Business-to-Business Marketing: The theoretical integration of Servitization, Service-Dominant-Logic and Customer Experience.

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1. Introduction: the origins of Business-to-Business Marketing Theory

Business-to-Business Marketing (BtoB) is very different from Business-to-Consumer Marketing. For example buyer decision making is more complex, purchasing cycles are longer and involve many more steps, market information is at best partial, building relationships is more difficult and media to reach potential buyers is specialist and fragmented (Zimerman and Blythe, 2021).

These stark differences imply that theoretical development of marketing theory for BtoB markets is likely to be based upon phenomena within that domain and, given its very distinct characteristics, new and novel thinking is likely to be grounded in that domain rather than borrowed from others. Yet for some very important theoretical foundations of BtoB this is not the case. For example some foundations are established in the business-to-consumer literature and then retrospectively and separately applied to BtoB marketing. Two prominent examples of this are customer experience (Becker and Jaakola, 2020) and service-dominant-logic (SD-L) (Vargo and Lusch, 2016). Another instance is where marketing theory is developed in another business and management discipline and directly applies to BtoB marketing. For example servitization (Beltagui et al, 2022) is a research area of the operations management research domain, examining how organisations can augment and develop their BtoB product offerings by augmenting and differentiating them through the development of BtoB services.

Currently the three prior mentioned research domains are not brought together and integrated in the BtoB marketing literature. This short conceptual paper, therefore, aims to theoretically integrate servitisation, SD-L and customer experience in a BtoB marketing context.

This paper emerged from taking a research based teaching approach to the Cardiff Met MBA marketing module in newly introducing the above three domains into the module and in doing so examining them as whole and integrating them in a BtoB context.

The paper next separately explains the foundations and core theoretical framework of each domain. This is followed by the development of a new framework that integrates the three research domains.

2. Foundations and core theoretical frameworks of Servitization, SD-L and Customer Experience.

In turn each of the three research domains is considered.

Servitization is 'the transformation process undertaken by product focussed firms from gaining revenue through products to creating value through services' (**Beltagui, Baines, Schroeder and Bigdeli, 2022).** Servitization refers to the transformation of product-focused firms towards value creation through services.
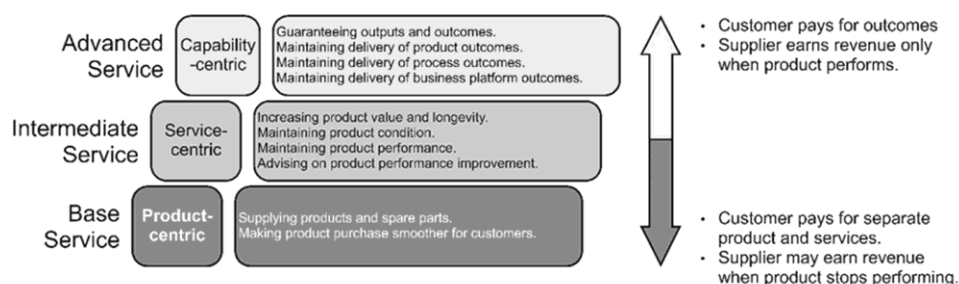
Figure 1: Servitization Steps

Figure 2: A services staircase demonstrates the increasing levels of integration between manufacturer and customer, risk and rewards involved with more advanced services. Adapted from Baines et al., 2019

At the most basic level an organisation is product centric, offering a separate base levels service that is paid for separately. The next step is to move to intermediate services where the offer becomes service centric where services are integrated with the product offer so that the maximum benefit is gain by the customer (i.e. product performance is maintained and advice is provided on maximising product performance. Finally, the organisation takes the third step of developing advanced services where the customer pays for outcomes and the organisation is capability centric. The steps in servitization development are very clear what is not so clear is how closer and closer integration between the supplier and customer is brough about.

Service-Dominant-Logic (SD-L) fundamental premise is that all goods provide and carry a service (Vargo and Lusch, 2004). In that from a consumer perspective the service and value provided by baked beans is a quick meal, washing detergent provides a clean shirt for work or a rail journey provides for the opportunity to meet family in friends. Value does not reside in the purchase but in its use (value in use).

Figure 2: Axioms of SDL

1. **Axiom 1 (FP1)**: **Service is the fundamental basis of exchange**.
   o Service, or the application of skills and knowledge, is central to all economic exchanges.
2. **Axiom 2 (FP6)**: **Value is co-created by multiple actors, always including the beneficiary.**

- o Customers are not passive recipients but active participants in the value creation process.
3. **Axiom 3 (FP9)**: **All social and economic actors are resource integrators**.
    - o All parties in an exchange contribute and integrate resources within service ecosystems.
4. **Axiom 4 (FP10)**: **Value is always uniquely and contextually determined by the beneficiary.**
    - o Value is subjective and varies according to the customer's context and perceptions.
5. **Axiom 5 (FP11)**: **Value co-creation is coordinated through actor-generated institutions and institutional arrangements.**
    - o Social norms, rules, and institutional contexts influence and shape how value is co-created.

As set out above Vargo and Lusch (2017) propose five core axioms for SD-L. Within the literature they are extensively applied to Business-to-Consumer markets but not BtoB. Conceptually, in a BtoB context the application of the axioms raises a number of questions. If service is the fundamental basis of exchange (Axiom 1), is the service provided by BtoB products being maximised by BtoB suppliers? If value is not just consumed by a customer but is co-created by multiple actors (Axiom 2), what is the potential for BtoB suppliers to actively involve customers in building value co-creation? If there are two sets of resources available, those of the supplier and customer, what opportunities reside in integrating and combining these resources (Axiom 3)? If value is subjective and uniquely defined by the beneficiary, what opportunities are there for the joint development of specific offer customised to the very specific needs of the customer (Axiom 4)? If there is the potential for actors to come together to build institutions (Axiom 5), what opportunities are there for suppliers and customers to build joint processes and organisations to build value by organising around addressing joint problems with joint solutions. Each of the five axioms re-frames the nature of the offer and relationship between suppliers and customers and in doing so changes what is experienced by both actors over time.

In a business-to-consumer context customer experience is defined as 'Customers' non deliberate, spontaneous responses and reactions to offering-related stimuli along the customer journey' (Becker and Jaakkola, 2020). Customer experience ranges from ordinary to extraordinary representing the intensity of customer responses to stimuli. This means that as customers progress through their pre-purchase, purchase and post purchase journey (Lemon and Verhoef, 2016) they take notice of certain phenomena that shape their experience.

Figure 3: BtoB customer experience

Fig. 1. Conceptual Framework.

Gounaris and Almoraish (2024) , as in figure 3 above, propose a model for BtoB customer experience. It proposes and empirically validates there are two sets of drivers that influence four forms of experience. Technical drivers relate to the nature and content of the core offering and that of the augmented offering. Functional drivers concern the climate within which business and transactions that take place and the degree to which relationships and bonds are formed between the customer and the supplier. These phenomena in turn influence what occurs during each transaction and encounter (Factual Experience), the cognitive impression of the flexibility, adaptability and customer need understanding of the supplier (Sagacious Experience), how the in the short term the customer emotionally feels about the transaction i.e. safe, relieved, content and so on (Emotional Experience) and the long-term impressions left with the customer as a result of social interaction with the supplier (Social Experience).

3. Integrating Servitization, SD-L and Customer Experience.

By synthesising the above three research domains this paper proposes a theoretical framework that integrates and connects the three research domains. Put simply as an organisation incrementally progresses through each step of the servitization journey (from base service to intermediate service to advanced service) the greater the opportunity for the five axioms of SD-L to be used to build and enhance the service and value co-creation. As the five axioms of SD-L are increasingly applied the greater the potential opportunity to positively address more of the elements of BtoB customer experience. So as the organisation progresses through the servitization journey the more the five SD-L Axioms become relevant to additionally co-create value and potentially, as a result, at each stage, develop and enhance the customer experience.

Table 1: Integrating Servitization, SD-L and Customer Experience

Servitization Step	Axiom One Service Exchange	Axiom Two Value Co-creation	Axiom Three Resource Integration	Axiom Four Beneficiary Customisation	Axiom Five Unique institutions and arrangements	Customer experience dimensions developed
Advanced Services (capability centric)	Yes	Yes	Yes	Yes	Yes	Functional Segacious Emotional Social
Intermediate Services (service centric)	Yes	Yes	No	Yes	No	Functional Segacious Emotional
Basic Services (product centric)	Yes	No	No	No	No	Functional

So, for example, service exchange, actor-to-actor value co-creation and addressing specific needs of an organisation as a beneficiary can be used as a means of advancing to service centricity by developing intermediate services. In doing so it builds and significantly develops the functional, sagacious and emotional elements of customer experience. Where as developing joint specific structures and processes and integrating the resources of the customer and the supplier both support advancing to advanced services and capability centricity.

The next step is to present the above to practitioners to validate the practicality of the proposed integration, followed by an empirical study to statistically test the integration.

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