

THE RANGE OF SERVICES IN THE B2B MARKET WITH PRODUCTS OF THE CHEMICAL INDUSTRY

Vlckova V.¹, Lošťáková H.²

^{1,2}*University of Pardubice, Studentska 95, 532 10, Pardubice*
vladimira.vlckova@upce.cz, hana.lostakova@upce.cz

Abstract

In the last decades, manufacturers operating in the B2B market have been responding to the growing competition increasingly with an offer of additional services and customer solutions. Compared to the importance of the product itself, prices, respectively, price advantage, the importance of customer services is rising in the long term. Customer services are becoming the important basis for strategic differentiation of offerings, and they play a significant part in creation and maintenance of customer satisfaction and loyalty. Customer services are thus becoming one of the deciding areas of acquiring competitive advantages. Therefore, a sufficient range and quality of customized services is a critical factor of the corporate success in the market. However, the range of services in the B2B market is, to a large extent, specific and different from the range of services provided in the B2C market. It also differs within different industries and business areas operating in the B2B market. However, the professional literature does not pay due attention to this area. And this is why this paper aims to specify the range of services in the chemical B2B market. To meet the above target, the paper defines, based on the targeted research, the services provided in the B2B market and presents the outcomes of a primary qualitative research. The research was conducted using the method of personal questioning in the selected area of business of a chemical company, focussing on exploration of the range of customer services and its influence on an increase in the customer value and the company's competitiveness.

Introduction

As a result of the fact that it is more and more difficult for manufacturing companies to differentiate physical products, they more and more often resort to differentiation through services¹. The manufacturer thus offers a product not only as the sum of utility values (properties), but also as a solution to the consumer's problem. A product cannot only be characterized according to the objective properties or quality measured from the technical and design, and physical and chemical points of view, but also according to the way of performance – services². To satisfy the customer, the product (so-called product core) is supplemented with other attributes in the spirit of the concept of the total product. Addition of the second level gives rise to a material product, which is formally expressed through a set of technical parameters of the product, supplementary functions, and its external features. Addition of the third level results in creation of a product in the extended concept, offering the way how the product will be marketed and used, including all accompanying services. The fourth level then creates relationships with the customers, and the reputation of the supplier and the other stakeholders as perceived by them, which complete perception of the total product. These factors are, among others, influenced by realization of corporate social responsibility concept³. Within this comprehensive concept, the product is perceived as the sum of all physical and psychological product properties, through which the customer needs and requirements are satisfied. Its success is determined by the level of satisfaction of the customer needs and wishes. In the last decades, manufacturers operating in the B2B market have been responding to the growing competition increasingly with an offer of additional services and customer solutions⁴. It is not only the scope of the appreciated range of products, but also the quality of services what brings the customers back. Compared to the importance of the product itself, prices, or price reductions, the importance of customer services is rising in the long term. In a lot of companies, services are becoming the important basis for strategic product differentiation⁵. The market is more and more sensitive to the level of services⁶. A product "wrapped up" in additional services can even be perceived by the customer as a new product⁷. Customer services belong to the means of increasing the utility value of the supplied products and services⁸. They have thus gradually became the basis of the corporate strategy, at first in the U.S.A., and immediately afterwards also in West European and other developed countries in the world. If a company offers high quality services, it will always be one step ahead of its competitors. Therefore, services play a significant role in creation and maintenance not only of the customer satisfaction, but mainly of the customer loyalty, and they are becoming one of the deciding areas of obtaining competitive advantages. Transition from the "old" to the "new" model of services is nowadays seen in the fact that companies have moved from provision of services

supporting their products to provision of services supporting the clients⁹. Therefore, managers of large and medium-sized companies strive for creation of a strong competitive weapon in the form of development of a logistics chain aiming to differentiate themselves from their main competitors by the offer¹⁰. Creation of a logistics system leads to another opportunity for improving customer services and decreasing costs¹¹. Marketing management, logistics management, and within their framework customer services management thus create the basis for permanent growth of income and creation of a positive corporate reputation in the market¹². The focus of competitiveness is moving from products themselves to the supplying abilities created by the entire supply chain. Therefore, a service may also be understood as a strong marketing tool, which very effectively builds and strengthens the customer-supplier relationships^{13,14}.

Therefore, a sufficient range and quality of customized services is a critical factor of the corporate success in the market. However, the range of services in the B2B market is, to a large extent, specific and different from the range of services provided in the B2C market. It also differs within different industries and business areas operating in the B2B market. However, the professional literature still has not paid due attention to these problems. Some problems arise from the non-unanimous understanding of the term customer services itself. Also, the range of customer services is mostly solved by the professional literature on the general level, while on the B2B market it is solved marginally only.

And this is why this paper aims to specify the range of services in the chemical B2B market. To meet the above target, the paper defines, based on the directed research, the services provided in the B2B market and presents the outcomes of a primary qualitative research. This research was conducted using the method of personal questioning in the selected area of business of a chemical company, focussing on exploration of the range of customer services and its influence on an increase in the customer value and the company's competitiveness.

Customer Services in B2B Markets

Services may represent a significant or relatively small part of the company's offer in the market in relation to the fact whether it is a company providing solely services, or a manufacturing company. From the five potential offer categories, particularly the category of material products with accompanying services and the hybrid offer relate to services in B2B markets (the other categories are purely material goods, a dominant service with accompanying smaller goods, and a pure service)¹.

Services supporting a product are becoming the main battlefield, where battles for the competitive advantage take place. As a result of a small customer portfolio and the importance and power of larger customers in B2B markets, the suppliers are expected to tailor their offers to the needs of individual corporate customers¹. If customers order a service, they buy an intangible experience, which should represent a set of product advantages of various characters. This trend of departure from more traditional product-oriented marketing towards the combined product strategy is called *servicization*^{15,16}. An example can be a producer of chemicals offering a wide range of carefully designed lubricants, who is going to strive for an increase in the performance of the customers' machines. Solutions promised this way represent a more customer-oriented approach to positioning in B2B markets¹⁶, and they significantly contribute to strengthening of customer relations.

The essential classification of the range of services is based on the concept of market transactions performed before, during, and after sales¹⁷. Oliveira and Gimeno add another dimension, i.e. concurrent classification according to the strategic, tactical, and operative level¹⁸.

Pre-sales services are not usually directly related to implementation of an order of material products. They are formed and provided before the transaction itself, and they are to create the environment for provision of a particular level of service. They are related to the sales policy or programmes of a particular supplier, to an adequate organizational structure, to accessibility and flexibility of the system. They are closely related to medium-term to long-term horizons and the strategy in the area of services¹⁸. They may have a fundamental impact on the facts how customers perceive the supplier and how satisfied they are¹⁷. In this phase, achievable measurable service standards should be specified in the way to reflect customer requirements or the corporate targets in the area of competitiveness. Customers should be well informed about them in the interest of preventing potential discrepancies between their expectations and actual possibilities of the company⁵.

Sales sections of customer services usually deal with arrangement and implementation of sale. They are immediately related to the routine operation of the logistics system, they have a direct impact on the performance of physical product distribution and delivery reliability. They mainly focus on quick confirmation of orders, on their implementation, permanent monitoring, and notification of customers of the status of their settlement, stock localization in the distribution system, utilization of the system of the order of settlement of

received orders, and offering an alternative solution in case of problems⁸. They usually enjoy the highest attention of the supplier because they are of key importance for success of the business case.

After-sales services are provided after the delivery of a product or a service. They usually support a product within the period of its utilization. This refers to introduction and flexible functioning of a warranty claim settlement system and a product returns system, ensuring a sufficient quantity of spare parts, availability of engineering services for customers, creation of a sufficiently dense and suitably geographically located network of repair shops and consultancy centres⁸. In addition, Lambert et al. also mention product monitoring in the form of registration of which products have been sold and to whom, and services relating to reverse logistics, such as customer complaints, warranty claims, goods returns, and product replacement. Suppliers omit after-sales services most often, compared to the previous two groups¹⁷. However, if a supplier offers after-sales services as a standard only, he/she may become unsuitable for the customer, and it may result in disruption of mutual relations, and potentially even in extinction of the business relationship. Therefore, their importance should not be underestimated. It is just after-sales services in companies serving B2B markets what is perceived as a very effective tool for increasing the value for customers⁷.

A lot of companies have difficulty describing exactly what customer services mean and defining them meaningfully¹⁹. The thing is that it is not possible to find a simple way how to specify all activities coming under B2B customer services in general. Therefore, the authors have specified, on the basis of the research, a possible range of customer services provided in B2B markets with chemical products. In the selected area of business, it was then identified whether the customer services are provided, by which section, and how they are important for the customers from the point of view of managers responsible for fulfilment of the customer requirements.

The outcomes of interviewing about the range of provided services

To specify customer services in B2B markets, a qualitative survey was conducted in a selected SBU. The primary data were collected in the first quarter of 2017 in the form of personal interviewing of the area manager and the sales manager of a selected group of products of the given SBU in accordance with a prearranged interviewing scenario. The survey aimed to identify which of the preselected services the customers are provided with in B2B markets, and possibly also to identify the reason why they are not provided, or to identify another still unspecified service. It also aimed to assess importance of individual services for the customers. It was assessed from the point of view of the sales manager on the basis of the following assessment scale: 1- the service is not important at all, 2- rather unimportant, 3 - rather important, 4 - very important. The survey also aimed to find out which departments of the given SBU, or which departments outside the given SBU from central departments of the company, are involved in provision of individual services, or whether any services are outsourced. The collected information is summarized in the following table 1.

Table I
Evaluating services

ID	Pre-sales services	Ratings
1	Informing customers of products, prices, services	4
2	Providing customers with printed promotional materials	3
3	Provision of product and service catalogues on the Internet	4
4	Presale presentation of products	*
5	Organization of professional seminars for customers pre-sales product	2
6	Sending customers product samples in regular periods for free	4
7	Sending customers product samples for a consideration	4
8	Consultancy in the area of choosing a suitable product, its parameters, etc.- personal	4
9	Consultancy in the area of choosing a suitable product, its parameters etc. - e-consultancy	4
10	Consultancy for customers over the phone (information, technical support)	4
11	Product development according to specific customer requirements	2
12	Product modification according to specific customer requirements without development	2
13	Testing of new or modified products on the customer's premises	3
14	Modification of product marking according to customer requirements	3
15	Ensuring product from another producer in case of lack of products	3
16	Ensuring another product substitution in case of insufficient quantity of ordered products	3
17	Offer of packing substitution	3
18	Modification of packaging according customer requirements	3

19	Cooperation in adjustment of the product processing technology on the customer's premises	4
20	Providing customers with consultancy within development of their new products	2
21	Modification of finished product quality control according to methodology of customers	4
22	Informing customers about an intention of changing the product range	3
23	Informing about expected disruption in production, in the volume of production	4
24	Initial training of customers' staff before starting an operation	2
25	Provision of handbooks, user manuals with a product	3
26	Online communication with customers through social media, corporate blogs, etc.	1*
27	Distribution of online press releases to customers	1*
28	Informing customers of the company's investment intentions	2

ID	Sales services (relating to product delivery)	Ratings
1	Assisting customers with placing orders	4
2	Free order cancellation	3
3	Free order modification	4
4	Online monitoring of order fulfilment by customers	1*
5	Provision of information about the status of order settlement:	2
6	- about the course of order settlement	4
7	- about the current delivery time	4
8	- about the place where the delivery is located	4
9	- about special solution of the delivery	4
10	Issuance of special quality certificates according to customer requirements	3
11	Monitoring of the customer's stock of supplied products	4
12	Setting of the level of kept stock according to the customer's requirements	2
13	Assistance with creation of a system of controlling the customer's stock	3
14	Assistance with management of the customer's stock of purchased products	3
15	Replenishment of the customer's stock of supplied products	4
16	Consignment warehousing for customers close to their premises	3
17	Providing customers with information about your stock level of the products	2
18	Providing customers with information about stock depletion on your premises as the supplier	4
19	Provision of product technical documentation	4
20	Offering an alternative solution in case of problems with order settlement	4
21	Redistribution of products among places with uneven consumption, e.g. among warehouses	1*
22	Arrangement of transport of products to customers	4
23	Providing consultancy for transport of products	2
24	Providing consultancy for warehousing of products	3
25	Provision of customs clearance,	4
26	Provision of insurance of consignments	4
27	Providing regular customers with discounts	3
28	Offering various methods of payment for delivered goods	4
29	Regular visits of sales representatives to the customers' premises	4

ID	After-sales services	Ratings
1	Provision of product guarantee beyond the statutory obligations	*
2	Settlement of customers' warranty claims within the statutory time limit	4
3	Ensuring of returning products, e.g. an unsuitable product, damaged packaging, etc.	3
4	Exchange of defective products	3
5	Customer complaints settlement	4
6	After-sales training of the processors' (customers') staff	2
7	Application consultancy about product utilization on the customer's premises	4
8	Consultancy concerning selection of a suitable product, conditions of use – by phone	4
9	Providing information relating to technical problems with product use	4
10	Additional adjustments of product processing technology after sale	2
11	Disposal of waste generated on the customer's premises	1
12	Consultancy, assistance with choosing the waste disposal method	2

13	Reverse collection of packaging	3
14	Monitoring of the customer's products – who they have been sold to	3
15	Provision of gifts to customers	2

* SBU does not provide this service

Discussion and result analysis

The analysis of the conducted survey outcomes showed that the company provides 67 out of the 74 specified services. According to the sales manager, the list contained all the provided services, so he did not specify another additional service. The structure of the provided services, broken down by market transactions implemented before, during, and after the sale, including their evaluation, is shown in table 2.

Table II
The Structure and Evaluation of Provided Services

Services	Provided services		% of all evaluated services in the given group				Total
	Yes	No	Evaluation point scale				
			1	2	3	4	
Pre-sales	25	3	7.41	22.22	33.33	37.04	100%
Sales	27	2	6.90	13.79	24.14	55.17	100%
After-sales	15	2	7.17	28.57	28.57	35.71	100%
Total	67	7	-	-	-	-	74

Table 2 shows that the smallest range of services from all the considered services is provided after the sale, while the scope of pre-sales services and after-sales services is larger and they are represented comparably. All the three groups are most often evaluated as very important when servicing the customers and, at the same time, what is considered as most important is the services provided during the sale, where more than a half of them are considered as very important and a quarter of them as rather important. After-sales services are considered a little less important than pre-sales services.

On the basis of the content analysis of the outcomes, it is possible to formulate the following conclusions. The reasons why some services are not provided include: the impossibility of providing the service with respect to the type of sold products (presale presentation of products, provision of product guarantee beyond the statutory obligations), or the fact that the customers do not require it (Distribution of online press releases to customers, disposal of waste generated on the customer's premises), or that they are not important for the customers, but if a customer requires them, the company is able to provide them in another form (online communication with customers through social media, corporate blogs, discussion forums; online monitoring of order fulfilment by customers), or they are not provided for the reason of high excess costs or extra activities (redistribution of products among places with uneven consumption, e.g. among distribution warehouses). The required services are mainly provided by internal department, which are listed here in descending order of their share in ensuring services: the sales department, the technical department, the department of shipping and finished product warehousing, the production department, exceptionally then the marketing and market research department, the quality control department, and the department of the chief engineer. From the central departments, the services are provided with participation of the technical section, where the logistics and marketing department belongs. Outside companies are only hired to provide extra-company transport. Absolutely exceptionally, a service is provided by a single department only. By contrast, fulfilment of the customers' requirements concerning services depends on close cooperation not only on the customer-supplier level, but also on close cooperation of individual, particularly internal, departments.

Conclusion

The conducted primary qualitative research showed that, as for provision of customer services in B2B markets, services provided during the sale are considered most important from the point of view of the supplier. Also, the survey identified the largest number of these services. It is given, among other, by the fact that relationships between B2B market suppliers are usually long-term ones, they are built up on mutual confidence, experience, and knowledge of the given area of business (including technologies, applications, etc.), and so the respondents do not consider pre-sales and after-sales services so important for satisfying the customers as services connected with the sale itself. At the same time, after-sales services are related to

provision of the guarantee, an exchange of defective products, to additional technology adjustments, which are activities closely connected with the product quality, which is permanently on a high level at the given SBU, and so they are not that necessary within the process of serving customers. However, at least 60% of the services in all three groups are evaluated as at least rather important. What is also necessary for fulfilment of the customers' requirements is close cooperation mostly of three internal departments (sales, technical section, and logistics). What was also confirmed is the fact that the range of services and assessment of their importance when serving customers is affected by the type of the sold product (particularly from the point of view of the technology of its production, the possibility of its modification, its next processing or application), the way of storing, packaging, and transport, and also whether the sale is implemented in the domestic or foreign markets, the volume of sales, the range of the supplied production, the number of customers and their importance for the company.

References

1. Kotler P., Keller K. L.: *Marketing management*, Grada Publishing, a.s., Praha 2013.
2. Tomek G., Vávrová V.: *Vize tržního úspěchu aneb 10 otázek a odpovědí jak chápat marketing budoucnosti*. Professional Publishing, Praha 2012
3. Tetrevova L.: Corporate Volunteering - the Theoretical Basis and Practical Consequences. In: Proceedings 2nd International Multidisciplinary Scientific Conference on Social Sciences and Arts "SGEM 2015", Albena, Book 2, Vol. 2, 2015, pp. 637-644, doi: 10.5593/SGEMSOCIAL2015/B22/S7.082.
4. Ulaga W, Reinartz W. J.: *Journal of Marketing*, 75(6), 5 (2011).
5. Pernica P.: *Logistika pro 21.století (Supply Chain Management)*. Radix, Praha 2004.
6. Christopher M.: *Logistics and Supply Chain Management: Creating Value-Added Networks*, Pearson Education, London 2005.
7. Lostakova H., Bednarikova M., Branska L., Dedkova J., Janouch V., Jelinkova M., Nozicka J., Pecinva Z., Simonova J., Vavra J., Vlckova V.: *Diferencované řízení vztahů se zákazníky*. Grada, Praha 2009.
8. Gros I., Barančík I., Čujan Z.: *Velká kniha Logistiky*. VŠCHT, Praha 2016.
9. Mathieu, V.: *Journal of Business & Industrial Marketing*, 16 (1), 39 (2001).
10. Melovic B., Mitrovic S., Djokaj A., Vatin N.: *Procedia Engineering*, 117, 802 (2015).
11. Vlckova V., Vrbova H.: Development and Assessment of Chosen Supply System Structure in the Czech Chemical Industry, Proceedings of International Conference Carpathian Logistics Congress, CLC 2015, Lázně Jeseník, TANGER Ltd, Ostrava, p. 518–524, WOS:000387950100080, IDS Number: BG3IR
12. Jelinkova M., Lostakova H.: The Importance of Building Positive Reputation of Chemical Industry Companies for Development of Relationships within Supply Chains. Proceedings of the 9th International Scientific Conference "Business and Management 2016", Vilnius, pp. 1-10, Vilnius Gediminas Technical University, 2016.
13. Trout J., Rivkin S.: *Differentiate or Die: Survival in Our Era of Killer Competition*, John Wiley & Sons, Hoboken 2010.
14. Branska, L., Patak, M., Pecinova, Z. Horak, L.: Supplier Relationship Management as a Tool for Strengthening Partnerships in Supply Chain, In Political Sciences, Law, Finance, Economics and Tourism Conference Proceedings, STEF92 Technology Ltd., Vol. III, pp. 1051, Sofia 2016.
15. Van Looy, B., Gemmel, P., Desmet, S., van Deerdonck, R., Seernels, S.: Dealing with Productivity and Service Quality Indicators in a Service Environment: Some Field Experiences, *International Journal of Service Industry Management*, 9 (4), 359 (1998).
16. Ellis N.: *Business- to-Business Marketing*, Oxford University Press, New York 2011.
17. Lambert D. M., Stock, J. R., Ellram, L. M.: *Logistika*. Computer Press, Praha 2000.
18. Oliveira A., Gimeno A.: *Customer Service Supply Chain Management*. Pearson Education LTD, USA 2014.
19. Lisch R.: *Measuring Service Performance: Practical Research for Better Quality*. Gover Publishing Company, England 2014.