry trend, the company will expand its own customers service which is an important element of the company.

Basing on the above given experiences from the WILO AG, the German parental company, the concept of process oriented service organization is supposed to be introduced to the subsidiaries around the world. Already the profits of introduction of the POSO in Germany can be seen in the whole corporate group.

**4.7 Product Development as a Future Consequence of POSO**

Next element of the concept and process implementation will be the product development. This part will include improvement of individual and scheduled checks as well, ways to
avoid the failures. Included will be also the ways to detect the failures and blind spots inside the company, before the product will leave the production place.110

The corporation is strongly convinced that this project gave the company a “rapid kick” in the proper direction of the developing of customer-oriented company. The project is extraordinary in the industry in a way of managing and servicing the customer process. At the very beginning the company had many doubts if such project is possible to implement in the company but the final results exceeded the starting expectations.111 The company proved that another important experience confirmed the company’s slogan Wilo: Pumpen Intelligenz.

110 Pacha, Werner, WILO– Kundendienst, Service International 2005-10-25, p. 3
111 Semi-structured interview in WILO Sverige AB, Leif Lindberg, Managing Director, 2006-04-07
5. Analytical Part

In this chapter we will analyze the field data with the help of the theories and opinions of the leading authors in the field of services. Applying the knowledge got from studying relevant theories from service marketing conclusions about using POSO in order to make WILO Sverige AB stronger on the market in Sweden will be drawn.
5.1 The Way from Sales to Long-Term Relationships

Technological progress continuously heightens the demands for efficiency and reliability of the products. Therefore WILO Group will not cease to expand its application know-how and to move into adjacent market segments. With roots well founded in the methods and principles of German engineering, the Group will stay globally committed to address the challenges of water and wastewater management with rigor, practicality and innovation.\textsuperscript{112}

The company want to differentiate themselves from the competitors on focusing even more on the customers and the process of creating value for customers. WILO Group want to be still perceived as a premium product company but now they want also to put more pressure on the premium service which can fulfill growing customer expectations.\textsuperscript{113}

With the process-oriented structure the company want to represent something different than competitors, something which can motivate future and existent customers to use their products. Process-oriented organization puts more pressure on the process and the service instead of only focusing on the product and its technical perfection.\textsuperscript{114}

WILO Sverige AB, through the introduction of POSO-concept, is differentiating itself by providing a different functional benefit. The Service converts the relationships with the company into more personal and enables to develop contacts with the customers. WILO with easily accessible procedure for the customers is becoming more and more distinct from the competitors.

5.2 Analysis of the Service Perspective

The management of the company defined the service process as the key competence, which has to be developed and consequently focused on it. This attitude creates an added value for the customer and with this, the distance between WILO and the competitors is changing its spectrum and profile. This is one of the reasonable ways to differentiate itself from

\textsuperscript{112} WILO AG – The Management Board information prospect, p. 30
\textsuperscript{113} Semi-structured interview in WILO Sverige AB, Leif Lindberg, Managing Director, 2006-04-07
\textsuperscript{114} Semi-structured interview in WILO Sverige AB, Leif Lindberg, Managing Director, 2006-04-07
competitors. The process orientation creates an image to the customer that there is a person/team, which is responsible for servicing it the whole time: during the initial contact, through sale and adjustment and in the after-sales control process. Customer is able to perceive the process as for the solving of his problems all the recourses of the company are involved: the company itself, the personnel, knowledge, technology and customer-oriented systems, which is a key to competitive distinctiveness.

The clientele of WILO AB are only Business customers and that’s wholesalers, installators and distributors. There are many similar trends and motivations in each of the segment of the customer structure. The importance of each trend is crucial to keep the company developing and growing on a reasonable level.\textsuperscript{115} The company should not only concentrate on the technical proficiency but also on the relationship with the customer, which could be even more important for retaining the customer. The analysis helps to foresee the factors, which will be of the most importance while introducing new products or services. Before the introduction the company tries to see the benefits for the customers and the relative importance of each benefit in the whole process.\textsuperscript{116}

5.3 Service Concept and Package
WILO Group created guidelines to the processes, which are taking place in the company within the service concept. The company is expressing the purposes, which are going to be solved by the employees. POSO includes precise instructions how the employees should act and react to the customer needs. The POSO was presented to the employees in understandable way and evolutionary so that everyone will understand its function in the company.

The main idea to develop the service part was the need of differentiating WILO from other companies. The company is augmenting its offer with additional services like process orientation and after-sales support, which are the “extras” mentioned by Berry. Those additional values are motivating the customers to stay with this particular company and

\textsuperscript{115} Pacha, Werner, WILO– Kundendienst, Service International 2005-10-25 p. 3
\textsuperscript{116} Ibid
renew the purchases that affect the profit of the corporation and the perception of it. If a customer finds doing business with WILO more beneficial the profit of the company will increase.\textsuperscript{117}

The strong integration of the POSO within the company builds a reliability and trust of the corporation in front of the customers. Introduction of new ideas also build up an impression of the innovative corporation. The company also understood that all the direct competitors gained more or less similar level of technical proficiency and that is why the only way to build a sustainable competitive advantage is through the services rather than goods.

The industry technical level almost disables the possibility of creating the competitive edge basing on the product. The perfect product is the main prerequisite to remain in the prime league but it is not the only source for competitive advantage. Instead WILO derives from customer needs and expectations the process that will help to distance from other actors on the market. When the value of the new idea is visible for the customers the company wins a competitive edge, which is crucial for sustainable development.

It is worth to mention that in order to sustain the advantage the company has to foremost maintain its technological level prior to the service profile. Using both elements enables the company to compete and first then the competitive edge will be taken in analysis. The core advantage is delivered to the customers by both: product and services.\textsuperscript{118}

\section*{5.4 Build Advantage on the Strengths}

With the concept the idea of WILO is not to compete with competitors’ strength but build a factor, which will create competitive edge as well as will develop personal relationships and provide long-term relations between customer and the producer. This will lead to the improved atmosphere among the personnel dealing directly with the customer and thus the

\textsuperscript{117} Semi-structured interview in WILO Sverige AB, Leif Lindberg, Managing Director, 2006-04-07
\textsuperscript{118} Pacha, W., WILO-- Kundendienst, Service International 2005-10-25, p. 3
margins will grow as well. The new created factor is strength of WILO but not the competitors\textsuperscript{119}.

Before deciding about implementing the concept, the company observed and defined its position on the market, especially the home German one\textsuperscript{120}. Before introducing the new offerings to the customer company made a SWOT analysis (for details, please, see the empirical part) which helped to define most of the important points in the company’s strategy. Basing on this analysis the company was able to develop a model for constant improvement and a new development strategy\textsuperscript{121}. The company’s logo adjustment was a symbol of a change for the customers, which was pretty easy to observe and see. Logo and the new slogan changed from “Pumpen Perfektion” to “Pumpen Intelligenz” was part of the new identity change and message to the clientele\textsuperscript{122}.

\section*{5.5 Customer Added Value}

The idea of introducing POSO was first to add value to the customers and then to gain the competitive advantage. Most of the customers did not expect the service concept to be introduced but needed the changes in the company’s strategy. The frames, which used the company were made to organize the desired outcome into a constant service flow. The outcome should be satisfactory for the customers.

The communication is the basic way to understand the expectations of the customers. To be an effective communicator, company makes contact employees easily reachable and enables them to lead the customers throughout the whole process. The one-man-responsibility makes the service by WILO much more personal and enables to build up relationship. It also makes a risk that trained but still not empathic and adjustable enough person will lower the general

\begin{flushright}
\textsuperscript{119} Ibid \\
\textsuperscript{120} Ibid \\
\textsuperscript{121} Ibid, p. 2 \\
\textsuperscript{122} Semi-structured interview in WILO Sverige AB, Leif Lindberg, Managing Director, 2006-04-07
\end{flushright}
perception of the company. All three actors are important for the managing the service quality.

The basic core package at WILO Group includes the pump system, customization of the system to the customer and the after-sales support services. After-sales support services do not facilitate the consumption or use directly the pump but are used to increase the added value for the customer and to differentiate themselves from the competitor’s. The company’s process orientation and the additional value, which customer receives after the purchase, present the Augmented Service Offering.

As WILO Group is operating only on the business-to-business market office hours play less important role as the trained and skilled personnel representing the company. The company’s technical representatives cover almost all parts of Sweden which may be crucial when it comes to pump failure. Customer interaction with employees who follow them through the process creates positive impact on their perceived quality of the service.

The companies build up extras on the service by making foundations for the relationship. By offering those extras the customer perceives it as an extra value and is ready to develop relationships with the service-provider. The conclusion is that the company builds up a competitive advantage by gaining new and retaining old customers. This is a more effective way to reach the competitive edge than only just goods.

5.6 Service Focusing in WILO Sverige AB

WILO AB concentrates on the service part also because of the reason that the Swedish branch does not participate directly in the production process. The employees’ satisfaction improves the work quality, which has a direct influence on the customers’ perceived satisfaction. Customers’ satisfaction creates not only increased profits but also a positive word of mouth, which is helping to gain new customers.
From the company’s point of view the whole process is complex and can consist out of seven main departments in which we can divide four areas. Everything in the organization is connected in the way that the customer does not need to know the organization of the company and for him there is only one process visible, which is the contact person in WILO Group. Such process is not only sharing respect to the customers’ time but also influencing positively the customer perceived quality.

One of the ideas in introducing WILO was to move the Grönroos Service System Model line of visibility in the organization so that customer service employees are the only ones who rely directly to the customer. All the employees carry out the best possible internal service quality so that the service to the ultimate customers can be as good as internal.

The POSO concept gives WILO Group the opportunity to compete for the customers; a strong POSO performance creates the competitiveness by gaining customers trust and reinforcing the main elements of the company.

As the core product is seldom the reason for dissatisfaction it is important that the performance of the POSO is high so that it will generate the additional value for the customer. The relationship is one of the main elements creating positive word of mouth and reference system for the other customers.

5.7 Benefits for the Company

POSO takes care about the customer, the customer sees the organization less complicated and relationship easier to maintain. Good and easy to maintain relationship with the customer enables to use fewer resources to maintain the contact, less time used to contact the customer and finally increasing the company’s capabilities by releasing the personnel to be used for other tasks. In WILO Sverige managers concentrate on building up loyalty

123 Service International Main and Sub-Processes – Process Roadmap Service International 06/2005
basing on the non-tangible values as there is not much space to compete on the technical level.

One of the ways of making the WILO Group easier to understand for the customer is to move the line of visibility as much as possible so that the end there is one employee which is responsible in front of the customer, for the whole process. For effective communication with the customer WILO Group is easily accessible but usually expects the customer to initiate the contact.

Satisfied customers lead to satisfied employees who have more pleasure of making their work and therefore they can provide a better service. WILO Group is planning to gain the desired level of customer expectations and fulfill all the needs.

In WILO Sverige AB, at the moment, there is lack of tool, which can be used to gain the constant contact with the customers. The company might have not enough information about the customers’ expectations and therefore might not develop good enough services.
6. Conclusions

In this chapter the conclusions will be drawn. We will present a result to every research questions mentioned in the Introduction chapter. Recommendations, criticism and suggestions for further research are will be given.
6.1 Result and Recommendations

Having studied the POSO-concept, the parts it consists of, having analysed the necessary conditions for introducing a service-concept and recognized the benefits the POSO-concept can bring to the WILO Sverige AB, we have come to the following conclusions:

What are the elements of the POSO-concept?

POSO-concept stands for the process-oriented-service-organization. The purpose of the introduction is to make the company customer-oriented by augmenting the strategy with services. The services, being activities, which take place during the interaction between the personnel of WILO AB and the customers, are supposed to be introduced in order to solve the following problems:

- to gain competitive advantage on the market with intensive competition;
- to tie up the customer being able to offer the pump and the services under one concept;
- to increase the quality of the services: customer time, solution from one person, service any time;
- to reduce costs: concrete groups of people are responsible for a certain service, limiting the unnecessary actions;
- to increase positive atmosphere and satisfaction of employees.

By introducing the POSO-concept WILO AB intends to restructure the organization from the outcome-oriented to the process-oriented organization putting customer’s needs and wishes in the centre. POSO-concept as a tool to turn the company into a process-oriented organization with the customer in the centre is a way to go further on the way of company’s development. The company produces high quality pumps and stands for its logo: Pumpen Intelligenz. The POSO-concept gives an opportunity to unite the very well technically developed pumps with customer value added services in a customer-oriented organization.

A very important element of the POSO-concept is creation of road maps, which was introduced in Germany. The purpose of this tool is to clearly divide which team in the company is responsible for what process. As a result the clear division of work according to
the customers’ wishes and needs was built. It proved its efficiency in avoiding conflicts, unnecessary work and satisfaction of customers as well as employees.

People are also one of the most important elements of the concept. The employees have to be reorganized and trained for the assignment. They have to change the attitude to being concerned about the customers’ needs.

What are the necessary conditions of introducing a service concept on the example of WILO?

Since the purpose of the service concept to solve customers’ problems during the immediate interaction with them, the company has to be aware of the wishes and needs of the customers. In this way the organization should become customer-oriented and not outcome- but process-concentrated. Following this thought the whole company should be restructured.

The necessary condition for the service-concept to work is to put the customer into the centre where the other parts of the organization: management, systems, resources, contact persons should be knowledgeable and aim at recognizing and satisfying the needs of the customer.

For the successful work of the concept the whole organization in Sweden should be restructured in the way it was done in Germany. There should be created road maps in Sweden as well where it will be defined what team is responsible for what kinds of customer problems. The invisible part of the organization should be restructured in the way which facilitates quick solving of problems. The contact employees should be knowledgeable and aware of the customers’ wishes, they should be backed up by a good structured support system and technology, which enables to keep the given promises. The resources necessary for the quick work should be provided.

For the successful planning and implementation of the concept the company has to know the needs and demands of the target market. The basis for creation of the POSO-concept in Germany was the surveys and focus groups, during which the gaps in the previous offering were identified and the POSO-concept was built in order to avoid these weaknesses.
We would recommend for the WILO AB to do the same among the customers in Sweden. It can be very helpful as in Sweden the company faces problems of loosing important customers due to the introduction of the concept. The focus groups can help to form the concept for Sweden, which might differ in certain aspects from the one introduced in Germany.

*What are the benefits does the organization achieve by introducing the POSO-concept?*

For a long time companies operating with business-to-business market were concentrating on the transaction and were outcome-related. Now the technical progress is not the only one source for competitive advantage. Business-to-business companies are starting to introduce services and focus on the whole process of relationships with customers. POSO-concept is a possible way to create competitive edge by focusing on the process rather then transaction.

The POSO-concept can help WILO AB to get ahead of its competitors. The competition on the pump market is intensive due to the strong competitor Grundfos. The last one has introduced the concept of after-sales and is developing it now. The POSO-concept covers the whole process of communication with customers and not only the services after the sales have taken place. It is a guideline to restructure the whole organization to the needs of the customers in order to solve their problems. This fact is an advantage for the WILO AB in getting ahead of its competitors and in solving one of the main problems for WILO AB on the Swedish market.

Another benefit of introducing the POSO-concept is creating a frame for developing relationships with customers. As mentioned before the value added for the customer is created during interaction between the service-provider and the client. By introducing the POSO-concept the customer will get the whole value from consulting before getting a pump, purchasing the pump and constant help and maintenance after the purchase. The development of relationships with the customers will tie up them and will avoid loosing the clients after the purchase has taken place.
Another problem consists in reaction of the Service Providers. By introducing the POSO-concept WILO AB will take care of its customers without needing any services from the last ones. Our conclusion is that WILO AB should make a survey and focus group with customers of the Service Partners in order to understand if the POSO-concept will have the market since the customers know and use the pumps of WILO AB.

Another benefit of the introduction of the POSO-concept is satisfaction of employees. Due to the structure of the POSO-concept employees are divided into teams with clear defined tasks. This fact helps to avoid unnecessary work, conflicts. Customer satisfaction creates positive atmosphere among employees and facilitates the whole process of work at the company. The positive atmosphere helps to go through the changes in the company’s structure, in the whole process and even to adapt the new way of thinking.

Increasing quality is also one of the benefits of the introduction of the POSO-concept. Quality of the services is one of the most important aspects for the success of the concept. POSO-concept improves the quality due to the reorganizing the structure of the company. Clearly defined goals and tasks, organization structured according to the customers’ expectations, satisfied employees contribute to the quality of the services. Quality of the services is of vital importance for the company.

6.2 Reflection and Criticism
Through the delimitations made in our study it is difficult to generalize if the POSO-concept will be the possible strategy for WILO Sverige in order to solve the problems: to get competitive advantage, to develop relationships with customers by offering the whole concept and not just a product.

The answers about the benefits of the POSO-concept should be perceived also critically as the concept proved its efficiency on the German market but the situation and conditions for implementing the concept there are different. The company in Sweden faces the problems with the Service partners and a very strong competitor Grundfos.
For making analysis of the appropriation of the POSO-concept surveys and analysis of the services of the Service Partners should be made as well as detailed analysis of the strategy of Grundfos. Only having got these results it is possible to speak about objectivity of these conclusions and recommendations.

In order to receive better results of the study we would like to have more interviews conducted with WILO AG and get a closer look at the POSO-concept working in reality. We had to make our study using only documents we received from Germany. The concept is relatively new (5 years) and is still not open for publicity that is why the managers from Germany provided us with very general information about the concept. This is the fact, which influenced the objectivity of the research.

If we had had access to all this information definitely the results of the study and conclusions would be different from the ones we got under the given circumstances.

**6.3 Suggestion for Further Research**

For the further research it will be very interesting to follow the changes taking place at WILO Sverige in the process of introducing the concept. The interviews with the Service Partners can be done as well as with their customers. We can also analyse the services offered by Grundfos and study the introduction of the POSO-concept under these conditions. After conducting this research we might get different results on the benefits of the POSO-concept and its efficiency.

Further on when the decision about the introduction of the POSO-concept is taken our research could focus on forming the elements of the concept. Due to the differences of the situations in Germany (the bad organized systems of meeting quickly the demands of the customers) and in Sweden (strong competitor, Service Partners) the service concept could be structured differently and could include various components. So of interest would be to analyse the difference in situations in both countries as well as the elements and their ability to fit the goals of the company WILO Sverige AB.
Since the POSO-concept will be introduced in all the daughter-companies of WILO AG, it would be very interesting for us to analyse the difficulties and benefits of introducing the concept in other countries. We would be very interested in the possible cultural differences and necessities to adopt the concept in these countries. These goals can be the aims of our next research.

However, we are very positive about the possibilities the POSO-concept can bring to WILO Sverige AB and are looking forward to receive further tasks interesting to be developed for our next thesis!
7. Appendix

7.1 Schema 1

"Return on Relationship" Model

Source: Gummesson, Total Relationship Marketing; Rethinking Marketing Management from 4Ps to 30Ps, p. 184
7.2 Schema 2

Service System Model

Line of Visibility

- Business Mission
- Service Concepts
- Totally invisible Part
- Support Part
  - Systems support
  - Management Support
  - Physical Support
  - Equipment
- Interactive Part
  - Systems and Operat. resour.
  - Contact Persons
  - Physical res.
- Customers
- Expectations
  - Personal needs and values
  - Previous experiences
  - Company/Loc. Image
  - Marketing communication
  - Word of Mouth

Source: Grönroos C., Service Management and Marketing, p. 317
7.3 Schema 3

The Six Components of Relationship Marketing Orientation

![Diagram of relationship marketing components]


The authors of the article theorize that all these elements of Relationship Marketing Orientation are important for building long-term buyer-seller relationships.
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