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Servitization in Italy: evidences from the Lazio region.

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Despite the importance of servitization has been recognized during the last decades by both academics and practitioners around the world, little has been said regarding its adoption by the Italian manufacturing firms. This paper aims to fill this gap through a survey, via a specific questionnaire constructed by adopting the questions used by Baines et al. in 2010 to investigate the UK manufacturers. Findings show the main features and determinants of the servitization strategy among Italian manufacturers. Moreover, a comparison between Italy and UK has been carried out. Although the insights provided by this paper are preliminary, the results analysis allows us to draw an overview of the industrial trends in Italy.

1. Introduction

In recent decades, the trend towards increased services offering by manufacturers and the link between industry and services are two of the major features of the economic development.

As stated in *The Work Foundation's¹ Report "More than making things"* by Sissons (2011), much of the future growth in manufacturing will come from "manu-services", namely by "a broad group of activities that involve combining manufactured goods with services. These activities range from fairly simple combinations of goods and complementary services (such as maintenance and installation) to complex integration of manufacturing and services (which may involve providing services such as development, design and after sales care in close integration with the production of a good)" (p. 6).

The above-mentioned importance of services for the manufacturing firms had already been recognized in the literature since 1988 by Vandermerwe and Rada, who coined

¹ The Work Foundation is the trading name for Landec Ltd, a wholly-owned subsidiary of Lancaster University.

the term “servitization” in order to describe the integration of complementary services into the manufacturing firms’ portfolio by offering value bundles that consist of both services and physical goods. Starting from them, research on the topic has expanded exponentially over the years. However, despite this strong interest, there is still a paucity of studies that empirically analyse this phenomenon. This is especially true if we look at the studies that analyse how manufacturing firms, located in different countries, adopt (or not) a servitization strategy (some exceptions in this sense are the studies by Baines et al., 2010; Lay et al., 2010; and, Szász; Demeter, 2011).

In this respect, it is worth noting that no empirical studies regarding the adoption of servitization by the Italian manufacturing firms have been produced yet. Thus, the main aim of this paper is to fill this gap via a survey. In particular, through the administration of a questionnaire and the analysis of the responses, the paper describes the main features and determinants of the adoption of a servitization strategy services by the manufacturing firms located in the Italian region of Lazio.

The paper is structured as follow. Following this introduction, the research method adopted is described in the second section. The third section reports the findings gained through the survey, which have been synthesized into a set of 15 propositions. The fourth section is related to the results discussion and to the comparison between Italian and UK manufacturers. Finally, the fifth section is devoted to the conclusion together with the limitations of the study and suggestions for future research.

2. Research method

As already stated, there is no empirical evidence regarding the adoption of the servitization strategy by Italian manufacturing firms. It is for that reason that this paper tries to partially fit this gap by investigating the manufacturing firms located in the Italian region of Lazio via a questionnaire.

2.1. Survey

In order to reach the paper aim, the survey methodology has been chose (Babbie, 1990; Fowler, 2013; Groves et al., 2009). The questionnaire used for the investigation has been constructed by adopting (Bourque; Clark, 1994) the questions used in the survey by Baines et al. in 2010, who have expressly authorized the replication of their study and have also provided additional material for the proper conduct of this research.

The questionnaire (see Appendix) consists of seven sections, which are: respondent data, company general information, service offering, service strategy, motivations, organizational changes and future perspectives.

The questionnaire is a self-completed web questionnaire and respondents access to it through their web browser using a hyperlink. This kind of questionnaire has been chose also because it allows having a low likelihood of contamination (or distortion) of respondent’s answer (Saunders et al., 2016). The questions were predominantly closed-ended, even though comment boxes were provided for some of them.

The hyperlink related to the questionnaire has been sent by email on April 2016, and responses have been collected over the following twelve-week period through the Qualtrics™ online survey tool.

The original target sample was made up of all the manufacturing firms (976 companies) belonging to the Italian Association of *Unindustria* (the Association of Manufacturers and Enterprises of Rome, Frosinone, Latina, Rieti, Viterbo). The manufacturing firms have been identified through the ATECO 2007 classification of economic activities².

At the end of the collection period, 53 questionnaires were received. Looking for completeness and comprehensiveness, only 34 have been actually used. The overall response rate was 3.5% and the questionnaire has been addressed by 20 CEOs and 14 General Managers of the companies surveyed.

3. Findings

Key findings emerging from the survey results analysis are reported through 15 propositions, analysed in the following 8 sections.

3.1. Service offerings

The survey set out to understand the types of services that manufacturers are offering, and according to Baines et al. (2010), it seems to be critically important to distinguish between “protective” and “proactive” services. The former are “simple” services added by manufacturing firms to their portfolio in order to protect themselves by the loss of orders. The latter are more “sophisticated” services used by manufacturers as the basis of their competitive strategy.

Figure 1 illustrates the different services offered by surveyed manufacturers.

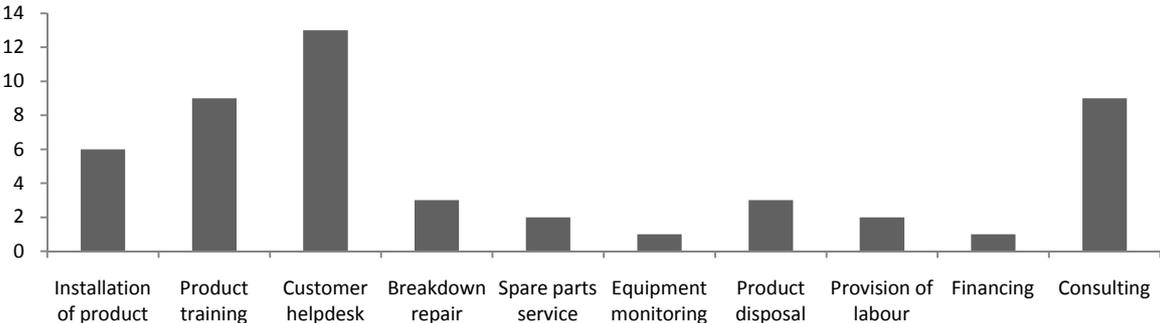


Figure 1. Number of companies offering the different services.

In particular, between the “protective” services, almost all companies surveyed offer: customer helpdesk (64,7%), product training (52,9%), and product installation

² This classification is the Italian national version of the European nomenclature Nace Rev. 2.

(35,3%). Whilst, very few manufacturers provide “proactive” services (e.g., only 4 out of 34 offer the product disposal). However, it is interesting to note that, among these more sophisticated services there is one with almost the same popularity of the “protective” services, namely: consulting. Specifically, 16 out of 34 provide this kind of service.

Findings 1. Almost all manufacturers provide simple services (i.e., protective services), which typically include customer helpdesk, product training, and product installation. Only few manufacturers are able to provide also sophisticated services (i.e., proactive services), except for the consulting service that is offered by nearly half of the companies.

3.2. Maturity of service strategy

In order to understand the maturity of service offerings a set of specific questions has been posed.

The results indicate that respondents consider to have mature (76,5%)– or at least quite developed (23,5%)– service strategies. This claim might seem unrealistic, but only if not properly contextualised. In fact, the maturity in the implementation of a strategy shall be measured in relation to the objectives for which that strategy has been formulated. Thus, due to the fact that the majority of the companies analysed mainly offer only a small portion of the possible services, and in particular the protective ones, it is possible to assume that their strategy is mature only for this kind of services.

Finding 2. Almost all manufacturers (76,5%) consider themselves to have a mature service strategy. This maturity can be considered verified only for the protective services.

3.3. Pricing agreement, risks, and performance

The survey examined the different types of pricing agreements between manufacturers and their customers, along with associated risks and performance measures.

Regardless of the type of service offered (i.e., protective or proactive), the most used pricing agreement is “included in product price”, i.e. the right to use a specific service is automatically acquired by the customer when purchase the product. This type of contract is used to set the price of 9 out of the 14 services offered by the companies. However, sometimes, also “pay per use” and “profit/revenue sharing” are adopted.

Interestingly, only two manufacturers state to take risks previously owned by their customers and, where these risks are taken, they try to mitigate them through liability limitations.

All manufacturers surveyed measure the success of their service strategy, and the most popular methods (20 companies out of 34 use them) are: “customer satisfaction” and “new customer acquisitions”. Moreover, in comparing themselves to other service providers in their industry, almost all manufacturers consider their level of service performance at least over the industry average. This is especially true in terms of: customer satisfaction, profitability, and revenue growth.

All companies surveyed (except two) adopted measures to demonstrate the value of services delivered to customer, and in the majority of cases (59%) this was achieved by “improvements in product performance”. Moreover, the services value is made visible to customers mainly via combinations of on-site visits, customer satisfaction surveys, and customer workshops.

Finding 3. For the services offered by manufacturers, the most used pricing agreement is “included in product price”.

Finding 4. In almost all cases, the delivery of services does not include for the manufacturer to undertake risks previously held by their customers.

Finding 5. The most popular measures of service business success are “customer satisfaction” and “new customer acquisition”.

Finding 6. The value of services is most often measured through “improvements in product performance” and it is made visible to customers mainly via on-site visits.

3.4. Motivations of manufacturers to offer services

The survey sought to identify the popular factors that prompted manufacturers to provide service offerings. According to the literature on servitization (Baines et al., 2009b; He; Lai, 2012; Oliva; Kallenberg, 2003), these factors have been categorized into four groups: 1) Financial needs and opportunities, 2) Strategic needs and opportunities, 3) Marketing needs and opportunities, and 4) External influences.

The most influencing factors are concerned with strategic motivations. Such factors are: “improving ability to respond to customer needs”, “differentiating the offering from competitors”, and “increasing customization of the offering”. Another relevant factor, instead, relates to financial motivations, and specifically refers to the “desire to increase revenues”. It is worth noting that the motivations that drove companies to adopt a service strategy have remained the same over time.

Finding 7. For most of the respondents (20 out of 34) the main reasons that prompted them to offer services are the need to satisfy their customers and the possibility to differentiate themselves from competitors.

3.5. Motivations of customers to adopt services

The survey investigates the manufacturers’ perceptions related to why their customers are attracted to service offerings.

The manufacturers surveyed believe the possibility to reduce the investments in people/equipment as well as the operating costs are the main factors able to attract customers.

On the contrary, always from the respondents point of view, for customers do not appear to be significant the possibility to reduce their risks. This result is in line with *Finding 4* and may justify why almost all manufacturers surveyed do not undertake customers’ risks.

Finding 8. Manufacturers believe that the possibility to reduce costs and investments are the main reasons why customers are attracted by services.

3.6. Formation of service strategy and offerings

In addition, the questionnaire also set out to test the formation of service strategies and offerings.

The majority of firms (20 out of 34) claimed to have moved into services over ten years ago, and all of them indicated that the decision to pursue a service strategy was initiated top-down.

In response to questions regarding their approach to service design, the majority of the respondents claimed any structured approach, and less than one third claim to always involve their customers in the service design process.

Finding 9. All manufacturers have taken a top-down approach to the identification of a service strategy.

Finding 10. The majority of the respondents claim to have any structured approach to the design of their service offering and only few of them (10 out of 34) always involved customers in the development of service offerings.

3.7. Organizational changes

The extant literature and evidences from previous case study on servitization (Baines et al., 2009a; Brax, 2005; Gebauer; Friedli, 2005; Leoni, 2015) indicate that moving from manufacturer to service provider results in significant challenges in organizational culture and structure.

The survey tested these challenges, confirming that the decision to adopt a service strategy implies some major changes within company.

In particular, respondents claim that major changes have taken place with respect to: acquisition of new skills, people, training, equipment, and product/service range. At the same time, only minor changes have affected capital investment, technology, and culture.

Even though these responses are consistent with what has been already stated in the literature on servitization, they allow us to understand that the decision to provide services can be considered as a duty by companies. In fact, despite the required changes, and the associated costs, companies continue to offer services and to extend their range over the years.

Finding 11. Most manufacturers claim to have experienced major changes, particularly in terms of skills, people, training activities, equipment, and product/service range.

Finding 12. Only a third of manufacturers has had the need to profoundly change their organizational culture during the adoption of the service strategy.

Finding 13. Most manufacturers (71%) claim to have made little changes in terms of capital investments in order to deliver services. Probably, this is related to the fact that the majority of them provide only protective services.

3.8. Service strategy success

The last part of the survey was devoted to the personal opinion of the respondents respect to their service strategy. In particular, they were asked to identify the strengths and weaknesses of their service strategy, as well as future prospects.

All the respondents consider their service strategy sufficiently successful and most of them (70%) identify “quality” as the main strength of their services offering.

It is worth noting that none of the companies surveyed have been able to identify weaknesses in their strategy. In fact, all the problems reported refer to external influences, such as: unfair competition and negative economic situation.

Finding 14. Most manufacturers see their service strategy as successful and a key factor for their future business growth.

Finding 15. Most manufacturers (24 out of 34) identified “quality” as the strengths of their service strategy.

4. Discussion

The overall results of the survey allow stating the following. The Italian manufacturers adopt a service strategy that follows a top-down approach. This service strategy can be considered “mature”, but only because the services offered are primarily “protective services”. Due to the typology of services offered, their price is almost always “included in the product price”. Moreover, manufacturers do not undertake the customers’ risks and usually they do not involve customers in a co-creation process for the service offering design. Despite this, the implementation of the service strategy – even though it is not oriented to a sophisticated service offering (i.e., proactive services) – has required major changes to companies.

In terms of theoretical implications, on the one hand, the survey results confirm that firms moving into service field face difficulties and that the transformation process is not a simple process because it implies changes in company mindsets, capabilities, and structure (Auguste et al., 2006; Gebauer, 2008; Gebauer et al., 2009; 2007; He; Lai, 2012; Neu; Brown, 2008; Oliva; Kallenberg, 2003; Raja et al., 2010; Wise; Baumgartner, 1999).

On the other hand, the survey results are in conflict with what has been stated in the servitization literature on two fundamental points. The first one refers to the transfer of risks from customer to manufacturers. Contrary to the claims by Gubric (2014) and Slack (2005), Italian manufacturers do not undertake risks previously held by customers. The second one refers to the customer role in the servitization strategy. As stated by Vargo and Lush (2008), customer is a co-creator of the service offering, actively involved in the production process. Also this point seems to be not confirmed by the survey results. However, it is possible to consider that, probably, both contra-

ditions are related to the fact that services offered by manufacturers are primarily simple services, i.e., “protective services”.

In terms of practical implications, being the questionnaire used here a replication of the one used by Baines et al. (2010), it has been possible to make a comparison between Italian and UK manufacturers. In this regard, Table 1 reports the findings from the two papers, showing in the last column if there is a fit between them.

Italy	UK	Results comparison
Almost all manufacturers provide simple services (i.e., protective services), which typically include customer helpdesk, product training, and product installation. Only few manufacturers are able to provide also sophisticated services (i.e., proactive services), except for the consulting service that is offered by nearly half of the companies.	Protective services are offered by almost all manufacturers (95 per cent) and typically include training, helpdesk, and spares. Proactive services are offered by the minority of manufacturers (25 per cent) and typically include systems integration, condition monitoring, and preventive maintenance.	Coincident
Almost all manufacturers (76.5%) consider themselves to have a mature service strategy. This maturity can be considered verified only for the protective services.	Most manufacturers (58 per cent) consider themselves to have well-developed service strategies, although sophisticated service strategies (being less popular) are unlikely to be as mature.	Coincident
For the services offered by manufacturers, the most used pricing agreement is “included in product price”.	Most service strategies are based around the outright sale of the product and complimentary service and support contracts.	Partly overlapping
In almost all cases, the delivery of services does not include for the manufacturer to undertake risks previously held by their customers.	In half of all cases, service strategies include the manufacturer undertaking risks previously assumed by their customers. Where manufacturers have increased their exposure to risks, in most cases these are mitigated through contractual (e.g. formal performance agreements) and technological methods (e.g. remote performance monitoring of assets).	Partly overlapping
The most popular measures of service business success are “customer satisfaction” and “new customer acquisition”.	The most popular measures of service business success are “customer satisfaction”, “profit from services”, then “sales” and “customer retention”.	Partly overlapping
The value of services is most often measured through “improvements in product performance” and it is made visible to customers mainly via on-site visits.	The value of services is most often demonstrated to customers either by “improvements in product performance” or “monetary savings”.	Partly overlapping
For most of the respondents (20 out of 34) the main reasons that prompted them to offer services are the need to satisfy their customers and the possibility to differentiate themselves from competitors.	Manufacturers are mainly attracted to offer services as a means to strengthen customer focus and create revenue growth.	Partly overlapping
Manufacturers believe that the possibility to reduce costs and investments are the main reasons why customers are attracted by services.	Manufacturers believe that their customers are mainly attracted to services as a means to reduce costs, investments, and risks.	Coincident
All manufacturers have taken a top-down approach to the identification of a service strategy.	Most manufacturers have taken a “top-down” approach to identification of a service strategy.	Coincident
The majority of the respondents claim to have any structured approach to the design of their service offering and only few of them (10 out of 34) always involved customers in the development of service offerings.	Less than half of the respondents claim to have any structured approach to the design of their service offering. Most manufacturers have involved customers in the development of service offerings.	Partly overlapping
Most manufacturers claim to have experienced major changes, particularly in terms of skills, people, training activities, equipment, and product/service range.	Many manufacturers have developed additional competences to provide services, particularly technical, communication, and management skills. Most manufacturers claim to have avoided significant restructuring to deliver services, although this is probably only the case for protective services.	Partly overlapping
Only a third of manufacturers has had the	Most manufacturers (80 per cent) claim to	Coincident

need to profoundly change their organizational culture during the adoption of the service strategy.	have experienced little internal resistance during the adoption of a service strategy, although this is probably only the case for protective services.	
Most manufacturers (71%) claim to have made little changes in terms of capital investments in order to deliver services. Probably, this is related to the fact that the majority of them provide only protective services.	Most manufacturers (80 per cent) claim to have made little significant additional capital investments to deliver services, although this is probably only the case for protective services.	Coincident
Most manufacturers see their service strategy as successful and a key factor for their future business growth.	Most manufacturers see their service strategy as successful, being resilient to economic downturns and competitive pressures, and key to future business growth. Almost all companies surveyed (90 per cent) see services to be core to their growth strategy.	Coincident
Most manufacturers (24 out of 34) identified "quality" as the strengths of their service strategy.	Many manufacturers (95 per cent) reported "profit before interest and tax" on service sales are frequently higher, or at the very least equivalent, to that on product sales.	Not coincident

Table 1. Comparison between Italian and UK manufacturers adopting a servitization strategy.

The comparison between results indicates that there are no deep differences between Italian and UK manufacturers in the adoption of a servitization strategy. In fact, as show in Table 1, the results coincide perfectly most of the time. Even when they are only partially overlapping, the differences are not significant. The "no coincidence" exists only in one finding, but this is due to the fact that it is the result of the analysis of the personal opinions given by respondents.

Obviously, the two researches have been conducted in different years (i.e., in 2010 for the UK manufacturers and in 2016 for the Italian manufacturers). Therefore, what it is possible to state is that the Italian manufacturing firms are acting like those UK-based seven year ago. This implies that, in recent years, the situation of UK manufacturing firms may have changed and, therefore, the verified coincidences may no longer be valid.

5. Conclusions

Due to the lack of studies addressing the adoption of the servitization strategy in the Italian manufacturing firms, first of all, this work stands as a first attempt to bridge the *gap* in the current literature.

Even though this paper reports the situation of the manufacturing firms located exclusively in the Italian Lazio region, it is reasonable to believe that they can be considered a representative sample of the Italian reality. Thus, the findings could be considered sufficient and significant at this stage, and able to indicate the direction of industrial trends in Italy.

In fact, although findings are preliminary, the analysis of the survey results allows us to draw an *overview* of the Italian manufacturing firms, allowing us to state that the adoption of a servitization strategy by Italian manufacturing firms can be considered still in its nascent stage.

Moreover, the replication of the study by Baines et al. (2010) allows making a comparison between Italian and UK manufacturing firms with respect to their propensity

to adopt a servitization strategy. In general, it is possible to state that there are no significant differences between the two countries.

Obviously, this study has several limitations. First of all, the starting sample can be enriched by extending the number of Italian regions involved in the survey. Moreover, the response rate– even though it corresponds on average to the response rate for this kind of investigations (Saunders et al., 2016) – can be improved (for example, through an extension of the time period devoted to the data collection). Moreover, although questionnaire may be used as the only data collection method, future researches may link it with other methods (i.e., mixed or multiple method research design) in order to obtain more detailed data collection and analysis.

In conclusion, this paper provides first insights related to the relationship between Italian manufacturing firms and servitization strategy and it is a useful starting point for further studies in this area.

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Appendix: The questionnaire

A. Data of the respondent

Name and Surname:

Company:

Position:

Address:

Phone:

Email:

B. General information about the company

Industry sector:

Brief description of the main activities/functions undertaken by the firm:

Revenue 2015:

Number of employees (only in Italy) 2015:

Main customer type:

- End-consumers/private
- Other manufacturing firm
- Public firms

C. Services offered

C1. What services do you offer?

In the table below are reported: in the left hand column, there are a variety of services that manufacturers typically offer; in the top row, there are a variety of pricing arrangements that manufacturers typically use (a brief descriptions of each pricing arrangements is provided below).

For each type of service offered by your company, please tick the box(es) that indicate the usual pricing agreements with your customers.

		Pricing arrangements					
		1. Included in product price	2. Fixed-price contract	3. Pay per use	4. Pay per results	5. Profit/Revenue sharing	Other (please, specify):
Services offered	Protective services	Installation of product					
		Product training					
		Customer helpdesk					
		Breakdown repair					
		Spare parts service					
		Spare parts remanufacture					
	Proactive services	Preventive maintenance					
		Equipment monitoring					
		Remote diagnostics					
		Product disposal					
		Provision of labour					
		Financing					
		Advice/Consulting					
		Other (please, specify):					

1. Included in product price: by purchasing the product, the customer also acquires the right to use the service during the product lifecycle or an agreed warranty period.

2. Fixed-price contract: the customer is charged a fixed periodic fee for the service regardless of consumption.

3. Pay per use: the customer is charged for each service transaction separately.

4. Pay per results (performance-based contract): the customer is charged a fixed periodic fee for comprehensive services based on assurance of set level of product performance.

5. Profit/revenue sharing: the customer is not charged for the services but is committed to share with the supplier additional profits/revenues obtained through the service.

C2. What is the time period over which the listed services have been offered by your company?

		Service offer duration				
		0-3 years	3-5 years	5-10 years	Over 10 years	
Services offered	Protective services	Installation of product				
		Product training				
		Customer helpdesk				
		Breakdown repair				
		Spare parts service				
		Spare parts remanufacture				
	Proactive services	Preventive maintenance				
		Equipment monitoring				
		Remote diagnostics				
		Product disposal				
		Provision of labour				
		Financing				
		Advice/Consulting				
		Other (please, specify):				

C3. Are your services offered within integrated solutions (i.e., combinations of products and services tailored to specific customer's needs)?

Always Quite often Sometimes Never

C4. To what extent are your service offerings tailored to each customer's specific needs?

High Medium Low

C5. Does your company use Service Level Agreements to measure service delivery targets?(Please, note that SLAs are contracts that specify the levels of availability, serviceability, performance, operation, or other attributes of the service which may be legally binding or informal).

Always Quite often Sometimes Never

C6. Do these SLA's translate into contractual penalties or revenue losses?

Always Quite often Sometimes Never No liabilities

D. Service strategy

D1. What is the status of implementation of the service strategy at your company?

- Mature and under continuous improvement
- Under development
- Initial adoption
- In planning

D2. Is your service strategy the same for all customers?

Yes No

D3. How do you measure the success of your service business? (Tick all that apply)

- Service sales
- Product sales
- La quota complessiva dei ricavi
- Return on investment
- Customer satisfaction
- Customer retention rate
- New customer acquisitions
- Other (please, specify): _____

D4. In delivering your services, do you undertake risks previously taken by your customers?

- Yes. Please, specify: _____
- No

D5. What do you do to mitigate the risks associated to your service business?

Liability limitations Collection of field data Technology investments No specific actions

D6. How do you normally approach the design of your services?

Product-service design processes Service design processes Product design processes
 No structured approach Don't know

D7. Are customers involved in the design of your services?

Always Quite often Sometimes Never

D8. What typically attracts your customers to the services you offer?

Please, for each of the value attributes listed below, tick the box that indicates your opinion of its importance to your customers (6 = very important; 1 = very low importance; nr = not relevant)

	6	5	4	3	2	1	nr
Reducing their operating costs							
Reducing their risks							
Reducing their investments in people/equipment							
Allowing them to focus on core competences							
Improving performance of their products/services							
Supporting their activities related to the product							
Disposal/End of life							
Other (please, specify):							

D9. How do you make the value of your services visible to your customers?

- Periodic reports
- On-site visits
- Customer satisfaction surveys
- Customer workshops
- No specific initiatives
- Other (please, specify): _____

D10. What indicators do you use to demonstrate the value of your services to your customers?

- Improvements in product performance
- Improvements in product-related activities
- Monetary savings
- No specific indicators
- Other (please, specify): _____

E. Motivations for services

E1. When did your company start to explicitly adopt a service strategy?

- 0-3 years ago
- 3-5 years ago
- 5-10 years ago
- more than 10 years ago

E2. Where did the idea to adopt a service strategy originate in your company?

- Top-down (e.g., corporate initiative)
- Bottom-up (e.g., business unit)
- Other (please, specify): _____

E3. What are the principal factors that originally drove your company to adopt a service strategy?

Please, for each of the factors listed below, tick the box that indicates your opinion of its importance in driving your company's service strategy (6 = very high importance; 1 = very low importance; nr = not relevant).

Financial needs and opportunities							
	6	5	4	3	2	1	nr
Desire to increase revenues							
Reduced profits on product sales							
Economic cycles affecting product sales							
Other (please, specify):							
Strategic needs and opportunities							
Improving ability to respond to customer needs							
Increasing customization of your offering							
Differentiating your offering from competitors							
Setting barriers to competitors							
Reducing price-based competition on product sales							
Other (please, specify):							
Marketing needs and opportunities							
Customer pressures							
Increasing customer loyalty							
Other (please, specify):							
External influences							
Availability of supportive technology							
Standards and regulations							
Government incentives							
Other (please, specify):							

E4. Are the motivations that currently drive your service strategy different from the above?

- Most of them (please, specify): _____
- Some of them (please, specify): _____
- Not really

F. Organisational changes for delivering services

F1. What changes/investments have been made in your organisation to deliver services to your customers?(please, tick the relevant boxes below and comment as appropriate)

	Major change	Minor change	No change	Comment
Acquisition of new skills				
Resources (people)				
Training				
Certifications				
Patents				
Facilities				
Equipment				
Capital investment				
Branding				
Joint Ventures				
Technology				
Product/Service range				
Organisation culture				
Other (please, specify):				

F2. How distinct is the service organisation in your company from the product manufacturing organisation? (6 = completely isolated; 1= completely integrated)

1 2 3 4 5 6

F3. Does your service organisation engage other companies to deliver its services (e.g., outsourcing functions, partnership, joint venture)?

Significantly To some extent Not at all Other (please, specify): _____
o

F4. What is the percentage of the staff in your business unit directly employed in services?

0-10% 10-30% 30-50% 50-80% Over 80%

F5. Does your service staff receive different training from your product manufacturing staff?

- o Yes (please, specify differences): _____
- o No
- o Other (please, specify): _____

F6. Do you use different reward metrics for your service selling staff and your product selling staff?

- o Yes (please, specify differences): _____
- o No
- o Other (please, specify): _____

F7. Do you use different reward metrics for your service delivery staff and your product delivery staff?

- o Yes (please, specify differences): _____
- o No
- o Other (please, specify): _____

G. Prospects for your services

G1. In your opinion, is the service strategy of your company successful?

Very much Satisfactorily Not so much Not really

G2. Using your best estimate, please rate the level of your service performance compared to other service providers in your industry. (6= best in the industry; 3 = industry average; 1= worst in the industry; nr/dn = not relevant or don't know).

	6	5	4	3	2	1	Nr/nd
Customer satisfaction							
Profitability							
Revenue growth							
Market share growth							
New service features							
Product improvements							

G3. In your opinion, what are the main strengths of your service business?

G4. In your opinion, what are the main challenges and threats for your service business?

G5. Overall, how do you see the future of your service business?

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