

Value based selling

Key Value Drivers for SMEs within the Steel industry

Simon Anderson
Markus Johannisson

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Luleå University of Technology
Department of Social Sciences, Technology and Arts

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During this time we have committed to research which has been conducted with as much of a practical usage as possible. We had the opportunity to work closely with a supplying firm at the Swedish steel market throughout this project, helping us with the initial purpose of the thesis. The intention has been to perform research which was both scholarly and literature grounded and delivered high practical usage not only for the supplying firm in contact with but for the industry as a whole. Furthermore we hope that we have contributed with insightful information from a theoretical perspective and that someone can find it useful in future research on a similar topic.

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Markus Johannisson



Simon Anderson

Abstract

Building upon previous research around value drivers, the purpose for this study was to review what value-drivers the SMEs within the Swedish steel industry find most important in their suppliers and how the industry as a whole can evaluate this information in a value-based selling approach. In today's literature regarding customer perceived value, the focus has been towards service related industries, and mainly within a B2C context. Indicating that there is a need to investigate this aspect further within a B2B setting in other industries than only service related industries. Especially from the customer perspective of SMEs since there is limited research around them and their perceived value in a B2B context. To answer the purpose, this research used a deductive approach applying a previous framework and exploring its application in a new industry. This research was qualitative in design and explorative, interviewing 8 SMEs operating in the Swedish steel industry. Using semi-structured interviews, transcribing audio recorded data before a thematic analysis was used to interpret the findings. The findings showcased that the SMEs within the Swedish steel industry valued the following attributes regarding their suppliers the most; Reliability, Trust, Product Quality, Price, Solidarity, Responsiveness, Time/Effort/Energy. These value drivers represent the supplier's ability to create long-term and beneficial relationships based on trust, reliability, solidarity and being responsive, as to put in the time and effort needed. Furthermore being able to perform according to their promises with special care towards correct product quality and delivery precision which resulted in becoming a prioritized supplier. Concluded is that the framework used from previous study is in need of adjustments depending on what industry is being explored. Furthermore this study's findings only touch upon the initial relationship building phases of value-based selling.

Key words: Value based selling; Customer perceived value; Perceived value; Value drivers

Sammanfattning

Baserat på tidigare forskning kring värde attributer var syftet med denna studien att utvärdera SME inom den svenska stålbranschen och sammanställa vilka attribut de värdesätter mest hos deras leverantörer. Samt hur branschen kan använda denna information för att utvärdera värdebaserad försäljning. I dagens litteratur angående kunders upplevda värde ligger fokus på service relaterade industrier inom en B2C kontext. Vilket indikerar att finns utrymme för forsknings kring ett B2B perspektiv inom andra industrier än enbart service relaterad. Speciellt utifrån perspektivet små och medelstora företag (SME), eftersom det finns limiterade studier utifrån kundens upplevda värde från detta segment inom B2B. För att besvara syftet användes ett deduktivt tillvägagångssätt, där tidigare forsknings ramverk kring värde attributer användes för att undersöka dess applicering i en ny kontext och ny marknad. Denna studie var av kvalitativ design och explorativ där åtta stycken SME företag inom den svenska stålbranschen intervjuades. Användandet av semistrukturerade intervjuer genomfördes där materialet transkriberades innan en tematisk analysmetod användes för tolkningen av datan. Resultatet påvisade att företagen värderade följande attributen hos deras leverantörer högst; pålitlighet, trovärdighet, produkt kvalitet, pris, solidaritet, lyhördhet samt tid/energi/ansträngning. Dessa värde attribut representerar leverantörernas förmåga att upprätthålla relationer över tid och bygga relationer baserat som grund av pålitlighet, trovärdighet, solidaritet och lyhördhet att anstränga sig inom relationen. Speciell omsorg nämndes för produktkvalité och leveransprecision för att bli en prioriterad leverantör. Studien konkluderar att ramverket som användes från tidigare forskning behöver uppdateras för att matcha vilken industri som studeras. Resultaten av studien behandlar även enbart de initiala faserna av relationsskapande inom värdebaserad försäljning.

Nyckelord: Värdebaserad försäljning; Kundens upplevda värde; Upplevt värde; Värde attribut

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1. Introduction

This chapter starts by presenting the background of the research area studies in this thesis. Thereafter a problem discussion covers the previous research performed with regards to the industrial markets. Followed by the purpose, research problem and the research question associated with the research question.

1.2 Background

Steel as a product comes in many different forms and attributes due to its inclusion in a large variety of end products to companies and end users (Jernkontoret, 2018). The Swedish steel and Iron industry have seen changes over the years and are some of the oldest industries in the country (Karlsson, 2016; Jernkontoret, 2021a). It has seen significant changes over the years, where new technological advancements have driven this sector forward (Jernkontoret, 2021a). Mainly contributed through the development of new methods of steel production, but also updated policies and trade agreements (Jernkontoret, 2021a). This is also true in the present-day where the industry is undergoing a revolutionary change working toward “green steel”, a collaboration that has brought the first production of a vehicle manufactured with fossil-free steel (Alström, 2021). A result of the initiative called HYBRIT, where the pursuit of hydrogen-produced steel on a large scale is the ultimate goal (Åhman, et al., 2018). Though steel is considered an old industry in Sweden it still stays relevant, producing 4.7 million tons of crude steel in Sweden (Jernkontoret, 2022a). However, it is a minor player compared to other nations where one company alone produces 115 million tons (Statista, 2021a). Instead, the Swedish market is compiled of a limited number of actors that produce high-standard steel towards various niche markets (Jernkontoret, 2021b).

What is also old like the Swedish steel industry is research on the topic of customer perceived value. Three decades of research of customer value and its implementation from a business strategic point of view is more important than ever before (Zeithaml et al, 2020). This was also argued 20 years ago by numerous studies stating that managing businesses in markets with increasing competition it is important to be able to identify what customers value in order to

offer compelling products and services to stay competitive according to Anderson, & Narus (1998). This is especially important in the industrial market such as the steel industry according to Kienzler et al (2019). In more recent publications of Anderson et al (2007) they also argue that the ability to capture customer value is particularly important in industrial markets. The value concept is important and the understanding of it leads to better knowledge of how customers tend to behave Arslanagic-Kalajdzic et al (2017), decide which supplier they prefer to purchase goods from and which suppliers become key suppliers (Ulaga & Eggert, 2006). Although there is still a lack of clarity surrounding the conceptualization of value in a business to business market and how it should be measured (Eggert et al, 2019).

Value could be defined as a monetary value of what something is worth based on economic terms but further elaboration argues that social and service benefits also are a part of value which explains the difficulty of making a definition of the term “value” (Anderson et al, 1988). The more important aspect of the elaboration and further research would be to view this from a supplier perspective and create an understanding of what value would be in the eyes of its business customers due to its complexity and subjective nature (Zeithaml, 1988; Sánchez-Fernández et al, 2007). Zeithaml (1988) explains that the general definition of customer value in market exchange is that value in the eyes of the customer is what benefits they get relative to what they give up in terms of cost or sacrifices. This explanation is also emphasized by later studies in the field of business customer perceived value (Raval et al, 1996; Lapierre, 2000), Customer value creation (Smith & Colgate, 2007) and capturing value creation in business relationship (Ulaga, 2003) in the year 2020 that definition is still relevant for research according to Zeithaml et al (2020).

Creating value for customers is important due its positive impact on customer satisfaction, competitive advantage and firm performance (Kienzler et al, 2019). Töytäri & Rajala (2015) further elaborate on the concept of value based selling of industrial companies which focus on the value capturing aspect of selling. They define value-based Selling (VSB) as “*a sales approach that builds on identification, quantification, communication and verification of customer value*”. They also research what capabilities are important from an organizational

perspective to implement the VBS strategy with the purpose of capturing and delivering the highest possible value to business customers.

Studies in the field of value based selling and value creation argue that the process of selling and delivering high value needs to start with a thorough analysis and understanding of the customers business and what they perceive as valuable (Kłeczek, 2017; Canning, 1982; Terho et al, 2012). Studies of what customers perceive as valuable and what increases value has been conducted in industrial context (Lapierre, 2000; Ulaga, 2003; Ulaga & Eggert, 2006; Corsaro et al, 2010). Lapierre (2000) wrote in her empirical research article *Customer-perceived value in industrial contexts* that 13 value drivers were found and supported by empirical evidence. The drivers could be divided into ten value-based drivers that could be seen as benefits and three are identified as sacrifices. The combination of these captures what value is in the eyes of the customer (Lapierre, 2000). The study shows promising results but questions have been asked around the generalizability of the study to the industrial market as a whole due to its inclusion of only IT Service Supplier (Ulaga, 2003). According to Ulaga (2003) there is a difference in value between physical product and service related products and can and should not be generalizable as being the same.

Ulaga (2003) conducted a study similar to the one Lapierre (2000) performed but included suppliers and customers which were not specifically service related. Ulaga (2003) also focused on how suppliers can capture value creation in business relations from a customer perspective. The relationship between suppliers and buyers is of high importance (Ulaga, 2003) which is found in other studies as well and states that personal relations govern a positive relationship, and strengthen cooperation (Coric & Jelic, 2015; Kuhn, et al., 2008).

1.3 Problem discussion

The concept of customer perceived value has been on a priority list of research by the Marketing Science Institute (Sánchez-Fernández et al, 2007). Understanding and further elaborate on what value really is, a shared understanding and definition is beneficial but despite the interest in defining and understanding the concept, the term value has not been clearly defined and there is not a shared definition (Sánchez-Fernández et al, 2007; Eggert et al, 2019). This could partly be

explained because the research has mostly focused on the business to consumer and not a business to business (B2B) context which creates a gap in the literature. Furthermore the research done with a B2B context mostly focuses on service as a product such as IT and hospitality (Corsaro et al, 2010; Gallarza et al, 2017; Zeithaml et al, 2020). Transferring findings from different markets and claiming it to be generalizable have shown great critique and simply can not be done (Ulaga, 2003, Ulaga & Eggert, 2006) which speaks for the need for more research with regards to B2B context with physical products.

Value drivers needs to be tested further, on different industrial companies and with segmentation variables such as size and annual revenue (Lapierre, 2000; Kłeczek, 2017; Ulaga 2003; Sánchez-Fernández et al, 2007) in order to become transferable for different industrial industry markets. More research is also needed to ensure that the selling/supplier organizations capture more of the desired value creation from a customer's perspective and could investigate if some source of value is more important than other (Töytäri et al, 2015; Smith et al, 2007).

The research of perceived value, value drivers/attributes and its importance from a customer perspective have not been investigated to the same extent as consumer context according to the extensive review of Zeithaml et al (2020). The studies performed with a business context have mostly focused on service related markets such as IT, Hospitality and Logistics (Zeithaml et al, 2020; Sánchez-Fernández et al, 2007;) This was also the case of Lapierre (2000) and Corsaro et al, (2010) which create a gap in the literature due to being reliant on service intens markets.

Once there is an understanding of the customers business and potential needs the development of value proposition and offerings can start, and this process is especially important in the industrial market such as the steel industry according to Kienzler et al (2019). With the Swedish steel industry landscape in mind, the production housed in Sweden mainly consists of products made for export (Jernkontoret, 2021c). According to the industry trade association, this creates minimal competition on the national market since there is expertise that focuses on their own areas of high-grade steel, instead of competing amongst themselves (Jernkontoret, 2021b). Furthermore per capita the Swedish market usage of steel compared to others is fairly high (Jernkontoret, 2021d). Forcing Sweden to import a rather large amount of standard quality steel to meet the national demand (Jernkontoret, 2021c; Jernkontoret 2020a).

These imports are the products that the average consumer interacts with on a daily basis which is everything from pots and pans to cars and housing (Jernkontoret, 2018). This creates an opportunity for actors to build their businesses around the demand of the national market in need of standard steel products. SMEs are often viewed as operating within a niche market and tailor their business for the specific market need (Franco & Haase, 2011). This is where the SMEs find themselves playing an important role in the Swedish market, where smaller businesses can capitalize and create various functions for society. Making it imperative to understand SMEs and what they value within this industry. This could be seen as a first step in value-based selling and how sellers and buyers understand each other (Liu, & Zhao, 2020).

Understanding how SMEs perceive value is imperative since they are a staple of the economy and in Sweden they make up the majority of all businesses by far (Svenskt Näringsliv, n.d), which is also the case for many other countries in the world (Lin, 1998). This could provide a foundation for cooperation as seen in Porter (1998), where he argues for the benefit of clusters within an industry, instead of reaching globally there is expertise grown in close proximity. Fueling competitiveness and innovation because of the interconnections between eg. suppliers, manufacturers, and even other industries (Porter, 1998). This is also found in literature aimed at investigating larger companies, that relationship building between buyers and suppliers creates favorable outcomes (Jap, 1999; Ganesan, 1994). Which provides a common denominator “trust”, findings show in larger company relations trust is a valued aspect for strong relations (Ganesan, 1994). Furthermore, this is also argued to be a denominator in SMEs, Adams et al. (2012) similar to larger companies, their findings showed that creating trust is important with SMEs. Coherently with the notion of clusters, trust has to be established to cooperate, which Gibb (2012) argues also could provide valuable experience for SMEs, when drawing upon knowledge from their peers. Financial constraints might govern their non-utilization of their strengths such as adaptability and flexibility compared to larger firms (Franco & Haase, 2010). From an SMEs perspective, their ability to survive, grow and be competitive in a rapid change environment, relationship and collaboration with external organizations. The established relationship with a larger external organization is increasing the SMEs possibility to confront globalization and competition. This is because few SMEs do not have sufficient resources and skills to manage

innovation processes without the help of collaboration with other organizations and this is not the case to the same extent when looking at larger firms since they have more resources and capabilities to be innovative and competitive without external entities, which SMEs are dependent on (Lin & Lin, 2016).

1.4 Purpose

In order to understand the nature of what drives SMEs and evaluate how they operate in the landscape of the Swedish steel market, this study might contribute to the understanding of their operations and competitiveness. Töytäri & Rajala (2015) present key findings from their study which emphasizes that knowledge about the customer is key and the identification of value aspects is essential. Problem relies on the fact that previous studies of Customer perceived value have largely focused on service-intensive markets (Sánchez-Fernández et al, 2007; Zeithaml et al, 2020) with the argument that service is a fundamental concern in these markets (Lapierre, 2000). But this is also the case on the industrial market of steel according to Kienzler et al (2019). However not many studies have been conducted with the scope of markets with physical goods and none have been done with the special regards to the steel industry according to reviews of the topic (Sánchez-Fernández et al, 2007; Zeithaml et al, 2020).

Previous research has investigated and conceptualized the customer knowledge needed for this with the help of value drivers and attributes such as benefits and sacrifices (Lapieres, 2000; Smith & Colgate, 2007; Ulaga, 2003). But the few studies conducted B2B on industrial markets (Lapierre, 2000; Ulaga, 2003; Ulaga & Eggert, 2006; Corsaro et al, 2010) needs to be tested further since the development and change of globalized and international markets speaks for continued and fast change in value assessment and judgment (Zeithaml, et al 2020). Therefore the perceived value can not be seen as a one time phenomenon, it should be assessed continuously with both quantitative and qualitative approaches (Sánchez-Fernández et al, 2007) and the qualitative approach is useful in exploring contextual changes with regards to social, technological and environmental changes, the corona pandemic as an example which could affect previous value dimensions and key value drivers. (Zeithaml, 2020).

This research paper will continue to elaborate and research similar to what Lapierre (2000) suggested in her statement about further research. The value drivers she identified are in need of further research and testing on other industrial markets and with additional segmentation variables such as firm size. Doing the intended research which this study portrays, the findings from this study could potentially be transferable to a larger extent due to its inclusion of industrial B2B customers on another industrial market than Lapierre (2000) conducted.

To summarize, the purpose of this research paper will therefore be to investigate and evaluate the key value driver of the segmentation variable of Small/Medium sized customers (SMEs) of the steel industry. Hence if there has been a change in value drivers in today's competitive environment. Furthermore the identified value drivers will be analyzed and connected with regard to the value based selling approach whose main purpose is to deliver higher customer value. Doing this, the belief is that key value drivers for SMEs customers in the industry can be presented and used as strategic and practical tools for suppliers within the Steel industry. This research would thus minimize the existing gap of literature knowledge in regards to the topic which studies it from a B2B perspective including physical products.

1.5 Research Question

In order to fulfill the purpose of this study the research will be guided by the following definition of value and with the research question:

The definition of value: *Value in the eyes of the customer is what benefits they get relative to what they give up in terms of cost or sacrifices.*

RQ: *Which value drivers are of most importance in a value based selling approach towards SMEs customer within the Steel industry?*

1.6 Delimitations

The intention is to keep the scope of the study as narrow and precise as possible. Therefore the study will be conducted with a B2B focus and include businesses relevant for the segmentation of SMEs. The definition of SMEs in this paper will be based on the European Commission's statement that a company that does not have more than 250 employees, does not have more than 50 million Euro in revenue and lastly does not have more than 43 million EUR balance sheet can be defined as SMEs (European Commission, n.d). The study will also be delimited to the Swedish Steel Market and include relevant businesses for the purpose. The organizations included can be argued as part of an international market as well due to them conducting international trades.

Steel is not used merely for special niche products but rather products all around us every day. It comes in many different forms and attributes due to its inclusion in a large variety of end products to companies and end users (Jernkontoret, 2018). This research is not investigating any particular steel product due to the large variety of it. Rather the focus will be on generalizing how SMEs customers perceive value based on the offerings to them from Steel supplying business.

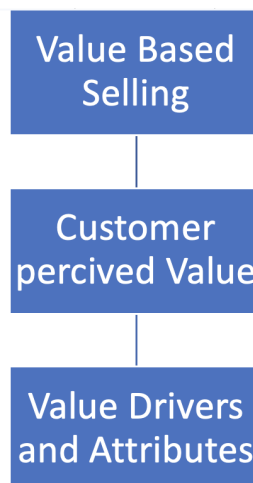
In terms of conceptual delimitation the intention is to seek answers from a qualitative approach and not test the validity or reliability of the 13 value drivers stated by Lapierre (2000). The reason for this approach is mainly that this has already been performed for the 13 value drivers for the industrial market (Lapierre, 2000).

2. Literature review

The performed research of this thesis seeks to understand Value, more specifically what value is in the eyes of a customer and how they perceive it. The belief is that knowing the customer's view of what value is and how they perceive it, suppliers can use the information in a value based sales approach and deliver high value which is important in a competitive market such as the steel industry (Kienzler et al., 2019). The review starts by looking into what Value based selling is and how it differentiates from other sales approaches. A fundamental part of the approach is "knowing the customers business and thereafter positioning the offerings to deliver a business impact" (Töytäri et al., 2011). A discussion follows of how value is defined and how customers perceive value with the intention of "getting to know the customer". Identifying what value is and how customers perceive it has been proven complex based on the fact that perceived value should include a multidimensional approach of understanding "Value" (Arslanagic-Kalajdzic et al., 2017; Sánchez-Fernández et al., 2007). The review thereafter moves on with discussing value drivers and attributes from previous studies that are using a multidimensional approach including value drivers and attributes needed in the pursuit of identifying value in the eyes of the customers. The discussion is presented in figure 1 below.

Figure 2.1

Overview of the literature review



2.1 Value Based Selling

Creating value through the sales process varies based on a number of factors one including what strategy the company pursues. In product based selling there is an emphasis solely on the value accompanied by the product. Solution selling could be defined as a customized product and service to meet the customer's needs (Tuli, et al., 2007). The difference in value-based selling could be described as "*Value-based selling can be defined as understanding and improving the customer's business in a proactive manner.*" (Töytäri, et al., 2011, p. 494) This stipulates the difference that value-based selling creates for the involved parties, moreover it creates a better understanding of each other and of the "value". However this understanding of "value" can be cumbersome and difficult (Ramirez, 1999).

In order to create favorable understanding Töytäri, et al. (2011) propose eight elements that are key in creating value (see Figure 2). Furthermore these could provide the crucial understanding to capture the customers value since value is regarded as subjective (Ramirez, 1999). Creating an understanding is crucial according to Töytäri and Rajala, (2015) to elevate and pin-point the customer-perceived value when negotiating about price.

Figure 2.2

Eight key elements and activities of a successful value-based sales effort

- 1 identifying suitable customers;
- 2 understanding the customer's business and the positioning of the firm's own offering to deliver business impact;
- 3 involving the customer in the value assessment process and setting mutual targets;
- 4 quantifying business impact in cooperation with the customer;
- 5 tying price to realized value;
- 6 verifying and documenting realized value post-purchase;
- 7 the importance of reference cases; and
- 8 the expertise-based skill-set required from "value-based sales forces".

Retrieved from Töytäri et al., 2011, p. 501

There is somewhat of a consensus in literature that recommends adequate training of sales staff to facilitate value and needs (Haas, et al., 2012; Liu, & Zhao, 2020; Tuli, et al., 2007; Töytäri et al., 2011; Töytäri & Rajala, 2015). In Töytäri and Rajala's (2015) study they empathize with a similar understanding of previous definition of value based-selling, also dedicating effort on value proposition and effective communication rather than solely sales staff. There is emphasis on the relationship, understanding of a customer's perceived-value and their business, since this is an imperative part of value-based selling (Töytäri & Rajala, 2015). This foundation creates complexity, since the understanding of each other could prove difficult and propose a strong dedication and commitment between firms (Kohtamäki et al., 2012), and the capabilities of co-creating value (Grönroos & Voima, 2013) within value-based selling. Which could prove to be difficult for adaptation in every sales process, which could be contributed to the hardship of acquiring such capabilities e.g. salesforce expertise (Töytäri & Rajala, 2015). Overcoming this hurdle, influencing the customer view could prove successful if there is quantified evidence of success of an already established value proposition (Töytäri & Rajala, 2015).

Ultimately the coherent theme of value based-selling literature is that there is an emphasis on understanding the customers business (Liu, & Zhao, 2020; Terho et al., 2012; Tuli, et al., 2007; Töytäri & Rajala, 2015). The expectations and requirements of the salesforce are high while identifying drivers in cooperation with the customer (Terho et al., 2012). Especially during the efforts while communicating participation and offers, this requires quantification of the impact it might provide the customer, and the seller should showcase previous success (Terho et al., 2012). Which in turn, potentially could lead to favorable outcomes for the actors involved, as Terho et al, (2012) suggests e.g., the seller might gain sales at higher profit, higher customer satisfaction, increasing the customer relationship and the buyer increasing market and financial performance.

2.2 Customer perceived value

This section reviews the customer perceived value and is the continuation of what is mentioned previously, when arguing about the importance of understanding the customer, its business and hence knowing what they value.

What the customer perceives as value has become increasingly important since the 1990 according to Grönroos (1997). A literature review performed by Flint et al (2002) of customer value research suggests that the customer value concept is divided into two related meanings. One meaning is the desired value which reflects on what a customer wants to have happened (a desired outcome when interacting, and/or buying/using the supplier's product or services). The other meaning which is the most commonly used in research is perceived value. A judgment or assessment of what a customer perceived they received from a product, service, or interaction with a supplier (Flint et al, 2002). In the years 2006 -2008 the "perceived value" as a definition was still a part of a research priority list created by the Marketing Science Institute due to there being a lack of agreement amongst scholars. (Sánchez-Fernández et al, 2007).

In more recent research in the field of customer perceived value it is documented that the literature of perceived customer value plays an important role in understanding behavioral outcomes of business customers (Arslanagic-Kalajdzic et al, 2017). As previously mentioned the term value is not easily defined and could be seen as different amongst customers but also amongst researchers depending on their research approach (Anderson et al, 1988; Ramirez, 1999; Eggert et al, 2019). Zeithaml (1988) argued that the value a customer perceives could be a low price, value could be whatever a customer wants in a product or service, and value is the quality in combination with the price paid, furthermore it is a trade-off between benefits and sacrifices. Khalifa (2004) argues in later research that perceived value should be seen as an integrative context of three perspectives, Customer value in exchange (benefits /cost model), customer value build up (focus on the benefit contribution in the value equation) and customer value dynamics (which reflected how customer evaluate a supplier's total offering).

Reviewing the research of perceived value shows not only the complexity but also the different streams of research which portrays different purposes and attempts of making a broader

conceptualization and agreement amongst scholars (Sánchez-Fernández et al, 2007; Eggert et al, 2019; Zeithaml, 2020). The last three decades have shown numerous studies, considered both from a consumer context and from a business context, although mostly from a consumer context (Zeithaml, 2020). What is clear is that there is a focus amongst a majority of studies in a business context focusing on a services based suppliers and service intensed market such as IT, logistics and hospitality (Lapierre, 2000; Corsaro et al, 2010 Zeithaml, 2020) which is argued can not be generalizable for the industrial market as a whole (Ulaga, 2003). This is because the industrial market with physical goods differs from a service product and therefore there is a difference in how customers perceive them (Ulaga, 2003), but they could be complementary in the marketplace due to a service seen as an additional offering to a product (Gallarza et al, 2017).

In early research (Grönroos, 1997) and more recent studies (Sánchez-Fernández et al, 2007) the term customer perceived value receive insightful critic to include more than a transactional perspective of a core product which is a functional dimensional of perceived value (Arslanagic-Kalajdzic et al, 2017; Zeithaml et al, 2020). In the transactional context the core product is exchanged between supplier and seller for money and no other variables in terms of additional service or sacrifices is supposed to influence the customer perceived value (Grönroos, 1997). The core product is in focus and with the help of marketing and how products are packaged to the customer the idea is to increase interest and perceived value (Grönroos, 1997). This perspective is however missing out on some crucial aspects which Grönroos (1997) explained as the relational context.

The relational context is based in the relationship marketing efforts which instead of focusing on the core product includes other variables such as additional offerings, services, delivery, information to mention some (Grönroos, 1997). This context is being argued as important due to several factors, first if the core product is of a complex technological nature the need of additional service and support could be needed after the purchase of the product (Grönroos, 1997; Gallarza et al, 2017). If that is not provided the perceived value from the customer could be expected as being low.

There are two particular streams in the research of the topic which cover these two contexts, the unidimensional and multidimensional perspective (Sánchez-Fernández et al, 2007; Zeithaml, et al 2020). The uni-dimensional perspective, often explained as simpler and functional, focuses mainly on explaining perceived value as a measurement of a ratio with product quality dependent on cost, thus aligning with the transactional context (Grönroos, 1997; Sánchez-Fernández et al, 2007). That context originates from the trade-off approach by Zeithaml (1988). The unidimensional approach was dominant in the research until 1990 and that is when the multidimensional construct approach carried the research into further attempts of conceptualization and as a result fewer studies exist with this approach (Sánchez-Fernández et al, 2007; Zeithaml et al, 2020). Arslanagic-Kalajdzic et al (2017) explained that there is a need for research which includes a more multidimensional approach to perceived value and with consideration of time, effort and search as part of the sacrifices. In contrast with earlier studies which use price/cost as the monetary (transactional) sacrifice, this approach aligns with the relational approach (Sánchez-Fernández et al, 2007; Zeithaml et al, 2020).

Based on the importance of knowing your customer and developing the relationship, the relation context argues that the customer perceived value is created and perceived over time with the additional offerings and services (Grönroos, 1997). Ulaga (2003) also argues that if not including additional variables and activities such as customer opinion, feedback and additional service the definition of customer value becomes blurred. Similar to what Grönroos (1997) stated that perceived value should include more than the transactional perspective, the combination of many different variables and attributes is supported by previous research similar to Zeithaml (1988), Sánchez-Fernández et al (2007) and Arslanagic-Kalajdzic et al (2017). The inclusion of many variables and attributes argues for the complexity but is nevertheless important in further research (Sánchez-Fernández et al, 2007). Measuring it and developing implementation strategies has been shown a challenge (Ulaga & Chacour, 2001; Ulaga, 2003 Sánchez-Fernández et al, 2007) and is still a challenge due to the construct being difficult to conceptualize and measure (Eggert et al, 2019). Concluded by Zeithaml et al (2020) is that the research performed has not put much attention towards any contextual changes. Due to globalized markets and more sustainable awareness further research about new value dimensions would enrich the research,

such as environmental value drivers are particularly mentioned as potential new increasingly important value dimensions (Zeithaml et al, 2020).

2.3 Value Based Drivers and Attributes

Value based drivers and attributes reviews and covers what is mentioned above, the different variables (benefits and sacrifices) in combination, which create the value in the eyes of the customer “their perceived value”. This section first covers relevant studies which have performed research about the different value drivers and attributes and later in discussing the meaning of them in depth.

Value drivers, attributes and dimensions as previous research mentions it derives from researchers' attempt of making conceptualization of the value topic both as constructs and models for measuring customer perceived value based on empirical data (Lapierre, 2000; Ulaga & Chacour, 2001; Ulaga, 2003; Ulaga & Eggert, 2006; Sánchez-Fernández et al, 2007; Corsaro et al, 2010) A typical approach has been to have a mixed methodology research approach starting of with the identification of value constructs, concluding the importance different value drivers and then collecting empirical data to assess them in models and provide results as a measure of the construct (Gallarza et al, 2017).

Lapierre (2000) elaborates on perceived value of customers by studying how customers assess different attributes stated as benefits and sacrifices which has previously been explained derived from the early and widely accepted definition of Zeithaml (1988). The research by Lapierre (2000) focused on the industrial market of information technology sector including three segments, service providers in finance, ICE (information, communication and entertainment) and also distribution (logistics) with the argument that value is a primary concern in this particular sector. The research objective was to measure the value that suppliers created to customers in the sector. To be able to do this eight business customers and eight IT suppliers were interviewed. Based on the in depth interviews held by Lapierre (2020) the key drivers of what creates value could be identified and summarized (figure 3) as a construct of benefits and sacrifices.

Figure 2.3

Value Based Driver: Benefits and Sacrifices

| | PRODUCT | SERVICE | RELATIONSHIP |
|-----------|-----------------------|----------------------|--------------------|
| BENEFIT | Alternative solutions | | |
| | Product quality | Responsiveness | Image |
| | Product customization | Flexibility | Trust |
| | | Reliability | Solidarity |
| | | Technical competence | |
| SACRIFICE | | Price | Time/effort/energy |
| | | | Conflict |

Retrieved from *Customer-perceived value in industrial contexts* (Lapierre, 2000 p. 125)

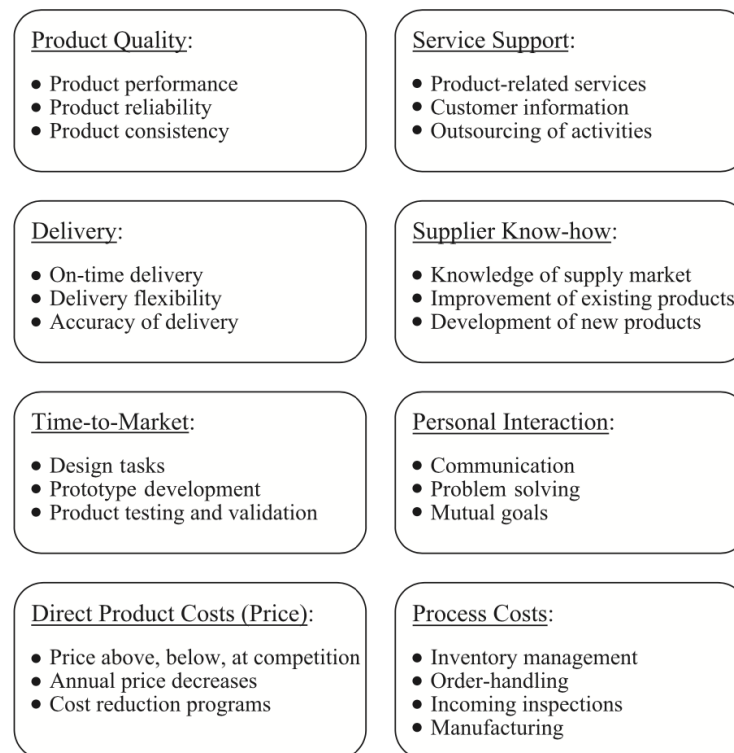
To validate and measure the findings the value drivers were tested with questionnaires where subjects were asked to assess the value drivers by prior to their own expectations. The validation and reliability of the value drivers showed promising and strong support for the criterias needed from a statistical viewpoint. This was important due the second phase of her study which had the purpose of presenting information about the measure and assessment of the value drivers in an industrial context (Lapierre (2000)). The findings was that all three variables product, service and relationship were dependent variables and had high correlation between them. The findings that Lapierres presented and argued as being validated could not according to Ulaga (2003) be generalized due to the data collection only including business to business services such as IT Suppliers. Based on the literature review that Ulaga (2003) performed there was also criticism towards the inclusion of marketing variables “trust and solidarity” in the relationship value driver (Lapierre, 2000) due to the marketing literature stating it as distinct constructs. But Ulaga (2003) later presented the direction of further research which then becomes somewhat contradictory to the criticism. *“It would be interesting to integrate the relationship value of relationship marketing and understand how value relates to relationship variables”* and mentions trust as one of the variables (Ulaga, 2003).

Ulaga (2003) studied value creation in business relationships from a customer perspective and included the sample of customers in a manufacturing market. The purpose and the scope of the study derived from earlier research and a belief that in order to create a competitive advantage

and achieve superior results as a business customer relationship and interaction is vital. As previous studies, Ulaga (2003) conducted in depth interviews and concluded that only 8 value drivers in supplier relationships were found as presented in the figure 5. The study by Ulaga (2003) is heavily reliant on the fact that all variables of value should be seen as a direct construct relationship with the argument that it affects relationships in some way or the other.

Figure 2.4

Relationship value drivers



Retrieved from *Capturing value creation in business relationships: A customer perspective* (Ulaga, 2003 p.682)

Ulaga later performed a study with Eggert (Ulaga & Eggert, 2006) studying how a vendor could gain and sustain Key Supplier Status. Their study was carried out based on how suppliers could create value through differentiating themselves in business-to-business relationships. Statements of the intention of their research was with regards to contribution, from a managerial perspective and that there is a need for better understanding of which value-creating dimensions is promising

for differentiation. And in other words, described in the study as “from a vendors perspective, which value drivers are key when competing for main supplier status” (Ulaga & Eggert, 2006 page 120). They performed research on how customers perceive certain activities stated as benefits and costs in the relationship. They use cost based on the belief that it is both monetary and non-monetary costs such as time, effort and search which has been concluded should be included (Sánchez-Fernández et al, 2007; Flake et al, 2015; Arslanagic-Kalajdzic et al, 2017). According to Ulaga and Eggert (2006) they concluded that relationship benefits were a stronger differentiation value driver than cost considerations when trying to gain key supplier status. Service and personal interaction towards the customer are core value drivers and are followed by the suppliers know-how and their ability to help customers reduce time to market of new products due to the importance of being quick and first with new innovations. They also concluded that product quality, delivery performance and costs only were moderate value drivers in the attempt of receiving key supplier status and price showed the weakest potential for a supplier to review key supplier status (Ulaga & Eggert, 2006)

Corsaro & Snehota (2010) continued research about relationship value and used the framework created by Ulaga and Eggert (2006). The study conducted and with criticism to previous research of relationship value they tend to argue that the economic aspect of relationship value is missing in the research. Due to this they included the economic aspect as the general aim of their study and wanted to consider the economic value of the relationship. Their study becomes somewhat blurred when including the economic aspect which is based on costs, revenue, and profits which they highlight in the introduction. The problem of their inclusion of an economic aspect, (monetary) is lacking empirical support when doing research of customer relationship, could be due to a fact that research has shown that it is very difficult to include many variables in a multidimensional approach if the measure intended to portray is an economic result. Especially in regard to sacrifices which consist of more than transactional sacrifices (Lapierre, 2000; Sánchez-Fernández et al, 2007; Flake et al, 2015; Arslanagic-Kalajdzic et al, 2017).

2.3.1 Benefit related value drivers - Product related

Alternative Solution

Alternative solution is a product related attribute which is seen as part of the benefit a customer perceives. In detail it can be described as *“The range of alternatives offered by the supplier”*, *“The supplier's capability to tailor their offerings to match your needs”* and *“The supplier's helpfulness in terms of assisting you in solving your problems”* (Lapierre, 2000, p.137). Alternative solutions could also be seen as a service related aspect according to Ulaga and Eggert (2006), with the argument that a supplier's capability to adapt to specific requests and the customer being able to outsource activities to suppliers adds value to the customer business by liberating resources for them.

Product Quality

Product Quality is also seen as a product related attribute and a part of the benefit aspect of what a customer perceives. The detailed description of it is *“The durability of products you buy”*, *“The reliability of the products you buy over the years”*, *“The performance of the products you buy”* and *“The consistent improvement in product quality over the years”* (Lapierre, 2000 p.137). What contributes the least to a value proposition is quality according to Lapierre (2000) which could be seen as surprising. Ulaga (2003 p.682) mentioned that *“quality is a given, and suppliers must meet quality standards to be included in the supply base”*, furthermore quality is an important factor which should be consistent over time and not decreasing (Ulaga, 2003; Ulaga & Eggert, 2006). If quality is bad or having too much of a variation over time a supplier could lose sales or totally be switched to another supplier (Ulaga, 2003). It was also concluded in later studies of how supplier gain key supplier status that product quality is a key value driver, core offering and one of the most important for industrial customers in a manufacturing market (Ulaga & Eggert, 2006)

Product Customization

Product Customization, is an product related attribute and is described as being *“The customization of products for your firm”*, *“The ability to meet unique specifications for products not offered by your IT supplier's competitors”*, *“The supplier's ability to offer different products from (not similar to) many of their customers”* and *“The ability to provide custom-built products*

for your firm” (Lapierre, 2000 p.137). This has been recognized as an effective ability to meet customer needs. Furthermore it could help customers businesses which lack capabilities thus adding value to their organizations according to Du et al (2006). Syam and Kumar (2006), writes that if a supplier increases their customization of standard products they are able to increase both demand and surprisingly their price of the standardized goods. Their result also showed that it is a dominant strategy to offer both customized and standard products, but implications exist if both the supplier and their customer offer the same customization, which can be problematic. This is because the level of customization decreases if both offer the customization and increases if there is only one firm offering it.

2.3.2 Benefit related value drivers - Service related

Responsiveness

Responsiveness as part of the service related attribute and considered a benefit is defined as *“Provide quick answers and solutions to your problems”, “Listen to your problems” and “Visit your locations to better understand your business”* (Lapierre, 2000 p.137). Ulaga and Eggert (2006) also explains it as the suppliers willingness to address customers' concern in the ongoing relationship. The Customers expect suppliers to respond quickly and assist when problems occur and delivering the right information at the right time is also important. (Lapierre, 2000; Ulaga, 2003). Responsiveness is the most important value driver by the sectors studied in Lapierre's study (Lapierre, 2000). Customers also expect suppliers to visit their facilities and meet them (Lapierre, 2000) which creates a better understanding of the customers business, higher perceived value and nurtures the relationship value between supplier and business customer (Ulaga, 2003). Service related capabilities and the responsiveness of suppliers has been stated as a key value drive in previous studies (Ulaga & Eggert, 2006).

Flexibility

Flexibility is a service related attribute and a part of what creates benefits and defined as *“Their flexibility in responding to your requests”, “Their ability to adjust their products and services to meet unforeseen needs”, “The way they handle change” and “Their ability to provide emergency product and service deliveries”* (Lapierre, 2000 p.137). Flexibility is also related to delivery

performance and the supplier's ability to change delivery options and schedules (Ulaga & Eggert, 2006).

Reliability

Reliability which is the third service related attribute and seen as a benefit is defined as *“The accuracy and clarity of the billing”, “Their ability to do things right the first time”, “The overall competence of employees with whom you do not have face-to-face contact” “Their ability to keep promises”* and *“The accuracy of transactions”* (Lapierre, 2000 p.137). Ulaga and Eggert (2006) mentions based on their findings that reliability is connected to product quality, delivery precision and accuracy of delivering the right part consistently. Furthermore they even mention that delivery is identified as a value driver (Ulaga & Eggert, 2006).

Technical competence

The technical competence is the last out of four service related attributes, also a part of what is seen as a benefit and defined as, *“Their creativity”, “Their specialized expertise in your activity sector”, “Their ability to demonstrate comprehensive process knowledge of your business”, “The way they use new technology to generate solutions”* and *“Their ability to provide system solutions in response to your problems”* (Lapierre, 2000 p.138). The supplier know-how relates to the supplier expertise and could serve the supplier well by allowing for further inclusion in the customers business and the opportunity to increase value (Ulaga & Eggert, 2006).

2.3.3 Benefit related value drivers - Relationship related

Image

Image is categorized as being a part of the relationship related attributes and being part of the benefit, it is easily described as *“Its reputation”* and *“Its credibility”* (Lapierre, 2000 p.137). However this was not included nor reflected upon in the study by Ulaga (2003), Ulaga and Eggert (2006) nor by Corsaro et al, (2010) which leads to the question if it should be included as a value driver in the framework. Smith and Colgate (2007) explained that image is connected to the symbolic/expressive value typology which customers feel connected to on a physiological level. The fact that this typology derives from a conceptualization based on consumers and consumptions is not well applicable for a business to business context.

Trust

Trust, a fundamental part of a relationship and considered a benefit is defined as “*Your confidence that the supplier is telling the truth, even when your supplier gives you a rather unlikely explanation*”, “*The accuracy of the information provided by your major supplier*”, “*The supplier’s fulfillment of promises made to your organization*”, “*The judgment or advice on your business operations that your supplier is sharing with you*” and “*The sincerity of your supplier*” (Lapierre, 2000 p.137). Flint et al (2002) stated that the participants of their study emphasized that trustworthiness is in relation to relationship building and building a strong and long term relationship trust is fundamental.

Solidarity

The solidarity is the last of the relationships related value driver considered part of the benefits and defined as “*The help provided by your major supplier when you run into problems*”, “*The supplier’s problems sharing that arise in the course of your relationship with them*”, “*The supplier’s commitment to improvements which may benefit your overall relationship with them (not only of benefit for their own sakes)*” and “*The supplier’s willingness to meet your needs beyond the contract terms*” (Lapierre, 2000 p.137). Ulaga and Eggert (2006) further argues that problem solving and communication is interrelated and leads to better understanding of each other and results in better relationships.

2.3.4 Sacrifice related value drivers - Product/ Service related

Price

Price is part of the monetary sacrifices and what customers give up in order to retrieve products and services and is defined as “*Most prices of the products and services you buy*”, “*Most prices you pay in relation to your major IT supplier’s profitability*”, “*The impact of competition on the prices you pay*”, “*The justification of your major IT supplier in the prices they charge*” and “*The fairness of most prices you pay*” (Lapierre, 2000 p.137). Price as a value driver is both product and service related according to Lapierre (2000) an important factor since it can not be argued that it is not included in the assessment of different products and services. Whereas in Minerbo et al. (2021) price could be viewed as influencing the relationship dimension. But although price is an important factor it is not the most important and other value drivers are identified as more

important according to Lapierre (2000). Ulaga and Eggert (2006) concluded that customers expect fair market prices and commitment to reduce prices continuously, but price is not that is particularly important for differentiation and gaining key supplier status.

2.3.5 Sacrifice related value drivers - Relationship related

Time/effort/energy

Time, effort and energy is categorized as a sacrifice due to its effect on relationship and defined as “*The number of meetings with the supplier's staff*”, “*The bargaining effort with the supplier's staff in reaching an agreement*”, “*Your time and effort spent for training a number of your employees*”, “*Your time and effort spent in developing a working business relationship with your major IT supplier*” and “*Your energy invested with your major IT supplier*” (Lapierre, 2000 p.137). The non-monetary sacrifices are important mainly because of the argument that “time is money” and many customers see this as their most valuable asset (Lapierre, 2000).

Conflict

Conflict is the last of the sacrifices which affects the relationship and is defined as “*The frequent arguments you have with your supplier about business issues*”, “*The controversial arguments you have with your supplier*” and “*The disagreements you have with your supplier about how you can best achieve your respective goals*” (Lapierre, 2000 p.137). Conflict is also defined as a non monetary sacrifice because of the time invested into establishing a relationship with the supplier and obtaining the product or service (Lapierre, 2000)

2.4 Conceptual Framework

The conceptual framework used in this research paper is Retrieved from the previous study by Lappiere (2000). The conceptual framework consists of the early value approach by Zeithaml (1988) which is the trade-off between benefit and sacrifices. A wide alternative of value drivers product, service and relationship related is included which captures the wide spectrum of value drivers of perceived value. In line with the definition of value used in this research *Value in the eyes of the customer is what benefits they get relative to what they give up in terms of cost or sacrifices*, the belief is that this framework has the ability to capture the wide subjective thoughts of the SMEs. This framework was initially created based on the in depth interviews performed by Lapierre (2000) but based on service suppliers and a service intens market which has been discussed earlier on. Though the intention of this research is to capture which value drivers perceive as important and key in order to be able to deliver and sell highly valuable products with additional services from a supplier this will serve well as a foundation for this purpose.

Figure 2.5

Value Based Driver: Benefits and Sacrifices

| | PRODUCT | SERVICE | RELATIONSHIP |
|-----------|-----------------------|----------------------|--------------------|
| BENEFIT | Alternative solutions | | |
| | Product quality | Responsiveness | Image |
| | Product customization | Flexibility | Trust |
| | | Reliability | Solidarity |
| | | Technical competence | |
| SACRIFICE | | Price | Time/effort/energy |
| | | | Conflict |

Retrieved from *Customer-perceived value in industrial contexts* (Lapierre, 2000 p. 125)

3. Methodology

3.1 Literature search

For the introduction, background and literature review all the data that has been presented has been collected from secondary data. According to Hox et al (2005) secondary data is information that has been collected with the intention of using it for a different purpose, reused to create a different research question. The data that has been collected comes from literature and scientific journals/articles that are peer reviewed and mostly gathered from Business Source premier, Google scholar and by searching from LTU database. In order to find relevant information key search words have been used:

- *Value Based Selling*
- *Customer Value*
- *Customer perceived Value*
- *Value drivers*

In order to make sure that the information that has been retrieved, reviewed and used as theoretical ground extensive literature had a B2B focus, due to the intention of this study. Therefore a majority of the article is retrieved and collected from *Industrial Marketing Management* and *Journal of Business & Industrial Marketing*. Articles focusing on Industrial marketing are today called B2B marketing, and in industrial management a supplier and customer relationship refers to B2B according to Lilien (2016).

3.2 Study approach

The aim of this study is to apply the Lapierre (2000) framework of key-drivers (figure 3) of customer-perceived value and investigate its applicability within a different B2B industrial market segment than the original creator. Also how suppliers can use this information in relation to using value-based selling as a method to understand why these key-drivers are important. This approach resembles deductive approach, since it sets out to test already established research, and rely on the assumption that when the premise is true, the conclusions must be true (Saunders, et

al., 2012). However it could also be argued that the study is conducted with an abductive approach, which stipulates that if there is existing theory this approach is useful for either modification of theory, or used while investigating theory in a new setting (Saunders, et al., 2012). Furthermore, one does not exclude the other, it is possible to balance the two, but one is usually more predominant than the other and can be advantageous when conducting research (Saunders, et al., 2012).

The deposition for this study was exploratory (Saunders, et al., 2012.) in nature because of the pursuit to answer the question “what” instead of the question “why”. Descriptive research usually describes an accurate picture of a subject or event, explanatory research describes relationships between variables and exploratory research is used to ask open questions to get insight into a subject (Saunders, et al., 2012). The “exploratory” research was therefore more appropriate for this study because the aim is to take theory and framework in one B2B area, and investigate its nature in another context effectively exploring the subject. Collecting primary data through the use of a qualitative design, which is the use of non-numerical data and used widely for understanding the subject through interviews (Saunders, et al., 2012). Furthermore, specifically semi-structured interviews, relying on open questions, using themes to guide the interview, with the focus on letting participants express their thoughts rather than constraining them to surveys, and “yes and no” questions (Saunders, et al., 2012). In order to analyze the data the interviews were recorded and a secretarial transcription method was used. The secretary transcription method is used to make speech to text readable, focusing on “what” is said and not “how” it was said (Howitt, 2019). While a thematic approach was used to analyze the transcribed data, where the authors through continuous and rigorously commitment develop themes recurring within the data (Howitt, 2019). This is time consuming but it makes the interpreters (authors) very familiar with the data providing an in-depth understanding (Howitt, 2019). Through systematically going through the data numerous times while pursuing the essential meanings of the data to provide clear themes of the key-value drivers.

3.3 Procedure

In pursuit of empirical data in this study which would answer the purpose, semi-structured interviews were used. The previously mentioned framework guided the outline of the interview

guide that was used during the interviews with participants. The attributes from the framework were translated into Swedish and converted to questions which would elicit responses of what this entailed or meant for the participants in regards to their suppliers (see appendix interview guide). Before the actual interviews a pilot interview was conducted, with the contact at the supplier firm which aided the sampling process. This was done in an attempt to minimize misunderstandings during the upcoming interviews, this was seen as a vital step to ensure clarity (David & Sutton, 2011). Furthermore this step was also an initial way of reviewing shortcomings of our interviewing technique and the overall questions. Those steps also covered the issues of whether the questions came off as offensive and that they were understandable within the selected sample (David & Sutton, 2011).

Ethical considerations within research plays an important role, as seen in Bell and Bryman (2007) overview of the ethical landscape of management research. Their findings showed 11 principles to consider when conducting research (see appendix 2), in this study these were taken into consideration while designing the study, collecting data and during the analysis. The use of semi-structured interviews suited the purpose, participants were informed of confidentiality and that participation was solely based on their own willingness to participate, and their answers would not be included if they did not fulfill the interview nor wished they not be included. The interviews were conducted mainly via zoom or phone, and a minority in person due to different geographical locations. The authors themselves conducted the interviews, and recorded their interviews not to distract the participants.

After interviews the authors transcribed the recorded data using secretarial transcription, excluding “*how*” it was said. This was completed within no more than 24 hours after an interview had been conducted. By the authors own hand and not relying on any transcription software. Furthermore since the interviews were held in Swedish the transcription was also in Swedish, and not until the presentation of empirical did any translation take place. The analysis therefore started out in Swedish and gradually translated into English in efforts to stay as true to the responses as possible. Since the approach was deductive, pre-set categories were used in the initial analysis. In conjunction with a thematic approach, to secure the initial analysis it was done in Swedish and then in English. In order to create an understanding of common themes within

the data. Evaluating if there were any new themes and understandings outside of the framework. For further clarification of the workflow and approach used in this study see appendix 4 *Workflow*.

3.4 Sampling

The sampling process of qualitative research was important and should start with identifying a sample universe (Robinson, 2014). The study population for this research as previously mentioned SMEs customers within the Swedish steel industry. The second step should be to decide on a sample size for the research which should take into account the size of the research conducted in terms of ideal size and practical size (Robinson, 2014). This research reached out to 12 different companies, four participants declined. Effectively providing 8 participating companies within this study, which is in the range of an idiographic sample size (Robinson, 2014). Having a smaller sample size gives the interviewed individual a voice within the study which is also beneficial when conducting analysis of their responses and thoughts.

In the process of acquiring participants the purposive sampling strategy was used. The purposive strategy is a non-random way of making sure that the participant included in the study fits the sampling universe (Robinson, 2014). To ensure this the authors had the convenience of a connection at one of the steel distributors on the Swedish market. With their aid the introduction and ability to reach SMEs within the industry was facilitated. First the SMEs customers were identified with the help of categorizing them into the segment variable of revenue and amount of employees needed to fit the description of an SME (European Commission, n.d). Their guidance also provided information about the frequency of their interactions and transactions with these clients, upon which a distinction was made by frequency of transaction and purchases. This allowed further segmentation of the customers based on sales data and could be divided into three categories: high frequent buyers, less frequent buying customers, low frequent buying customers. Categories less frequent and low frequent customers were also identified as declining customers in sales seen over a one year period. These criterias is increasing the homogeneity of the sampling which helps any generalizations of the potential findings, although cautiously (Robinson, 2014). The reason for including these criterias is also that studies have shown that segmenting customers potentially on decreasing sales or other variables gives insightful

knowledge when analyzing them according to McColl-Kennedy et al, (2019). They further explained that when customers' concerns and thoughts are not addressed according to their desire sales are likely to get affected. The knowledge gained from this segmentation strategy gives suppliers the opportunity to improve their actions and strategies towards the specific segment of customers (McColl-Kennedy et al, 2019; Jahromi, 2014), furthermore to increase their sales to them and having them as recurrent customers. This is seen as more beneficial than targeting new customers since the cost of acquiring new customers is more costly than managing the older customers (Jahromi, 2014).

The last step after finding relevant participants for the study is to contact them in an ethical and sensitive way (Robinson, 2014). The potential participant was contacted by e-mail and phone where the authors presented themselves as students at Luleå University of Technology, the reason for calling them was presented and questioned if they would like to participate as voluntary. If they wanted to participate they were given the option of being anonymous or not and if they were okay with doing the interview as a video meeting.

3.5 Analysis

The thematic method is a generic approach to analyze data when using a qualitative design (Howitt, 2019). Providing some leniency of how to conduct the analysis which is argued to benefit non-experts researchers. Within academia it gets criticized for this reason, that there is not a standardized method of how to conduct the analysis. However the general public and other policy-makers usually find it less difficult to understand (Howitt, 2019). In attempts to minimize our subjectivity and transparency issues, pre-set categories were used in this study alongside emergent themes.

The analysis stemmed initially from pre-set categories, this meant that the value-drivers outlined the initial themes. A technique that relies on providing some initial direction of how to compile the collected data (Renner & Taylor-Powell, 2003). Combining it with thematic analysis, a method that involves rigorous immersion into the collected data in pursuit to achieve an extensive familiarization with the data (Howitt, 2019). The authors continuously worked through the transcribed material to draw upon the similarities and differences in responses. Which fit the

purpose and aim of this study since the attributes govern the creation of the interview guide. The focus was condensed into reviewing the responses in conjunction with the corresponding value-driver/question. Furthermore this did not exclude the thematic analysis that focus on the emergent themes that arise. Combining the two techniques extracting rich insights of both themes that matched the value-drivers and new insights outside the framework. This process did not rely on any softwares but rather the authors did it together, discussing and compiling materials. Presenting the empirical data with rich quotes from the transcribed data to showcase the information where discussions and conclusions stemmed.

3.6 Reliability and validity

In research there are critical components to consider eg. is this ethically appropriate, is this research relevant, can it be replicated and is this the right measurement to use. These connect to the ethical, reliability and validity aspects of research. Establishing trust for the conducted research entails testing and reflection throughout the research process. Commonly to establish trustworthiness, validity and reliability has been broken down into construct-, internal- and external validity, and reliability. In Lincoln and Guba (1985) they advocated for different parameters to establish trustworthiness within qualitative research. In their work they label it as credibility, transferability, dependability and confirmability with accompanied techniques to establish trustworthiness as seen below in Table 1.

In pursuit to establish trustworthiness for this research these criterias have been taken into consideration throughout the whole process. As Lincoln and Guba (1985) portray, establishing trustworthiness is a matter of generating confidence and at best persuading or pleading a good enough case to establish confidence and trust (Lincoln & Guba, 1985). This is done throughout the research process at different stages, reflecting upon, critically reviewing work ethic and the methods used (Riege, 2003).

Table 1*Summary of Techniques for establishing Trustworthiness*

| Criterion Area | Technique |
|------------------|--|
| Credibility | (1) Activities in in the field that increase the probability of high credibility (a) prolonged engagement (b) persistant observation (c) triangulations (sources, method and investigators) (2) Peer debriefing (3) Negative case analysis (4) Referential adequacy (5) Member checks (in process and terminal) |
| Transferability | (6) Thick description |
| Dependability | (7a) The dependability audit, including the audit trail |
| Confirmability | (7b) The confirmability audit, including the audit trail |
| All of the above | (8) Reflexive journal |

Adapted from Lincoln & Guba (1985). p. 328

Within this study the traditional sense of prolonged engagement might not have been fulfilled, we did not immerse and integrate ourselves into participants day-to-day and culture. Rather it relied on the supplier that facilitated sample selection, their long reputation and knowledge of the industry providing a representative sample of actors with a rich history within the industry. Furthermore the pilot interview was conducted with them to draw upon their knowledge of cultural understanding that questions were appropriate. While collecting the data this provided this phase an objective view since no prior assumption had been made of the culture in the industry. Whereas the multiple interviews and length of them provided enough depth for the study to proceed. In terms of relying on triangulation to enhance credibility, which is the notion of reviewing your methods, sources and investigators (Lincoln & Guba, 1985). Both authors conducted interviews in conjunction working closely with the collected data in order to report the findings with minimal distortion. Furthermore it could be argued that more subjects would have benefited the findings. However this research had no need to revise the sources since they were directly linked to the industry in an adequate way, providing confidence. Furthermore the

framework used to devise the interview guide had already been used in another B2B-market, which was part of the purpose to review if it could be applied in other sectors. However with this preconception subjectivity could creep in, to mitigate this the authors used each other to debrief, conversing around what preconceived notions that might have had an impact on the reporting. Which is part of *peer debriefing*, a technique that stipulates exposing your thoughts of analysis toward another part to deflate thoughts and critically review oneself's biases (Lincoln & Guba, 1985; Reige, 2003).

This step was crucial since within this study a *negative case analysis* was hard to achieve due to time constraints, there was no revision of hypothesis as Lincoln and Guba (1985) would have argued. Rather this study had small adjustments of the research question in the early stages. Next step to consider from Lincoln and Guba (1985) is *referential adequacy* which is the storage of raw data for others to evaluate the adequacy of the research at later stages. Since every interview was recorded these records are available for a period of time with some slight modifications to protect the anonymity of the participants. Furthermore the *member check* technique where materials were shown to the participants in order to minimize misinterpretation of their output (Lincoln & Guba, 1985), were not used in this study because of time constraints. Rather this study argues that the pilot interview provided enough confidence whether or not participants would be able to understand questions and due to having preset categories this part entailed less efforts of interpretation, ultimately reporting an accurate representation of the collected data.

This is closely related to *transferability* as Lincoln and Guba (1985) state that there should be an enough presentation of data, context and methodological approach for a judgment to be conducted. Within this study there is a thick description of the context where sampling occurred, methodological/analysis discussion and a clear presentation of empirical data where readers are presented with enough information to make a judgment regarding transferability. However transferring these findings into another context could prove difficult since this study was conducted in a specific area and the sample. Which ties into both *dependability* and *confirmability* while in pursuit of trustworthiness an audit trail of both the method, analysis and data collection should be present (Riege, 2003). In this report all gathered material can be audited if necessary as presented earlier. The difficult part is to provide the reader with enough

information about how the authors critically review their own biases. Between the authors discussion throughout the process has taken place and all conclusions have been grounded in the collected data accompanied with the research question to fully fill the purpose. This study is confident to argue that there is evidence of reflection over method of choice, procedure, analysis and conclusion, also this trustworthiness part of the report could also be taken into account. However the authors have not used a *reflexive journal*, where every step of the way is written down (Lincoln & Guba, 1985). Rather a timeplan was created in the beginning of the research for an overview of how the study was going to be conducted. Throughout this process the authors had to reflect upon different aspects along the way which has been presented mainly in the method part of the research. The thesis as a whole can be the testament for pleading the case of trustworthiness and at best this section can only persuade rather than compelle.

4. Presentation of Data

The study collected primary data through semi-structured interviews which were held with the eight SME customers in the Steel industry. The interviews and the respondents' answers of what they perceived as valuable of their suppliers created themes which will be presented as Value drivers and attributes in the following section. The section presents the data in regards to the respondent's thought and includes citations from all of the eight interviews. As a first initial question the respondents were asked which traits and attributes they perceived as most valuable. This was followed by open ended questions of value drivers that have been argued important by the conceptual framework used in this research.

Table 2.

A table summarizing the interview respondents, their Category, interview length and transcribed material

| SME Respondet | Category | Interview length |
|---------------|---------------------------|------------------|
| 1 | Frequent buyer | 39 minutes |
| 2 | Frequent buyer | 16 minutes |
| 3 | Less frequent buyer | 40 minutes |
| 4 | Less frequent buyer | 36 minutes |
| 5 | Low to non frequent buyer | 55 minutes |
| 6 | Low to non frequent buyer | 14 minutes |
| 7 | Low to non frequent buyer | 35 minutes |
| 8 | Low to non frequent buyer | 40 minutes |

4.1 Value driver 1: Alternative Solutions

Participants state that one particular supplier might not fulfill all needs rather they reach out to a range of suppliers to cover alternative needs. “Yeah, there are a handful of suppliers that we work with in Sweden [...] but you always want to have different suppliers in case there is trouble with one of them so you establish relations with others as well” (Respondent 2); “Not really, we believe that having a variety of suppliers is the way to go, you have some suppliers for some products and other suppliers for other products” (Respondent 6). At the same time as to have more favorable business deals they turn toward larger volumes from a single supplier.

“My strategy consists of having as many suppliers as we need but if we could find a lot of products from the same suppliers it is [...] good because we can gather larger volumes of products and negotiate favorable prices. Either we strive to buy large volumes of one product or buy a large variety of products for better deals.” - Respondent 4

The participants are aware that they might have favorable odds if they place larger orders while focusing on having the option to go elsewhere if they need.

“Well we work alot with the same supplier on some components, mostly because we can get a better deal with greater volume but also to guarantee the quality over time, but as any other company, we work with a lot of suppliers, which might be a disadvantage.” - Respondent 1

The majority of respondents focused more on solving different needs by reaching out to different suppliers, one participant stated that they had suppliers that could offer different products instead.

“Some suppliers can say that they do not have this specific product but do you mind taking this instead, usually a product that is of higher quality or a nicer product, and sometimes you take it whether you need that higher quality or not.” - Respondent 7

In summary: Participants articulated that they rather have a range of suppliers that could solve needs for alternative solutions rather than relying or expect a single supplier to match all their product needs. Nevertheless it is sometimes valuable if the supplier has a broad range of alternatives, products and solutions for them, ordering higher volume enables customers to get better deals.

4.2 Value driver 2: Product Quality

Product Quality is mentioned several times by most of the respondents as an important factor based on different reasons. *“We always take the safe before the unsafe and therefore choose material which has a high quality” (Respondent 7).*

“The most important is that they are precise in their deliveries to us and deliver according to what they communicate, but then, if the quality is not what they say and it does not meet our requirements it is very negative. So quality becomes an important factor.” - Respondent 8

The respondents raise their concern of having product quality as a stability to a large extent and mentions that it is important that the quality is the same over a long period of time and that it should not change between deliveries. *It is important to have consistent quality across all deliveries. There should not be different quality between any deliveries that we get from the supplier - (Respondent 2).* Receiving bad quality material creates problems in their processing of the material which affect the end customer and their satisfaction.

“If it is a standard component we buy there is not a lot of work that we need to put in on the material, then it is important that the material has the right quality. If we look at buying raw steel material that needs work from us it is a form of stability for us, buying in larger quantities it is important that the material comes from the same steel producer and not different producers, because then it can create problems for our production if there are some differences between them in terms of quality.” - Respondent 1

“First and most important is the quality, because it is what we use and deliver to our customers, so if not our customers are satisfied with the quality of our products then we have entered a “squirrel wheel” which is not good.” - Respondent 5

Receiving bad quality is also something that could be devastating according to some respondents due to their business of making end products which humans interact with on a daily basis. And there are respondents that mention that there are certain criterias that need to be met from the supplier in terms of quality if to even be considered a supplier for them. *I Can not choose just any supplier, they need to fit our requirement levels [...] they need to guarantee that their products are manufactured in a correct way so to say - (Respondent 8).*

“It is very important, it is also controlled in a way that all materials that are in contact with dangerous material that is used in our products needs to have and be able to provide certificates because there is a requirement of traceability.” - Respondent 7

Quality is also something that is mentioned as different depending on where you buy it from. It is not mentioned to a large extent that quality is bad where most of the respondents buy today. *“I often believe that there is a high capability, but it is important that a supplier have a high capability when it comes to securing quality in a process” (Respondent 1).* The concern is raised and depending on the manufacturer with regard to a geographical explanation by most of the respondents. *“Of course quality is important, there are suppliers on the market with a lot of material from China, and it is cheap. But we do not buy that, we buy from suppliers which use better steel producers” (Respondent 6).*

“Quality is very important, we assume that what we are buying is what we require. Take China as an example, they produce a lot and it is cheap. But cheap is not the best, and they produce mostly low quality (SHIT).” - Respondent 3

In summary: Product quality is very important for the respondents and there is a mutual agreement that the cheapest materials do not have the highest quality. Specific requirements exist to become a supplier in the first place. From a safety perspective the end customer using the final products should not be affected by a broken product due to low quality steel. Lack of product quality which could affect any processing of the material which would further affect the end

customer in delays. Product quality, consistent over time in deliveries is important and the quality also portrays reliability as a supplier.

4.3 Value driver 3: Product Customization

In the instance of product customization participants were more prone to focus on the fact that they are the one that refine material and products *“No, that is not something we need, most of our products are standardized but sometimes you have a project which requires some ideas that you need to discuss with the supplier”* (Respondent 2). Or as another participant expressed it.

“No, we do not have any standardized products which is sad when prices are going haywire [...] Our strength is that we are very flexible, we survive on delivering fast so we strive by getting an order in the morning and delivering in the afternoon so we need all products in-house already.” - Respondent 3

Furthermore some of the participants viewed that with small modifications to the material or products before they got them added value, because they could allocate efforts elsewhere.

“They are great. Some suppliers have taken that step toward greater dimensions and they help out to process the material. For example some can cut their products to the right lengths, so that we get a finished product when it arrives. Suppliers have evolved because they want to create more value for their customers.” - Respondent 5

“Almost all our products are already sold when we buy material, before we used to process the material at our warehouse but now we let suppliers do that instead. Because some of them have expertise and are good at cutting materials to the right specifications. Which is good for us because we can not be the best at everything.” - Respondent 7

In summary: None of the participants expressed that major capabilities to customize the materials was a necessity for a supplier due to them being the once customizing to the end customer. However the service and some smaller modifications was viewed as positive if it leads to customers being able to allocate time and resources elsewhere.

4.4 Value driver 4: Responsiveness

A supplier's ability to communicate and listen to the customer is often mentioned and mostly portrayed and reflected upon as their relationship between the supplier and the respondent. It is also mentioned to some extent that it goes beyond a professional relationship. *“I can not judge a supplier without meeting them, they need to be on site, beside you. [...] because you have the part where you need to get to know the person and supplier”* (Respondent 4).

The suppliers should visit locations to better understand the customers business and in addition to that it creates a personal relationship. Most of the respondents explain it is vital for conduction business due to responsiveness leads to better solution handling and development according to the respondent and it is not just from the suppliers perspective. *“We are trying to be coherent towards the supplier and figure out what they can, and based on that cooperate”* (Respondent 1).

“It is very important from my perspective that you have suppliers that have a great deal of responsiveness. Even though the relationship is professional there is cooperation between the companies and we utilize each other's services and strength. The more responsive they are for our business the more opportunities are created, we become better at solving problems and so on, both on a short and long term. And this is very important, it is one of the most important aspects, that the relationship is functioning well between us.” - Respondent 8

“Some suppliers however are quite anonymous to us, it is important that they come out sometime and visit us, not super often but they should do it. This is good because you get a face on them and you feel like you can

call them and get information depending on the question we have. If they do not “show” themselves like that they lose out on it.” - Respondent 7

“I have very good suppliers today which I have good dialogues with, and we try to find ways which serve both me as a customer and the supplier. Because we are both dependent on our customer as a business and suppliers are starting to realize this more and more. ” - Respondent 4

Some respondents even mention that they have close to a daily communication to their suppliers which emphasizes that there needs to be consistent responsiveness.

“I talk to our suppliers daily or weekly. This ensures that we both know what is ongoing. I also want to prepare my suppliers well, but they are also hungry and want more work and orders of course, so they are curious. They are willing to help, are very accommodating and take their time to support me and I think that is very good. You create a personal relationship and a personal contact.” - Respondent 5

It is not always necessary to have recurring face to face contact, but the supplier should still hold up a great deal of responsiveness answering on any informative questions such as availability and delivery time as an example by one respondent.

“The contact I have with specific salespeople at some of our suppliers is very good. Most of the time I know what I need but it is mostly useful and valuable in situations where I need information such as availability and delivery time.” - Respondent 7

Although it is mentioned by most of the respondents that visiting facilities is important, there are respondents mentioning that it is important to a certain extent and that it should not be crossed out, some also stated that it is not important but still favorable.

“Yes, you want a personal contact, not a call center that you could end up anywhere, I value a personal contact over that. And they should have been at our facility and seen how we work, they don’t need to visit every month but from time to time.” - Respondent 7

“If I am honest it is not the most important thing that they visit. It is good with a personal relationship/ contact, and it is not bad to meet them from time to time but it is not the most important thing.” - Respondent 6

In summary: Responsiveness according to the respondent are the suppliers’ efforts in communicating, listening, and creating a relationship which is beneficial and valuable both on a personal and professional level. Getting to know the individual person and the business leads to better solution handling, low involvement and low responsiveness from suppliers leads to lower inclusion on the customer business and lower sales. Daily contact face to face is not necessary but a continuous dialog is needed which increases information sharing.

4.5 Value driver 5: Flexibility

Respondents spoke about flexible suppliers in the context around how deliveries could be solved with the non-conventional way of suppliers sending a truck to the customer. Rather than their geographical location was in close proximity and they could easily visit.

“If it is the right people we work with, some of them always find a way to deliver the products. For example some are flexible enough to put the products right outside of their storage so that we can come and pick it up, if it is crucial that we need it right away.” - Respondent 3

“In a normal situation I would say that it is a symbiotic relationship between three things, quality, delivery accuracy and price and we like working with minimal distances to our suppliers so that we can pay them a visit when needed and get stuff quickly.” - Respondent 1

In contrast one respondent said, you do not want to be in a situation where you are relying on a single supplier.

“It is both yes and no, you do not want to enclose or lock your possibility to only one supplier even if they have a variety of products that you need, because we need to be flexible so when we reach out to other suppliers we get the same service that is why we buy from a variety of suppliers.” -

Respondent 3

Another respondent expressed that flexibility for them was honesty regarding what was possible to deliver.

“Yeah, some of it has to do with flexibility, if they say that they can deliver half right away and the rest at a later day that is fine with us, but we need to have a discussion about it.” -Respondent 2

In summary: Flexibility could serve the supplier good by adapting delivery according to specific needs. Being a flexible supplier towards customers also entails solving matters quickly and being honest of capabilities.

4.6 Value driver 6: Reliability

Having reliable suppliers is a well argued and an important value drive by all the respondents. *“I think it is super important that the supplier is reliable since you do not have time to work with suppliers that mess up and create problems”* (Respondent 1); *“Reliable supplier are the ones being prioritized before others and none reliable suppliers they disappear as a preferred contact and supplier fairly quickly”* (Respondent 8).

All the respondents are expressing their opinions regarding transportation and delivery precision as a form of reliability. As a supplier it becomes important to have the availability to deliver but also being able to tell when deliveries are going to be made to the customer. *“To become a*

strategic and tactical useful supplier for us it is important that they are able to hold deadlines and be precise according to time of deliveries” (Respondent 8).

The market situation is also something that is mentioned frequently amongst the respondents and most of them refers to the supplier's ability to deliver material, it should arrive on time. Availability is also mentioned as very important and part of reliability.

“All the contracts were put aside, they didn't have to stand by their delivery times and agreements and you did not get an estimated time of delivery, you did not get a confirmed price. But all of us are trying to get our hands on steel material so suppliers sold to the highest bidder more or less. [...] We now have a large void of low supply of “raw steel” in Europe which is increasing the prices even more and the deliveries take even longer. [...] I now have the opportunity to make an order ahead of “time” to receive anything and then I get to know the price once they deliver. Or I can wait and not make an order because I want to know what the price is going to be, but then I risk the fact that I perhaps and most certainly won't get anything.” - Respondent 4

*“There is a certain meaning of having a face with whom you talk to. As an example of a supplier that has changed their sales organization, when you order something you get answers from various people with different names and you have no idea who has received or confirmed your request/order.”
- Respondent 7*

The reliability is also expressed as a fact that the supplier should deliver what has been ordered, to the right measures, quality and quantity. Delivering goods which are wrong is problematic since returns can take time but it is also a cost that needs to be addressed.

“Transportation from China by boat takes about 60 days, then you bind capital and need to calculate on that. You need to extend your stock so you

have enough if anything unexpected would happen on the market. How do you handle a reclamation when the material is from china? When you need to send it back and receive new goods. Is it then right to outsource and buy outside your country, for now, doubtful. There is a lot to learn from the 2,5 years gone by, how not to build a supply chain.” -

Respondent 1

“It becomes of great importance mainly because it is not just any product, when I buy steel beams it needs to hold a certain quality that is consistent every time I order. Of course it could depend on a batch but you should be able to trust that it is the right quantity, quality because it takes a lot of time and effort controlling and reviewing everything.”

- Respondent 7

Being reliable as a supplier is according to most of the respondents a way of making sure that their business does not stop, if they get the material and products as they ordered it reduces the cost of shutting down the processing temporarily.

“It is the most important thing, if things goes “sideways” you should just be able to pick up the phone and be able to say that this does not work, I can not deliver or make it happen in this period of time. The worst thing I know is when people do not call or communicate, it is better to pick up the phone if something bad happens, tell why and try to fix it as best as possible.” - Respondent 3

“It is quality, it is that they deliver them to us as they promise. Because due to their promises and order confirmation we can send our confirmation to our customer. And if they were not to deliver to us as promised and changed it saying we deliver in 14 days then it becomes problematic and that does not work. This is Reliability and trustworthiness according to me.” - Respondent 5

In summary: A Reliable supplier becomes a prioritized supplier. Delivery precision and being able to hold deadlines is one aspect of reliability. Availability to deliver is also mentioned as an aspect of reliability in a way that the customer operation should not stop due to undelivered products. Reliability also consists of the supplier's preciseness in right measures, quality and quantity of ordered goods.

4.7 Value driver 7: Technical Competence

There was not a empathize on expertise possessed by the sales staff as one respondent said *"Both yes and no, as long as they know the basics, it is not a requirement that they are experts, we are usually in a position where we are the experts and know exactly what we need"* (Respondent 6). Rather that they had the ability to know the basics.

"While judging a supplier there is no need for the salesperson to have the best expertise, some is ofcourse good but usually different roles talk to each other across companies so our experts talk with their experts, and I negotiate terms and prices with the sales person." - Respondent 4

On the other hand respondents thought that this was crucial to have capable sales staff at their suppliers.

"That is very important, because when I ask something I expect the person to be able to answer, I despise when I ask something and they have to run it by their boss, I mean if we are discussing products I do not want wait a few days for them to get in touch again with more information and follow-up questions." - Respondent 3

Furthermore there were respondents which saw the competence of the suppliers as advantageous because of the expertise it could provide.

"In my world I view the supplier and manufacturer as the experts within their areas and industry, so I can draw upon their expertise even though

I am the one that gives the list of demands on products that I need because they are ultimately the experts in their field.” - Respondent 8

In Summary: The suppliers’ salespeople do not need to be experts on steel. Although there is a well stated concern that they should know not anything less than the basics. There is a need of having capable staff which does not need to ask a colleague or boss and come back after some time, if questions need to be asked due to lack of technical competence quick answers is important. Having high technical competences as a salesperson which conducts the communication with the customer is however seen as advantageous and should not be neglected.

4.8 Value driver 8: Image

The respondents mentions that image is not something that the respondent reflects upon nor view as particularly important, *“reputation has a lot of impact, but image I am not so sure, In my world Image is not that interesting nor something I reflect on”* (Respondent 3). It could have some minor impact *“Image to some extent, but it is a business market made of mutual trust between each other”* (Respondent 7). It could to some extent be a supplier's reputation that is in their mind but not necessarily have any impact.

“Reputation to some extent yes, You hear from others workshops (Customers) on the market and what their impression is about a supplier. But it does not necessarily have an effect, but you have it in the back of your head.” - Respondent 2

Their statements are also more concerned about the relationship with the supplier and any image they have about their supplier is created between them and more as a result of the relationship. *“The reputation and image is something they create themselves due to the contact we have. That's the image they create towards us”* (Respondent 6).

What is mentioned is that evaluating a supplier could both be done based upon certificates they have, as a way of proving quality standards. Furthermore their customer base could to some

extent create a credibility and a perceived image of the supplier which results in the suppliers suitability of becoming a new supplier for the customer.

“Since we as customers work with suppliers I should make a supplier evaluation according to ISO certificate (Quality Standard for Companies) and those evaluations could be used as their reputation and image. Say that I am in a hurry and need something, I need to find a supplier that can deliver that to me but I do not have time to evaluate or ensure quality, then I can ensure it based on what customers they have and work with today.” - Respondent 4

In summary: Image is not reflected upon to the extent which would describe its importance as high. Some impact could however exist with minor impact. Reputations based on what other business customers say could be more important and impactful in an evaluation of a supplier. Image is something that the respondents view as created between supplier and business customer

4.9 Value driver 9: Trust

Trust was expressed by numerous respondents to be an important factor when dealing with suppliers *“Yes there are a lot of people who can talk alot but are they actually capable of delivering what is promised. This is very important that they are trustworthy”* (Respondent 3). Some focus on the fact that this builds longer relationships *“Yes, I think that it is crucial and very important that you try to have prolonged relationships, it is a lot of work and a hassle to change suppliers”* (Respondent 1). To achieve this, the supplier needs to deliver what they promise as respondents expressed it *“It is important that they stand for what they promise”* (Respondent 7), and *“Well it depends on if they keep their promises, to they actually deliver what we have in writing that there is no unexpected added cost at the end”* (Respondent 2). Because one said that this can differ vastly *“Some we have great relations with but there is hell of a difference between sales people, some are great and some are terrible”* (Respondent 6). Focus on delivering what is promised and being honest if some inconvenience arises along the way.

“Before it was mostly that a promise is a promise, that you actually deliver what you promise. Because we are vulnerable if we do not get our orders on time according to what was negotiated [...] The worst is when a supplier promises too much and can’t deliver, I only expect that you are honest of what you are able to deliver and open with obstacles that might get in the way.” - Respondent 4

One respondent also included that responsibility of how the suppliers conduct business is important because of the state of the market.

“Sometimes things go wrong but take your responsibility, in today's day and age when prices are going up and we know the prices of things and how in what state the market is in, suppliers need to make a stand because they can not have one price that only lasts 1-2 weeks, and we send emails to several suppliers and they all give you vastly different prices that is not trustworthy in my eyes.” - Respondent 6

In summary: Dealing with supplier’s trust is very important and mentioned several times. Trustworthiness is an important aspect when establishing and building long term relationships. Delivering what was promised is also an aspect of trust. Being honest when any problems or inconvenience occurs is important to build trust, furthermore the responsibility of certain situations and times which portrays difficulties is also of high importance and the need of supplier taking responsibility is important.

4.10 Value driver 10: Solidarity

There are several statements by the respondents that solidarity is important as a way of working together and benefit from each other. Working closely together and taking care of each other's business is an important factor that is mentioned in the long term success a supplier could have with its customers. *“You need to fix and solve it together, we have good contact between us and we dont change suppliers frequently. It builds on the foundation of knowledge, that they know what we are doing” (Respondent 7).*

What is mentioned as an important aspect of solidarity is that corporate and personal values should align in the relationship, this nurtures a good understanding between each other and as a result a good relationship.

“I am seeking long term relationships with suppliers. In my world I need loyal and trustworthy suppliers for a long period of time. That is why I seek long term partnerships/relationships. This is made out of having the same values and that we can agree and get along. Also that we think alike and that we both are seeking a win-win situation or relationship that we both could benefit from.” - Respondent 4

“Depending on the supplier's corporate culture and values and our culture and values we try to create a long term relationship. We want a long term relationship/partnership because we want to evolve and develop together and this is done by helping each other and finding good solutions together.” - Respondent 1

“I am seeking long term relationships with suppliers. In my world I need loyal and trustworthy suppliers for a long period of time. That is why I seek long term partnerships/relationships. This is made out of having the same values and that we can agree and get along. Also that we think alike and that we both are seeking a win-win situation or relationship that we both could benefit from.” - Respondent 4

“I would say that it is about building a relationship with whom you are conducting business with. I am of that nature where I would like to build a relationship and include a bit of private conversations as well. Mainly because that part is important to get to know and understand each other. The relationship between my business and the supplier's business is

important because it shows that there is an interest both from me as a buyer but also what suppliers can offer.” - Respondent 3

“If you work strategically with the most important suppliers you often want contracts between each other which are set for a few years. In this way you have a solid foundation to create a stable relationship, you know where you have each other and that you work together to develop and improve.” - Respondent 7

“It is very clear, those suppliers we have and work with are the ones where we have the same contact person for a long time, there is no hesitation about that. Suppliers where we do not have a real contact or relationship goes away after a period of time, we get tired of them, not committing.” - Respondent 6

If anything unexpected happens it is also stated that it is of great importance that the supplier shows a solidarity in fixing it and working together in solving any problems *“If we run into problems they must show themselves, and not hide. That is because you need to work together and solve the problem in one way or another which should be optimal for both parties”* (Respondent 2).

“I work like this with my suppliers, I work closely with them, I work long term with them mainly because that gives you the opportunity to improve so much together. Even when times are rough on the market you could develop and improve together. You could potentially look at cost distribution between us and the supplier could bear the cost for a period of time and if you look at this jointly there is an aspect of solidarity and helping each other.” - Respondent 8

Working together with an interest and care for each other is also mentioned as a way to retain relationships but also in regards to business. A supplier that has bad solidarity and interest in solving problems and adapting will lose out on it.

“It is important to work together and improve and develop, look at such a thing as customer retention, it is much harder to get a new customer and process them but with recurring customers it is much easier to get more business. [...] Looking at our suppliers, if they are curious about us and the more active they are in how they support us the more business they will get.” - Respondent 5

In summary: Solidarity is often mentioned in construction with the intention of creating long term relationships. Working closely between customer and supplier interest in each other's business derived from solidarity, trust and a mutual win-win situation according to the respondents. Solving problems, having good continuous contact and knowledge sharing is part of solidarity which develops a close and long-term relationship. In case of any problematic situation the concern shown and invested in problem solving by the supplier is of high importance, and this also entails retention of relationships. Showing concern. Solidarity and interest also lead to potentially more business between supplier and customers.

4.11 Value driver - sacrifices 11: Price

Respondents expressed their concern of how prices rise based on the state of the market, coming out of a pandemic and currently a war in Europe which they view as affecting the market with accompanied uncertainties.

“Today it's extreme. We are coming from a pandemic and now there is a war in Europe, the prices suffer [...] If we do not understand the prices they expect us to pay we discuss and sometimes argue, but we stay humble in the cases when we know it is a fair price but it all comes down to the symbiotic relationship between transparency and trustworthiness.”
- Repondent 1

While others viewed the importance of price as a secondary aspect of whether or not the suppliers are able to deliver. They expressed that production shutdowns cost more than paying a higher price on the materials. *“Now it is more valuable to get the products out to the customer because the cost of a production halt is higher than choosing another/thicker material especially now, so prices are what they are”* (Respondent 7).

“Not really because today it is more about being able to deliver to our customers and that they are pleased and happy. Because the cost of production shutdown is higher than getting material right away, in these cases we do not really care about the cost.” - Respondent 3

Respondents highlight that the delivery accuracy might be the focal point of today's hardships that might influence prices.

“Today it is mostly about deliveries and price, even if the engineers develop a new product it might not be viable since it is going to take a year to get all the components and the price tag is really uncertain.” - Respondent 4

“It is more about delivery time because the prices are volatile right now if we can get the material quickly so that our customers are not hit with unexpected costs [...] Because when we get an offer from our supplier it should not deviate too much because now it can differ way too much.” - Respondent 2

While other respondents included that the product quality was the important factor rather than the lowest price within B2B.

“Lately during the past 2 years, prices on some steel material have risen to heights never seen before which might be contributed to energy prices

which many suppliers use as a base for their cost structures [...] But on the other hand within B2B price might not be the most important factor but rather product quality so price is not the most critical aspect.” - Respondent 8

“Quality and delivery accuracy is the most important, but also to get effective prices there are two alternatives: either I make as much money on this deal or I make sure that we get more contracts and business to us. The more effective prices I can get the more we can compete with our other 23 “colleagues” in this industry sector.” - Respondent 5

Interestingly enough one respondent reported how he negotiates prices to ensure that he can stay ahead. Because he does not want to fall for the same pitfalls that some other might do as he put it.

“There is a lot of negotiations about price, I personally negotiate around 4 times per year like once a quarter because then I lock in that price for the next coming three months and some even on half year basis this is because some companies in this industry lock in their prices for a longer period of time and then when they sit down to negotiate new prices someone is hit with a shockingly high increase, and now they are bleeding money or they lose the contract of doing business with the particular customer or supplier.” - Respondent 5

In summary: Prices are a focal point for many of the respondents, however they seem to have different views of the importance. The state of the market is currently a concern that is driving prices upwards. This encapsulates the aspect of delivery precision, it is crucial for some that they get materials rather than worrying about prices since loss of production has a higher price tag. As long as it is of the right quality there is somewhat of a consensus that prices are determined by the market.

4.12 Value driver - sacrifices 12: Time/effort/energy

The respondent explained that time and effort is needed and important from both parties in order to develop a beneficial business relationship, it includes visits and also a continuous dialogue and contact between them.

“It is very important that the supplier we work with puts in the time and effort. They need to come here, visit us and evaluate what there is to be done. I would like to make the statement that it is absolutely necessary and crucial if the supplier is going to function with us.” - Respondent 1

“It becomes important, if suppliers are not able to give us the time and effort we need they can't be a supplier to us mainly because it affects our business and responsibilities negatively. You are more dependent on the supplier as you might think so the time put in a long term relationship is important.” - Respondent 8

“From our perspective we need the supplier to work with us and put time and effort into the relationship, mainly because we need to come to the supplier and make quality tests in their facility, check how they process materials we buy. So we need close follow-ups in order for them to become a supplier for us, that work takes time but is crucial.”
- Respondent 5

It is also mentioned that the time they put on the continued contact and dialogue between them is beneficial from a perspective of information sharing about current information. *“You have a good contact and have a constant dialogue with weekly or daily talks, in this way you get information and get a feel of current situations”* (Respondent 5).

“It is their responsibility to have continued contact with me regarding information about any process. I should not need to hunt them down

and nag on them and ask about updates. That communication and effort is important from their side.” - Respondent 4

It is also mentioned that the time put into having a continuous contact differs depending on the current situation of the market and also due to the difficulties from case to case. This was also mentioned as an effect of how important time and effort are towards each other *“I am hesitant but I would say that you should never be satisfied in regards to that aspect, but it is a good balance today and in current situation”* (Respondent 3).

“It depends to some extent, some orders I need to put in writing and email them, easy, but in the current market situation you notice and realize that you want more contact than just an email, you want someone to call to ask and discuss how things are going, what applies in this situation and so on.” - Respondent 7

In summary: The efforts of a supplier to invest in mutual time and build long lasting relationships is viewed as favorable. Working together to improve the relationships, here communications is key and the ability to establish personal connections through personal visits and the ability to talk to sales staff rather than over email. This is also a matter of quality control being able to visit and getting to know the capabilities between each other.

4.13 Value driver - sacrifices 13: Conflict

The respondents encountered little to none conflicts with their suppliers, they expressed that there might arise some arguments or discussions but these get solved. *“It is very unusual that any conflicts arise, stuff might happen, a boat might get stuck somewhere but as long as you get informed it's okay [...] Usually there is an open dialog to resolve unforeseen matters.”* (Respondent 2)

“There are very few conflicts, but I would say that the most common one is if there are any quality issues to be resolved, if there is any damage to the goods when they arrive, that is where some discussions might arise of

whose fault it might be. For example I bought a type of oil drum that had dents in it, it is still viable but the estetisk are now wrong. You would not accept this if you bought something yourself. You do not want a tv with dents on it for your home [...] Usually these kinds of matters get resolved without fuzz but sometimes it hurts relationships.” - Respondent 1

It comes down to honesty and communication to resolve matters of disputes as one respondent expressed that discussion mainly arises because of different views or standpoints.

“There is not really any conflicts sometimes you have some discussions but we strive to have a good open dialog and try to resolve arguments [...] and what we like is straightforward dialog being open and honest instead of avoiding questions it is better to be honest.” - Respondent 7

“Sometimes there are some arguments but as long as you do not avoid it and discuss the situation and what might have gone wrong you usually find out it is due to different perspectives or lack of communication that has caused a misunderstanding to arise.” - Respondent 3

One of the respondents reported that honesty and trustworthiness were the main factors where conflicts arise and might even tarnish relations.

“Also there was an incident where I had a contract with one supplier about material that I needed and it was a large volume over sometime and we negotiated that they should give us the best/lowest market price available, but after several months it came to light that this was not the case and in this instance we cut ties with the supplier that was dishonest.” - Respondent 3

Some of the respondents responses focused on the state of the market which has made some ordeals frustrating *“Biggest concern is that no one can promise anything due to uncertainties of*

the world, and some hide behind this a little too much in my opinion which creates a fair bit of frustration” (Respondent 6).

“Sometimes there is a recession and other times there is a boom in the market these go on and on in cycles of 5-10 years, and during bad times you think that people help each other out as much as possible but now this have failed, there are supplier that do not care about their customers because they could be paid more from someone else.” - Respondent 4

Whereas others reported that they have countermeasures in place to minimize conflicts and one respondent going so far to say that conflicts do not have a place at all in the industry rather it is solely based on capabilities when you negotiate that dictate the terms and agreements.

“Conflicts might have some potential to arise but usually you have standardized templates and contracts that you write to minimize any problems or discussions that might arise, which is done when price is negotiated.” - Respondent 8

“Not really, there can't be any conflicts we live in a civilized world, there can be some harsh word and different perspectives on things but not really any conflicts it's more about negotiations rather than conflict, and I have trained my supplier to give me the best price right away I do not have time look at offers all day.” - Respondent 5

In summary: There seems to be very few conflicts and respondents report that there could arise some discussion but these get resolved. It is more of a negotiation rather than disputes, where trust and communication is key to minimize miscommunications that might evoke discussions. However some report that the state of the market has led to some frustration because of uncertainties on the market, making promising price and delivery precision hard to predict.

4.14 Additional Value drivers

The value drivers presented below were introduced through inductive coding and were not a part of the initial preset categories that stemmed from Lapierre (2000) framework. They appeared through the continuous familiarization with the data that was collected, and condensed to the below presented categories.

4.14.1 Transparency

The respondents also mentioned some aspects of value drivers which were not asked about in any open end questions but they still raised their concern and argued about the importance of them. The first was that a supplier should be transparent in their business “Transparency is very crucial” (Respondent 1). The transparency aspect is also mentioned in relation to price fluctuations, it is stated that it is important that the supplier is transparent in why any prices go up. Increasing prices without explanation is not desirable and could lead to negative thoughts about the suppliers.

“The receivment of supplier statements regarding new information and changes is very important. In the current market situation the prices go up and down, but nevertheless it is important that they do not just send and deliver material and when I get the invoice I get a surprise that the price has gone up 5%. If they have an explanation about why it went up 5% and they are transparent towards me it becomes okay and acceptable.” - Respondent 5

4.14.2 Environmental aspect - Sustainability

The Environment was also mentioned by some of the respondents in a way that it is becoming more and more relevant to have a more sustainable way of conducting business. “Sustainability is starting to increase as a concept for us both with the environment in mind but also about working conditions and how you secure it in your business” (Respondent 1).

“The suppliers are offering delivery services 2-3 days a week. But we have now chosen to only have deliveries once a week to our facilities, and

that is because we want to have as little impact on the environment as possible. It is more desirable for us to get on a fully loaded truck once a week and also the fact that we do not have consistent traffic at our facility. It is a way of securing a decent working condition as well.” -

Respondent 5

Summary of data presentation

To end the interviews a final question was asked which summarized the data collection: If you know where to say *what attribute and properties of the supplier creates the most value for you as a customer; what would it be?* This question was meant to capture their final thoughts after discussing all open end questions about the value drivers. A continuous answer by a majority of the respondents on this question was that a supplier's ability to be honest, trustful and reliable is very important. These properties were often mentioned in regards to their ability to deliver material and the delivery precision. *I value honesty most of all - (Respondent 4); Trust if I were to summarize it (Respondent 1); That they can confirm orders and have good delivery precision (Respondent 8); The most important in today's market situation is availability and delivery (Respondent 5).*

In combination with the attributes mentioned above, price and quality was also mentioned as important. *That they stand by what they say and promise combined with delivery precision, price and also quality (Respondent 6); It is a mix of price, capacity to deliver and trust, it is a market of trust we work in (Respondent 7).*

Other statements that go beyond the attribute mentioned above were stated with more thought around creation of relationships, partnering and development. *Trust is det most important thing that you create, and on the other side this creates a partnership - (Respondent 1), I go back to trust and having an open dialog, it is an ideal scenario that you help each other out (Respondent 4).* The inclusion of flexibility is also mentioned to some extent with inclusion of the additional value drivers identified.

“A supplier that can face and help us with any challenges that arise for us as a customer. Most important is that the supplier is somewhat agile and flexible and adapts to the challenges that we face year in and out. Nothing remains the same, the market is changing, new rules and regulations are made with care of environmental aspects, health, production and so on. A supplier that has a good ability to adapt to changes and still be able to deliver a product with a competitive price is the most important.” - Respondent 8

5. Data analysis & Findings

In the following section findings and analysis are discussed, how the empirical data has been interpreted in conjunction with the theoretical and conceptual framework. Value-drivers/categories are discussed individually and interrelated, with accompanied models for visual representation. The analysis is also presented with a hierarchical model based on how respondents valued the attribute.

5.1 Analysis of the sample categories

After reviewing the data several times, identifying sentences and key thoughts that fit our preset categories there are findings which are more relevant than others. As an initial analysis there were thoughts of identifying similarities or differences between the three categories of respondents which we used in our sampling (Frequent, less frequency, low to non frequent buyers). After analyzing their statement in regards to the value drivers presented above there was no significant diversity between them in how they answered nor any difference what they perceived as valuable.

Therefore there can not be any distinct discussion around any differences between the different categories. It would be more correct to say that there are no differences between the categories. With reservation that there might be sporadic differences if looking at singular respondents. In that case we argue that any thoughts or opinions that may arise different from other SMEs are due to a singular occasion with a supplier and not representative for SMEs as a sample.

It would be more correct to state that the findings of this research would be representative for the SMS customers as a whole in the Steel Industry. Due to the argument that there is no difference in the findings in regards to what they perceive as the most important value drivers.

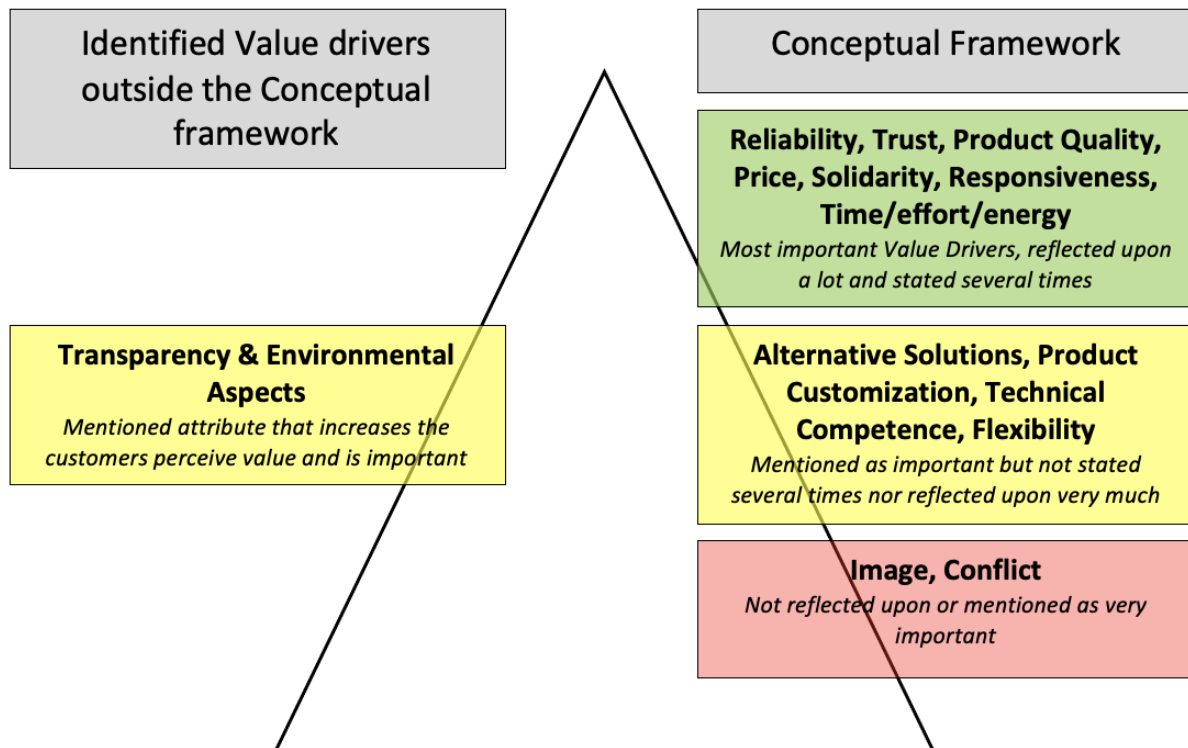
5.2 Relevance analysis of the value drivers

As presented in the figure 5 below there were value drivers which can be stated as more relevant and important than others. There were 11 of the value drivers which after reviewing the data

could be stated as the more important ones in regards to what the customer mentioned, reflected upon and stated as important during their interviews. Seven of them are perceived as very important and even vital for the creation of a value between both supplier and customer. Eight of them shown in the yellow boxes are mentioned as important but were not reflected upon to the same extent nor stated as equally important. The last two which can be seen in the red box were not mentioned nor reflected upon as important. Nevertheless all the value drivers will be analyzed more in depth in the forthcoming section starting with the most important ones and then continuing in a chronological order.

Figure 5.1

Identified value drive and their importance



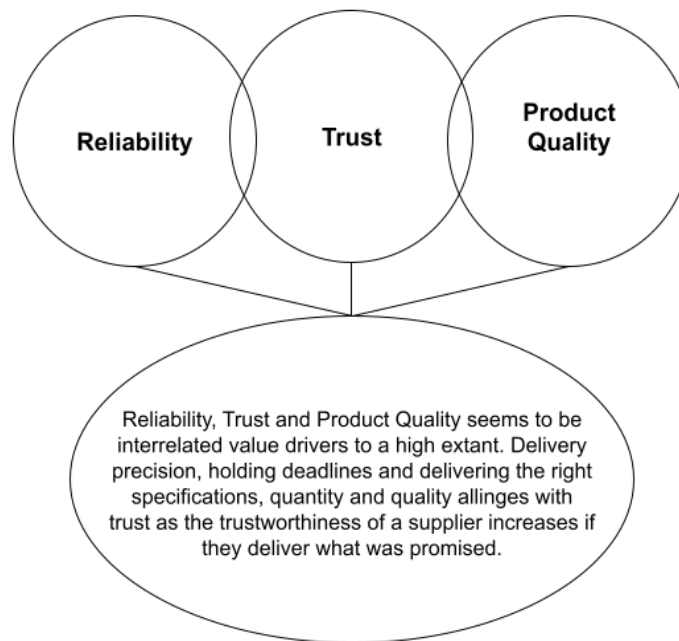
Price

Price as a sacrifice was shown support as being both viewed as unidimensional/transactional and multidimensional/relational in this research. Price was a focal point by many respondents and some referred to it as a sacrifice to product quality. The price of a product was often recognised as dependent on quality, higher quality means higher price and this perspective is in line with the unidimensional approach (Sánchez-Fernández, 2007) and the transactional perspective (Grönroos, 1997) that price as a monetary term is what is sacrificed in contrast to what is reviewed as a benefit, product quality. Since there was a mutual agreement amongst the respondents that quality was of high importance, price was seen as a secondary thing because of the need for the right quality. Price as a sacrifice was also seen as cost of other variables affecting the operation and this aligns with the multidimensional approach (Arslanagic-Kalajdic et al, 2017). In some instances the price did not dictate whether the purchase was made, instead it was the delivery precision, availability and time aspect which dictated the purchase due to the need to fix production shutdowns acutely which was stated as more costly than price paid for a product. It was more important that there were available goods than that the price was perceived low and correct for the product. If not purchasing the products needed for the operation it would come to a halt and the time the operation stood still was costly and in turn could have an effect on the respondents' end customers.

The price which the respondents received by the suppliers was often stated with care of transparency. The supplier's ability to be transparent with their pricing was considered important since they want a fair price and this aligned with the findings of Ulaga and Eggert (2006). The supplier's decision in pricing was also stated as affecting relationships to some extent which have been concluded by Minerbo et al (2021) as well. If the respondent received fair prices and the supplier was transparent with the pricing it had a beneficial effect on the relationship due to the increasing of trust.

Figure 5.2

Interrelated value drivers



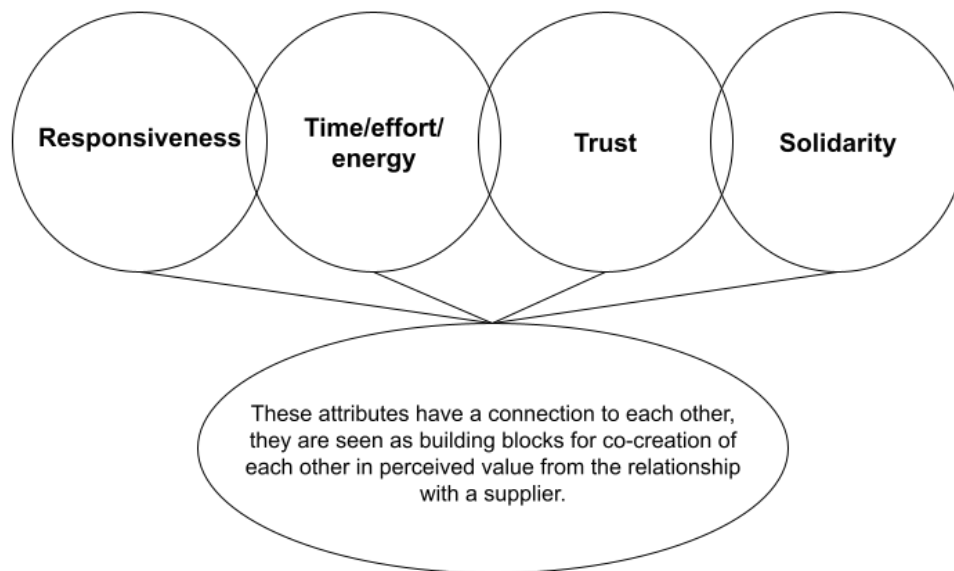
Reliability, trust and product quality was often argued as connected and interrelated and one did not occur without the other (figure). This was often stated with concern to the supplier's capabilities of being precise, the quality of products being good and according to expectations by the customer. This was seen as reliability, if the quality was consistent over a long period of time, met the expectations and corresponded to what the supplier promised, it subsequently resulted in building trust according to the respondents. A reliable supplier will become a prioritized supplier according to these findings which aligns with Ulaga and Eggert (2006). They further clustered performance, reliability and consistency, stating that these were key quality aspects and seen as good for differentiation and becoming a key supplier. However they did not conclude it as the most important value driver which could be seen as surprising compared to our findings (Ulaga & Eggert, 2006)

Surprisingly Corsaro and Snehota (2010) which uses the same framework as Ulaga and Eggert (2006) created, did not present product quality at all there their findings and part of relationship value. And according to Lapierre (2000), product quality was the value driver which contributed the least to a value proposition which could be explained by the fact that their studies were

conducted in services markets and did not include any physical products. As can be seen in figure 5, Ulaga (2003) created the same cluster performance, reliability and consistency, then stated that they were key value drivers for a relationship which aligns with the findings from this research and speaks for its importance if conduction researches on an industrial market with physical goods.

Figure 5.3

Interrelated value drivers



There was also an interrelation between responsiveness, time/effort/energy, trust and solidarity. These value drivers were mentioned with concern to relationships and identified as key value drivers. Strong support of this is shown by Lapierre (2000) which concluded that responsiveness was the most important value driver. The findings in this study is that a supplier should be responsive, listen to the customer and put in the time and effort in the relationship due to having good communication that leads to better information sharing and problem solving. This related to the supplier's effort into building the relationship, the time and effort towards answering the customer and being helpful. This was also concluded by Ulaga and Eggert (2006) stating that relationship, personal interactions are the core and most important value drivers. According to Ulaga (2003) well established interpersonal relationships enhance good communication, leading to good problem solution handling. The findings in this research is also that working closely,

showing concern and interest towards each other leads to a win- win situation. A helpful supplier which shows a great deal of interest in helping the customer speaks for high solidarity but also the interest of doing something good with the relationship. This aligns with both Ulaga (2003) and Ulaga and Eggert (2006) findings, that developing a concern between each other and understanding each other's objectives provides the opportunity to develop and improve together towards each other's goal.

Trust was also seen as a fundamental aspect, important if it will develop into something good. Corsaro and Snehota (2010) mentioned that transparency, correctness and trustworthiness were important issues which became more important over time. They also found support in their claim that in some situations the supplier was not aware that the time and effort the customer spent in dealing with the supplier was seen as a cost and was important for them. Suppliers were sometimes more focused on the product features and did not reflect on the cost of time and effort by the customers. This supports the findings in this study which defines time/effort/and energy as key value drivers and its interrelation to relationship building which also consist of responsiveness. Answering quickly, being available to the customer and showing interest and solidarity for the customers business. Being more available as a supplier increases the opportunity to understand each other and solve problems quickly, which reduces time, increases trust and also promotes a highly valuable service and relationship which aligns with the findings of Corsaro and Snehota (2010).

Alternative solutions

Alternative solutions according to Lapierre (2000) was around the product related capabilities and how the supplier can tailor their offer to fit the customer. However in this study the participants expressed that they view this from their own capabilities to meet different alternatives. Rather than relying on a single supplier to match their needs, participants had relations with a variety of suppliers to choose from in order to match their needs. However they also view in some instances the benefit of having a supplier with a large product range. Because as participants reported, they could get better deals if larger orders could be placed. Since sometimes the only one item could not amount to a large amount, but rather a variety of articles could govern better deals since the overall volume would be greater. Which is supported by other

literature that monetary value is equal to customer perceived value (Zeithaml, 1988). The findings in this study could however be argued to represent Khalifa (2004) notion of perceived value as an integrative process of different aspects, and that customers would review the total offering of a supplier. That could explain why the participants expressed the value of having multiple suppliers and at the same time regarding a product range as a valuable aspect. This is however interesting in aspect to value-based selling concept. Since the literature dictates that there should be highly customized offers towards customers (Töytäri et al., 2011). While in this study the findings make the line blurry, participants expressed that they find solutions through different suppliers rather than relying on a single one. However this is done in a product heavy industry as previously mentioned rely on delivery precision. Which could indicate that customizable solutions inline with value-based selling processes for our sample could focus on alternative delivery solutions to secure delivery precision, which would be the equivalent to knowing your customer and providing alternative solutions.

Product customization

The participants in this study expressed that they saw minimal benefit of Product customization as a solid value driver of their supplier. A few expressed that it was favorable that suppliers could customize products but were content with only minimal customization capabilities. This might however be due to the fact that within the sample size they were in the business of manufacturing segments or facilitating customized products for other manufacturers. Processing materials aimed at their customers specifications themselves, rather than relying on suppliers that have extensive customization capabilities. However some also perceive the ability to receive material cut to the right lengths as valuable since they do not need to have that particular capability in-house. This is quite the opposite to the framework used, since in Lapierre (2000) for a service industry this capability was sought after in a supplier. Indicating quite the difference between the value perception of industries. This could also prove as a basis for suppliers to investigate whether they need to invest heavily into customization capabilities or not depending on their customer base. A vital step in the value-based selling process to understand your customer and create the value proposition (Liu & Zhao, 2020). While creating the value proposition these findings showcase that this might not mean that the supplier needs to cover all

their bases and focus the capabilities to customize their whole product offering. With minor adjustment capabilities they can achieve value for their customers.

Technical competence

Technical competence falls inline with product customization in the aspect that the respondents expressed that they do not value this particularly high impact factor of their evaluation of their suppliers. They provided this research with regards to their perceived value of their suppliers that they expect the sales staff to be competent, having basic knowledge around products and that they had a mandate to govern over decisions made. Whereas they understood that different functions within both parties could converse if there had to be more technical support. These responses do find new meaning with regards to the advocacy within value-based selling research regarding that the sales force needs extensive expertise (Liu & Zhao, 2020; Töytäri et al., 2011). In this study these contradict or it provides some nuance of what the firm implementing value-based selling needs to consider. According to the literature, the training of the sales staff is a bottleneck since they need to understand their customers business for them to provide value propositions and increase perceived value (Töytäri et al., 2011; Terho et al., 2012). Furthermore the findings in this research shows that for this sample this might not be as necessary as for eg service sector. Which could prove as an explanation that the value driver should have been rephrased in for this industry. Because technical competence that was used in this research was derived from Lapierre's (2000) framework, which had reviewed IT suppliers and their customers. With logical reasoning we would not go out on a limb to say that an IT service provider's customer expects high technical competence from them or simply that today people are expected to have technical competence. Whereas in this research a more accurate definition might be product competence. Creating a greater understanding of material and products could therefore be viewed as a stepping stone for the salesforce to understand their customer business. That in turn creates more inclusion and value in the customers business (Ulaga & Eggert, 2006). Ultimately governing a better relationship between buyers and sellers and outcome for both (Töytäri & Rajala, 2015).

Flexibility

Participants did not ponder on the concept of flexibility too much, rather they saw it as their own duty to be flexible toward their own customers but saw value around the supplier to have some flexibility regarding deliveries. However the responses indicate coherence of how Ulaga and Eggert (2006) reviewed the concept of flexibility, upon how the supplier might be able to shift their procedures to fit a customer. This connects to value-based selling in terms of positioning the offer to fit the customer (Terho et al, 2012). Since the respondents expressed a need to be flexible for their customers this directly influenced their monetary gain. Which is a vital step in the evaluation phase and impact of value-based selling (Töytäri et al., 2011). This is however tied to individual participants in this study since everyone did not express a need for their suppliers to be more flexible. However this shows that the perceived value is highly subjective as previous studies have mentioned (Ramirez, 1999; Sánchez-Fernández et al, 2007; Zeithaml, 1988). Showcasing the importance that a value-based selling approach could have, in some instances where there is a need for the seller to adapt their approach in order to create direct impact for their customer. Which they in turn can present as affecting monetary value and co creating value with their customers providing tangible results for the customer to understand (Töytäri et al., 2011).

Environmental aspects

One of the value drivers which was not included in the framework used for this study but emerged when analyzing the data was environmental concern. Which has been mentioned as potential future value drivers by the research review performed by Zeithaml et al (2020). They raise the concern around sustainable consumption as a critical topic in a globalized and developing world and raise the concern if it should not be included as a core value dimension in research. The result of this study indicates that it would serve well as a key value driver in the framework and could be beneficial to include in further research. The respondents stated that sustainability is starting to become more and more important and when the market is changing and new regulations are made it is important with suppliers being agile and delivering more sustainable products and services with which are environmentally friendly.

Transparency

Transparency is the second value driver emerging from our research and not included in our framework used. Nor were there any questions asked of the attribute but nevertheless the findings are that it is a relevant value driver which would be beneficial to include in the framework. Transparency was stated important and was reflected upon as price transparency. The respondents state that being a transparent supplier which has an explanation why price goes up is more positive than not giving any explanation. It was also stated as a concern of information sharing to some extent, sharing information to the customer without them asking for it and being transparent about any uprising situation is important in challenging times on the market. Corsaro and Snehota (2010) also stated that transparency is an important issue for some customers which became more important over time.

Conflict and Image

Although there are many statements about image and conflict in the presentation of the data it is the overall evaluation that these do not show any strong support by the respondent. Which is contradictory to Lapiere's (2000) framework where conflict is seen as a sacrifice and Image is viewed as a benefit. In this study however the participants did not consider the image of a supplier to be a factor that had any significant impact that influenced the evaluation of the relationship. Whereas conflicts were very scarcely found and discussions got resolved quickly. However due to market uncertainties there seems to be some frustration around price, which could influence relationships and create conflict (Minerbo et al, 2021). However these attributes seem almost irrelevant for the participants in this study. Since they only reflect briefly around them, even when prompt questions to elicit a more in-depth reflection and answer. Indicating that these would benefit from an update or revision within this type of sample and industry. Smith and Colgate et al. (2017) deames Image irrelevant for a B2B market which our findings also indicated, it could be changed to reputation instead. Which Corsaro and Snehota (2010) found connected between B2B operations. The fact that the SMEs do not consider image as important becomes interesting from the perspective that they might not spend much time on their brand building.

Based on the limited reflections from participants regarding their supplier in conjunction with the definition Image. As for the dimension of conflict, there seemed to be a strong opposition to this which could be interpreted as that the relationships built upon conflict free understandings, resolving disputes that might arise while at the negotiation table.

6. Conclusions & Limitations

In this section of the thesis discussion and conclusions will be presented. The research question will be discussed with regards to our findings and concluding remarks with care of the purpose will be presented. After that we cover, theoretical implications and what gap in the literature we cover, practical implications how the findings could be used from a practical perspective, limitations that accrued during the study and lastly our suggestions for future research.

6.1 Conclusions

The purpose of this thesis is to investigate and evaluate the key value drivers for SME customers in the steel industry. The objective that followed was with the help of previous research and the framework presented by Lapierre (2000) investigate if this could be applied into a different segment and industry, furthermore if there has been any changes in the context of the value drivers. Followed by the evaluation of how these would be useful in regards to a value-based selling approach, whose basis is to deliver value in a proactive manner with and for the customer.

To find answers for the purpose and objective the study was guided with the following research question: *Which value drivers are of most importance in a value based selling approach towards SMEs customer within the Steel industry?*

The answer to this question is not one sided. It can be concluded from the analysis that there are some value drivers which can be seen as more useful, important and valuable in the eyes of the SME sample used in the study. What becomes clear is that in order to deliver high value to the customer, the selling firm needs to spend the right resources to create favorable situations and relationships for both supplier and customer, and thus focusing on being a reliable, trustworthy supplier which encompasses solidarity and responsiveness. The resources from the supplier firm can be concluded as their sacrifice and would be the time, effort and energy put in on the relationship creation which align with Töytäri et al. (2011), eight key elements of successful value-based selling. This is because participants had a fundamental belief that a long term and desirable relationship is created through a trustworthy and reliable supplier and prioritized this in a market with increased competition.

The supplier creates that reliability and trust through various benefit related value drivers for the customer. The most important of them identified in this study would be the once stated in figure 5 (Reliability, Product, Quality, Responsiveness, Price, Trust, Solidarity and time/effort/energy). As discussed in the analysis some of them are identified as interrelated due to the fact that they integrate into delivering a desired value outcome. Where the initial framework might have been too rigid in their categorization of value-drivers, this could also be due to the fact that this study is conducted in another industry. Following the remarks of Zeithaml (2020) of perceived value as more of a multidimensional approach rather than individual measures. This in combination with respondents not advocating either technical competencies and product customization strengthens the argument that Lapierre (2000) framework is industry specific.

Interestingly enough the value based selling advocates for high sales staff competence and product expertise but our participants stipulate that the sales staff only need a more basic understanding of their business and the products they sell. Mentioned earlier, product quality is one of the most important aspects of a product benefit which they perceive as valuable. Furthermore, delivery precision of products is part of reliability and trust and covers both quality and precision of deliveries (quality, quantity, timely and product specification). It can be concluded that there should be high considerations of this from suppliers in order to deliver high perceived value.

Figure 6.1

Adjusted framework key value drives

| | Product | Service | Relationship |
|-----------|--|---|--|
| Benefit | Product range Product quality & reliability Product customization Environmental aspects | Responsiveness Flexibility Reliability Product competence Product customization | Reputation Trust Solidarity Transparency Responsiveness Reliability |
| Sacrifice | Price | Price | Time/effort/energy negotiation |

Figure 6.2

Value Based Driver: Benefits and Sacrifices

| | PRODUCT | SERVICE | RELATIONSHIP |
|-----------|-----------------------|----------------------|--------------------|
| BENEFIT | Alternative solutions | | |
| | Product quality | Responsiveness | Image |
| | Product customization | Flexibility | Trust |
| | | Reliability | Solidarity |
| | | Technical competence | |
| SACRIFICE | | Price | Time/effort/energy |
| | | | Conflict |

Retrieved from *Customer-perceived value in industrial contexts* (Lapierre, 2000 p. 125)

This study indicates that the purpose to identify the most important value-drivers that SMEs in the industry value were identified. However these might only be useful for the initial stages of a value-based selling approach, where information and knowledge of the customer's business is acquired. Therefore in conclusion, the framework used in this thesis is in need of adjustment which portrays today's business market with the inclusion of environmental aspects and transparency. Furthermore the already established value drivers presented from previous research is in need of some adjustment to better fit the purpose of studying industrial markets with physical goods. As a result our proposal for an adjusted framework can be seen above that would be more industry specific for our sample. The framework could also be applicable, hopefully with good precision in similar industries like the steel industry, which focuses on selling physical goods with a B2B focus. Which in turn governs the overall understanding of how to successfully implement value-based selling in industrial markets with physical goods. However, more research would need to be conducted to strengthen these statements.

6.2 Theoretical implication

The study contributes to filling a knowledge gap in the literature by examining customer perceived value in a B2B context, which most of the research in the area have not covered due to being focused on B2C. In the B2B literature a majority of the research has been done towards service intensive industry focusing on IT, tourism and hospitality (Corsaro et al, 2010; Gallarza

et al, 2017; Zeithaml et al, 2020). Although the conceptual framework was retrieved from Lapierrres' (2000) study conducted on similar service intense industries (finance, information, communication, entertainment and distribution) the assessment was that the framework presented in Lapierrres' (2000) study was broad, nuanced, and used a multifaceted construct of value drivers clearly stated as benefits and sacrifices. Hence implementing that framework in the context of this study and testing its relevance showed that it still holds value. But this study adds more granularity to it, adjusting the value drivers to be more suitable to fit the industrial market with physical products, (such as steel) see figure 8 and lastly explained the concept in more detail. Also the nuance of how focus of value-based selling might be different depending on which industry that is being studied. Furthermore the study filled the gap somewhat of any contextual changes of value drivers which Zeithaml et al (2020) also stated is lacking in today's research about the topic.

The conceptual changes which were identified in this research were to include environmental aspects and transparency. Environmental aspect which was an emergent value driver was not surprising due to the current environmental conscious society which we live in. Furthermore since most of the research as of today, have not been emphasizing it to a large extent. The findings in this study therefore portrays the importance of environmental aspects, but to what extent in regards to other value drivers can only be concluded by including it in the framework in further research.

6.3 Practical implications

The findings of this study provides information of what SME Customers in the Swedish steel industry perceive as key value drivers of suppliers on an industrial market. Focusing on selling and delivering high value in today's competitive markets is proven to be important, nevertheless on the steel market. As a supplier in this industry, the results of this study would serve as a base of customer knowledge, what they value and what they perceive as valuable attributes and capabilities by a supplier. Within this industry segment there is an expressed concern regarding delivery precision and product quality which could be argued being a concern in any industrial market in today's business environment. This does not mean that the most valuable material is

most important, rather it is understanding the customer's need and finding the right material which can be delivered.

Communication is vital in these steps being upfront about what you are able to deliver, this reflects both reliability and trustworthiness. This is the focal point in the findings of this research establishing trust provides the basis for achieving common goals. Which is not only done through personal interactions even though this is important, even more so is that trust is achieved through delivering what is promised and the right quality. Since it is imperative that the quality of products and materials is right because this affects the end-consumer and could dictate the choice of supplier which a manufacturer relies on. Rather than separating individual aspects in order to evaluate how this affects relationships, review it as a continuous stream of action that amplifies the relationship. While one aspect might be valuable the other actions are equally important to focus on since they have an intertwined connection to each other. This research contributes to indicating valuable aspects to consider while establishing a connection with customers. This includes the initial steps of implementing a value-based selling approach, in turn creating a deeper understanding and the ability to evaluate what might create value affected actors. Based on Töytäri et al. (2011) eight elements of a successful value-based selling process, this study provides a basic understanding of the initial two elements.

From a practical view the results provide insightful information about the SMEs in the steel industry and be of strategic usefulness to ensure that focus is on the right value added dimensions towards these sample of respondents (SMEs). That would be to ensure that the SMEs have the right quality, consistent over time, so their operation is not affected with worse quality than expected or needed in the processing of the goods. Deliver the products in time, and according to what has been communicated to them. Charge a fair price, does not need to be the cheapest as long as the supplier is transparent with them and other requirements are met. Put in the right amount of time and effort towards them to ensure a good relationship. There is no need for technical expertise due to the SMEs being the experts of what they produce and make with the steel. What they need is a supplier that is trustworthy, with basic knowledge of the products that deliver a high desired value for them. In addition to this a supplier with environmental concern would help the SMEs in pursuit of becoming more environmentally sustainable and adapt to any

changes which derive from new laws and regulation, due to them being dependent to some extent to a larger partner.

6.4 Limitations

The research conducted for this Master Thesis does come with some limitations. The sample size originally proposed was a total of 12 respondents but after contacting all the respondents only eighth volunteered to participate. For instance it can not be certain if more participants in the three different categories in the sample would have any impact on the findings. During the interviews which were conducted by the authors of the study, there were some questions that were harder to understand by the respondents, this could have been the case due to the framework retrieved from a study conducted on an industrial market focused on service providers. This led to the need of further explanation by the interviewers, having the value drivers correctly stated with care to the specific industry studied would be more beneficial. Showcasing the limitations of transferability even if this research governs new concepts that might fit this industry and sample it is difficult to accurately apply the design to another industry.

The Steel market is clearly affected by external factors such as an ongoing pandemic and an ongoing war in Europe. This caused the supply of steel to decrease due to problems of delivery goods internationally. The current state of the market was surrounded with a high demand which has had an impact on prices and there has been tremendous price increases in recent times. This when the availability of steel decreases. Furthermore there is an increase of innovation, development and change on the market which also has an affect on the current state of mind of business in the industry. The fact that it is a challenging time both from a customer and supplier perspective leads to question how one should behave in order to stay competitive and perform well. What are the right decisions, needed capabilities from a supplier and what are key value drivers in this current situation in order to deliver high perceived value portrays the relevance and need of this study.

6.5 Suggestions for further research

Findings of the new value driver “Environmental aspects” aligns with previous research (Zeithaml et al, 2020) stating that new value drivers such as environmental and sustainable aspects perhaps would be more relevant in today's business environment. A first suggestion to further research would be to include this as a value driver and ask about the relevance and study it to gain more knowledge of its effect from a value perspective. Although this study concludes that it is an important value driver it has not been studied to the extent which can provide in depth reflections from this study.

Due to the timing of the study and the external factors that might have influenced respondents answers both the pandemic and ongoing war. It would be of value to conduct studies that could do comparisons during a boom or when the market has stabilized. Since there were expressions of frustration regarding some aspects which might be expressed in a different light if the respondents were content with market uncertainties. This could also focus on trying to quantify aspects of importance. Even though this is hard with perceived value, attempts at this would contribute to further theory building and conceptualization.

The developed framework presented in the discussion (figure 8) would also need to be used again to test its transferability. A suggestion would be to use it as a foundation in future research with the objective of studying any contextual changes of value drivers further. Since there are no conceptual agreements around the topic and the fact that most of the study relies on prior research which could be seen as somewhat outdated due to the globalized industrial changes and the external factors affecting all business today it feels safe to state that there is a need of clearly identifying the correct value drivers in today's industrial market and later perform empirical research which created a multidimensional model to measure them.

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Appendix

Appendix 1 - Interview Guide

Warm Up question:

Could you start off by telling us about your business and the industry you are working in.

1. What do you value the most in a supplier, is there anything that you prefer?
2. What do they perceive as a common bottleneck, when buying products from a supplier?
(Why do you say that, explain and elaborate, please?)
3. Could you tell me about alternative solutions of suppliers?
4. Could you tell me about product quality?
5. Could you tell me about range and product customization?
6. Could you tell me about responsiveness?
7. Could you tell me about flexibility?
8. Could you tell me about the competence of suppliers? And reliability?
9. Could you tell me about the technical competence of suppliers?
10. What does the image of a supplier evoke?
11. Could you tell me about the trust of suppliers?
12. Could you tell me about solidarity?
13. Could you tell me about the price?
14. Could you tell me about the effort and time invested?
15. Could you tell me about conflict? What is a usual conflict, how does this arise? How is this dealt with? Does this affect the relationship in any way?
16. This is our end question, going back to where we started, what would you now say is the most important attribute of a supplier creating the most value for you as a customer?

Thank you for your time, now that we have gone through all my questions is there anything that you would like to add? Anything that has come up that was unclear or something that sparked a thought that we did not cover?

Appendix 2

Ethical consideration

| Principal | Definition |
|--------------------------|--|
| Harm to participants | <i>“the potential to cause harm through the research process and the need to ensure physical and psychological well being either of research participants, the researcher, or others.”</i> |
| Dignity | <i>“the requirement to respect the dignity of research participants, researchers or others and avoid causing discomfort or anxiety.”</i> |
| Informed consent | <i>“the need to ensure the fully informed consent of research participants.”</i> |
| Privacy | <i>“the need to protect the privacy of research subjects or avoid invasions of privacy.”</i> |
| Confidentiality | <i>“the requirement to ensure confidentiality of research data whether relating to individuals, groups or organizations.”</i> |
| Anonymity | <i>“the protection of anonymity of individuals or organizations”</i> |
| Deception | <i>“the potential for deception through the research process, either through lies or behavior that is misleading.”</i> |
| Affiliation | <i>“the need to declare any professional or personal affiliations that may have influenced the research, including conflicts of interest and sponsorship, including information about where funding for the research has come from.”</i> |
| Honesty and transparency | <i>“the need for openness and honesty in communicating information about the research to all interested parties, including the need for trust.”</i> |
| Reciprocity | <i>“the idea that the research should be of mutual benefit to researchers and participants or that some form of collaboration or active participation should be involved.”</i> |
| Misrepresentation | <i>“the need to avoid misleading, misunderstanding, misrepresenting or false reporting of research findings.”</i> |

Adapted from Bell & Bryman, 2007, p. 71

Appendix 3 Coding Sheet

| Pre set categorie of Value drivers | | | Coding - Key word / Elaboration |
|------------------------------------|-------------------|-----------------------|---|
| Benefit | Product | Alternative solutions | Product range / solving problem / tailor offerings |
| | | Product quality | Quality /Durability & Reliability of products / consistency in product quality |
| | | Product customization | Customization / unique specifications |
| | Service | Responsiveness | Answering quickly / ability to listen to customers / visit location |
| | | Flexibility | Flexibility in respons to requests / adjust product & services to advoacted for unseen events / handling change |
| | | Reliability | Accuracy in deliveries and transactions / do things right / keep promises / overall competences |
| | | Technical competence | Product knowledge / expertise / generate solutions based on knowledge / |
| | Relationship | Image | Reputation / credibility |
| | | Trust | Telling the truth / accuracy of the information / fullfilment of promises / Sharing advice and thoughts / Sincerity |
| | | Solidarity | Help provided / Problem sharing / Commitment to improvment / Suppliers willingness to go beyond contract terms to help and meet needs |
| Sacrifice | Product & service | Price | Price paid / cost |
| | Relationship | Time/effort/energy | Time spent / relationship effort / resources spent / energy put in |
| | | Conflict | Arguments / conflicts / disagreements |
| Emergent Value drivers | | | Key word / Elaboration |
| Benefit | Product | Environmental | Environmental products, sustainable production |
| | Service | Environmental | Environmental deliveries, Environmental concern |
| | Relationship | Transparancy | Telling the truth / information sharing of change and unvanted events / Transparency in pricing |
| Sacrifice | Product & service | | |
| | Relationship | | |
| | | | |

Appendix 4 Workflow

