

A RELATIONAL VIEW ON DIGITAL SERVICIZATION: EMPIRICAL INSIGHTS FROM PROVIDER-CUSTOMER RELATIONSHIPS

Keywords

Digital servitization, Digitalization, Governance, Advanced services, Digital business models

Abstract

Providers are increasingly leveraging digitalization and offering their industrial customers more advanced services which are enabled by digital technologies such as the internet of things, remote monitoring, big data analytics, and artificial intelligence. This trend is referred to as digital servitization, and it is enabling significant changes in how value is created and captured in industrial relationships. In order to fully benefit from digital servitization, providers and customers need to transform their relationships. However, there is limited knowledge on how a provider and a customer govern their dyad relationship in the context of digital servitization. To address this gap, this paper applies the relational view theory as a lens for the purpose of studying how dyad relationships in digital servitization can be successfully governed by parties involved. To that end, research was conducted based on multiple case study of four dyad relationships between Swedish providers and customers that are actively involved in digital servitization. In total, 40 respondents from seven companies were interviewed, and data was analyzed based on thematic analysis approach to identify relevant themes and patterns. Although data collection followed an inductive approach, data aligned with the four determinants of interorganizational competitive advantage suggested by the relational view: complementary resources and capabilities, relation-specific assets, knowledge-sharing routines, and effective governance. The results of this study demonstrate that these determinants have great influence for governing relationships between the provider and customer in digital servitization. This paper provides theoretical contribution to servitization literature by highlighting the importance of relationship governance, and how this is gradually transformed as the relationship develops. This transformation is illustrated in a stepwise framework that can also guide managers in prioritizing activities and investments, and developing governance mechanisms to advance their business relationships in digital servitization context.