

RELATIONSHIP EMERGENCE AND THE USAGE OF DIGITAL CHANNELS IN THE EMERGENCE PROCESS

Case of a global industrial B2B company

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ABSTRACT

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Abstract <p>In recent years business-to-business (B2B) marketing has become increasingly important for economies around the world due to improved international trade infrastructures, regional integration and emergence of whole new markets. Competitive landscape has become universal and extremely dynamic, which also has made the market very complex and intense. In order to deal with global challenges and opportunities and to achieve growth, companies must find well-functioning international marketing practices. Relationships between organizations are seen to be crucial to the survival of the company and creation of competitive advantage. Also, in the global markets and marketing the usage of digital channels have been noticed to have an important function.</p> <p>The objective of this study is to gain understanding about how do relationships emerge in global industrial markets and the context of industrial equipment manufacturing. Also, the elements of digital marketing in the relationship birth are being explored. The research is executed as a case study. The case company is a Finnish industrial company working with raw materials - mostly mines and quarries. In the interest of improving the profitability of the case company, the value proposal of the case company and its opportunities for service business are also explored.</p> <p>As a whole the births of business relationships of the case company seem to follow the theory and framework of Mandjak et al. (2015) called the Relationship Emerging Flow. There the relationships develop from starting situation to awareness creation, then through initiation to interaction process and finally trust becomes the crucial stage whether to engage in a relationship or not. Digital channels have a strong overall role in all of the phases of the process but especially in the stage of information search.</p>	
Key Words Industrial marketing, business-to-business marketing, B2B marketing, emerging business relationships, digital marketing, value, service business	
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TIIVISTELMÄ

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<p>Tiivistelmä</p> <p>Viime vuosina yritysten välisen markkinoinnin rooli on noussut yhä tärkeämmäksi eri talouksissa ympäri maapallon. Syynä tähän ovat kansainvälisen kaupan infrastruktuurin kehitys, alueelliset kauppaintegraatiot sekä kokonaan uusien markkina-alueiden syntyminen. Kilpailutilanteesta ja ympäristöstä on tullut universaali sekä dynaaminen, joka on myös monimutkaistanut ja kiivastuttanut markkinoita. Selviytyäkseen uuden markkinatilanteen luomista haasteista ja mahdollisuuksista, yritysten on löydettävä toimivia kansainvälisen markkinoinnin keinoja. Yrityssuhteet on nähty elintärkeänä resurssina kilpailukyvyyn luomiselle yhdessä digitaalisen markkinoinnin keinojen kanssa.</p> <p>Tämän tutkimuksen tarkoituksena on saada ymmärrystä yrityssuhteiden syntymisestä kansainvälisessä teollisuusmarkkinassa ja teollisuusvarusteiden ja -laitteiden kontekstissa. Tutkimuksessa selvitetään myös digitaalisten kanavien ja digitaalisen markkinoinnin roolia ja esiintymistä tässä prosessissa. Tutkimus toteutetaan tapaustutkimuksena suomalaisesta raaka-aineteollisuudessa (kaivokset ja louhokset) toimivasta yrityksestä. Kohdeyrityksen tuottavuuden parantamiseksi tutkimuksessa tarkastellaan myös sen arvotarjoomaa sekä mahdollisuuksia palveluliiketoiminnan aloittamiselle.</p> <p>Kokonaisuudessaan tutkimuksen perusteella voidaan sanoa, että yrityssuhteiden syntyminen jäljittelee Mandjakin et. al (2015) teoreettista viitekehystä suhteen syntymisen virtauksesta (Relationship Emerging Flow). Teoriassa suhteet kehittyvät tietoisuuden kasvattamisesta initiaatioon, initiaatiosta vuorovaikutukseen ja lopulta luottamuksen rakentumiseen, joka on ratkaisevassa roolissa suhteen syntyemiselle. Digitaalisilla kanavilla on vahva rooli koko prosessin läpi, mutta erityisesti information etsimisen ja keräämisen vaiheessa.</p>	
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1 INTRODUCTION

1.1 Study Background

In recent years business-to-business (B2B) marketing has become increasingly important for economies around the world (LaPlaca 2013). Due to improved international trade infrastructures, regional integration and emergence of whole new markets, companies are able to access easier to new markets and recognize opportunities for future growth. Competitive landscape has become universal and extremely dynamic, which on the other hand, in addition to the positive aspects mentioned before, has made the market very complex and intense. (Leonidou et al., 2010; Aykol et al. 2012.)

In B2B environment the times are especially challenging for companies working with raw materials (e.g mines and quarries). Commodity prices are falling, competition is getting more intense and receiving capital to new investments is not easy (Willis Limited 2015). As the competition in B2B sector has become more intense, companies are recognizing the value and importance of effective marketing. More and more, marketing is knitted into the business strategy of a company and used as an engine of growth. In addition as the ways of measuring the results of marketing improve, the return on investment of marketing must also improve at the same time. (Wind 2006.)

In all business environments, regional or international, relationships between organizations are seen to be crucial to the survival of the company and creation of competitive advantage (Rowley 2004; Leonidou et al. 2014). Among researches, there is a great amount of contribution in the knowledge of existing relationships. Ford (1980) has analyzed the evolution of relationships and Wilson (1995) focused on the boundaries, value and maintenance of relationship. Many researchers, e.g. Wilson (1995) have also argued that trust plays a central role in business relationships. However, the research about the emergence of relationships has remained scant.

According to Wind (2006), in order to deliver superior value to customers, the value chain of a company must be continuously reconfigured. This highlights the importance of different relationships and a company must have the ability to establish and manage strategic partnerships. The nature of relationships between companies have in general become more fluid and flexible but at the same time, as the amount of providers and buyer in the field increases, they have become more complex. In relationships and strategic partnerships trust has a crucial role.

In order to deal with global challenges and opportunities and to achieve growth, companies must find well-functioning international marketing practices (Leonidou et al. 2010). In the global markets and marketing the usage of digital channels is essentially important. Digital channels have many benefits for companies pursuing internalization. For example, they enable the company to be independent from its location and in a sense of marketing the whole world comes its playground. Use of internet makes it also possible to company

to target new geographic markets. (Chaffey & Ellis-Chadwick 2012, 40, 221.)

However, so far industrial companies have not been as quick as business-to-consumer (B2C) companies in adopting digital marketing functions to their overall marketing strategy (Karjaluoto et al. 2015). This is interesting and confusing considering that the business-to-business (B2B) market size on the internet is projected to grow to \$6.7 trillion by 2020. This is double the size of B2C market. (Frost and Sullivan 2016 in Shaltoni 2017.) According to Gartner's CEO survey in 2014 (Deloitte 2015), CEO's consider digital marketing to be the most important technical investment before 2020 but industrial firms are often still not certain, which elements of digital marketing and its channels are essential and what kind of should the digital strategy as a whole to be (Karjaluoto et al. 2015).

Obviously, only by marketing to these new markets does not make company international in its operations and many other aspects (supply chain, logistics etc.) in internationalization must be considered. However, Teo and Pian (2003) have found out that level of internet adoption correlates with organizations success and has a positive relationship with its capacity to create and sustain competitive advantage. Therefore, it is important to take over usage of digital channels in company's operations and marketing.

Besides the ability for a company to reach their potential customers, new technologies have also empowered customers. Customers are more active and in control in buying and in the relationship creation. After the relationship is born, customers are also more actively involved in working with the supplier and designing together personalized products and services. (Wind 2006.)

In cyclical B2B environment, such as industries connected to raw materials, during the recession/depression phases in business cycle, firms are likely to reduce their investments in tangible capital and physical assets. These capital expenditures (CAPEX) are used to increase or improve the fixed assets of a company, but many times as the cash flow to the company diminishes, so does the capital expenditures. Hence, industrial companies must develop additional ways to offer their services to customers (Flammer & Ioannou 2015).

Gebauer & Fleisch (2007) consider that the active commercialization of services can raise revenue substantially. Compared to the product business, service revenues are a more stable source of revenue since they are often counter-cyclical or more resistant to the economic cycles that drive investment. In addition, services offer attractive margins. According to a survey conducted by the German Association of Equipment and Machine Manufacturing Companies 2004, the average margin on products was just 1%, whereas in services like repair, maintenance contracts, assembly and so on, offer margins of more than 10%. (as cited in Gebauer & Fleisch 2007.)

Active participation of customers and companies desire to maximize customer lifetime value has shifted marketing towards service dominant logic. Service dominant logic is based on strong relationships and repeated purchases instead of just one transaction. Products and goods are still involved in the relationship, but delivering the total service is in the heart of business. (Vargo & Lusch 2008.)

As said, in the industrial B2B environment customers are more empowered and not anymore passive recipients. In relationships they are active collaborators and co-producers and before the stage of actual relationship, they may engage in a conversation with and about the company in digital environments. This makes the importance of tangible goods shift to intangible resources, value co-creation and relationships. (Wind 2006.)

The case company of this research is a Finnish industrial company that's major market segments are industrial firms working with raw materials, mostly mines and quarries. Besides economic times being challenging for their target market, case company itself is small and still trying to overcome the liability of newness and reshape their business on a global scale. Liability of newness occurs when young firms lack the trust of older industry players and because of this struggle to develop strategically important business relationships with suppliers and customers. Usually, the resources of young firms are also limited, which leads to little power and influence over market and competitive conditions. (Kor & Misangyi 2008.) However, the struggle in the mining & quarrying industry is also an opportunity to the case company. Harder times encourage mines to increase their margins and reduce their costs, which is basically what case company's core product was designed for: saving on maintenance costs and valuable time.

Still, with the completely new technology and liability of newness, convincing decision makers in global environment about these investments is a challenge. Businesses have gotten used to the traditional way of working, without case company's system, which is a totally new type of action. In the conservative mining & quarrying industries things have been done in the same way for decades and changes are slow. This creates a big challenge for marketing new, innovative products.

The case company has already sold its products to nearly 40 countries (appendix 1), but in order to improve their business it would be important to overcome the liability of smallness/newness in the global market and be able to establish new business relationships effectively. Researchers like Yamin and Sinkovich (2006) have also acknowledged that psychic distance is known to be a general uncertainty in international markets. Is it possible to tackle these uncertainties with digital marketing and if so, what are the ways of achieving the desired result?

1.2 Study Objective and Research Questions

The objective of the study is to gain understanding about how do relationships emerge in global industrial markets and the context of industrial equipment manufacturing. Based on previous researches about digital marketing, its timeliness and suitability for global industrial companies, it is also rational to explore, which elements of digital marketing can be seen in the birth process of a relationship.

It is noted, that relationships between organizations are seen crucial in

the creation of unique customer value (Rowley 2004). Trasorras et al. (2009) have in turn shown that there is a strong correlation between value, customer loyalty, customer satisfaction. Consecutively, customer loyalty and satisfaction are strongly correlated to profitability of a company (Rowley & Daves 2000). In the interest of improving the profitability of the case company, it is important to understand how current customers and other stakeholder groups perceive the value of it. Hence, as a secondary study objective we will research the value proposal of the case company.

Another secondary study objective are the key elements of service business model and its possibilities for the case company. Service oriented businesses have seen to be successful in maximizing customer lifetime value and active commercialization of services can raise the profitability a company significantly (Gebauer & Fleisch 2007). In addition, service dominant logic is based on strong relationships, which fosters the need to research birth of these relationships further. (Vargo & Lusch 2008.)

Since the subject of research is approached from case study point of view, the results are not fully generalizable to the industrial B2B sector as a whole. Nevertheless, this study will contribute to two only marginally researched areas: the birth process of new business relationships and usage of digital channels in industrial business-to-business setting. Moreover, the study will combine the elements of these two research areas. New insights about important value elements on industrial B2B setting and service businesses are also gained.

The theoretical framework of this case study will lean strongly into the novel theory “Relationship Emerging Flow” of Mandjak et al. (2015). Research method of the study is qualitative and it aims to map experiences and insights of participants. Method is executed with semi-structured in-depth interviews face-to-face or via Skype. Answers are then transcribed, analyzed and structured under relevant themes.

In the study there is two main research questions and two minor ones, which are more connected specifically to the case company:

- 1) How are new business relationships born in the context of industrial equipment manufacturing?
- 2) How do different digital channels affect to this process?
- 3) Which value factors are important in the field and how are these manifested in the customer value proposal of the case company.
- 4) Is service business model correct strategic direction for the case company and what kind of factors are present when planning one?

1.3 Study Structure

This study proceeds as follows (Figure 1). Next, the theoretical background and framework of the study are presented. This will be followed by the discussion of the methodology of the study and the special characteristics of the case company. In chapter four, the results of the study are displayed and presented.

In the end of the study, theoretical conclusions and managerial implications are discussed and avenues for future research suggested. The trustworthiness and the limitations of the study are also evaluated in the last chapter.



Figure 1 Study Structure

2 THEORETICAL BACKGROUND

2.1 Emerging Relationships

A business relationship is a relationship between two organizations that is based on exchange. It contains economic and social elements and usually high level of interaction. (Håkansson & Snehota 1995.) A lot of research have been made on different stages of relationships. According to Wilson (1995), for example, relationships develop from partner selection to defining the purpose and boundaries of the relationship, after which relationship value is being created and relationship in general maintained. However, only a few researchers have paid attention to the actual birth moment of a relationship and the preceding steps of it. The newly generated theory "Relationship Emerging Flow" of Mandjak et al. (2015) (Figure 3) is a conceptual framework that delineates the emergence of a new business relationship. In this context a business relationship is considered born when a first contract is signed or first task at least partly executed between supplier and buyer and all the four stages presented in the theory have occurred.

As being said, the theory describes the beginning of a new relationship in four stages. From awareness to initiation, from initiation to interaction and finally to trust, which is a necessary condition for relationship building. Theory does not include the whole relationship building process e.g. product exchange episodes and testing, but only the favorable conditions for relationship building.

According to the theory, the birth of a relationship is an interactive process, which is a result of the decisions and the actions of the actors involved. These actors include both the organizational and individual aspect of the relationship. By these aspects the different participants of the buyer-seller relationships are meant and according to Håkansson & Snehota (1995) it is possible to distinguish four participants: 1) the buyer organization, 2) the individuals representing the buyer organization, 3) the selling organization and 4) the individuals representing the seller organization. In this research these four actors are divided to two previously mentioned dimensions: organizational and individual level. Most of the previous relationship literature describes only the relationships in the organizational level ignoring the elements connected to individuals inside the organization (Mandjak et al. 2015).

2.1.1 Awareness Creation

In the starting situation potential partners co-exist in time and space but do not know each other and, correspondingly, there is no interaction between them. After that, another one of these businesses comes aware of another and initiates a contact. Before a potential relationship can be initiated, a certain need must be recognized. Customer decision-making process usually starts with need recognition and marketing can help with this need recognition. Need

recognition is followed by information search, evaluation of alternatives, purchase and consumption. (Schmitt 1999.) In addition, an interest towards the potential partner may arise due research, curiosity or similarity of another organization to one's own (Mandjak et al. 2015).

However, relationship initiation is attempted to only a tiny fraction of those whom we are attracted to (Levinger 1980). Awareness of a potential partner is a key issue in stimulating companies to initiate a contact to a previously unknown potential partner (Mandjak et al. 2015). In the awareness phase the initiator of the relationship usually uses a lot of information-seeking activities. Gulati & Gargiulo (1999) consider this information search process to be the start of the emerging relationship. In the information search process a lot of information about potential partners' skills, capabilities, interests and reliabilities is sought out and this perception is usually one-sided. It has been said, that nearly 60% of typical purchasing decision is done already in the information-seeking phase (Adamson et al. 2012). These information-seeking activities are trigger issues of awareness (Mandjak et al. 2015).

Trigger issues transform what is potential into what is real meaning that when the conditions to a to an activity are in place, trigger issues make it happen. Trigger issues are also the factors that draw one partner's attention to another and knowledge and understanding of these triggers help sellers and buyers in moving forward into the next stage. Both individual and organizational-level trigger issues may push actors to start the third phase, an interaction process. These trigger issues are important both in awareness creation and the initiation and give us a presentiment about matters that activate organizations to look for and identify new business partners. In their theoretical framework Mandjak et al. (2015) identify seven different triggers for the emergence of new business relationship (Figure 2). Three of them are at the personal level and remaining four at the organizational level. Trigger issues on the organizational level are network position, attractiveness, goodwill and visibility. On personal level, on the other hand, triggers are personal reputation, prior relations and referral. (Mandjak et al. 2015)

Personal level trigger issues emphasize the fact that individuals differ in importance in social networks and some individuals can be considered as key persons within a network or relationship. Differences among individuals in terms of social experiences affect the outcomes of a potential relationship. (Mandjak et al. 2016)

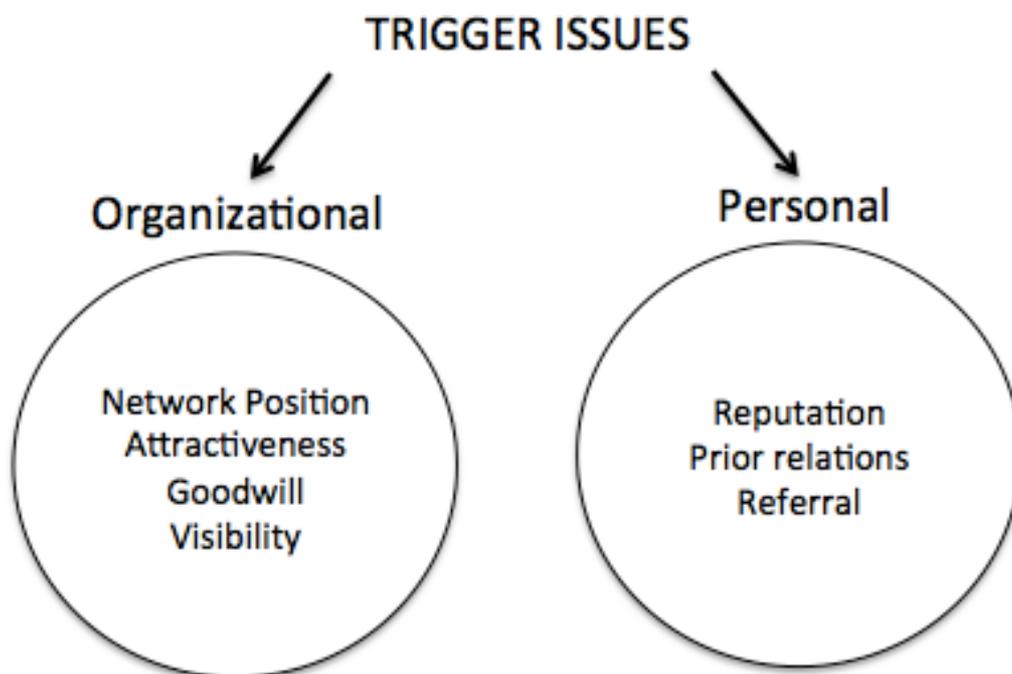


Figure 2 Triggers for the emergence of new business relationship

Network position

The network position of the company influences its attractiveness and visibility in the eyes of other companies massively. Networks are considered as a useful source of information for the matters listed before (skills, capabilities, interests and reliabilities) and if organizations are embedded in mutual network the access to this information is alleviated. (Kenis & Oerlemans 2008, 295.)

Establishment of networks is important especially for young enterprises. Active networking is necessary to create contact to influential persons and these third-party recommendations can be very important door openers that provide personal contacts to investors or potential big clients. Young enterprises with small resources should consider, at what networking events they can encounter important target groups/persons. (Siems et al. 2009.) Despite the rise of new digital marketing communication methods and pull tactics, in line with Lilien & Weinstein (1984) the sales force is still considered as an one of the most important awareness creator.

Attractiveness

During early acquaintances, attractiveness in the inter-organizational level refers to other's "good looks, their proximity and agreement to our own attitudes and their liking for us" (Mandjak et al. 2015, 34). Other than behavior wise proximity, however, according to Ford (1980) refers also to the distance from a geographic point of view. Although globalization has led to increasing cross-border purchases, it is also noted by Karjalainen & Salmi (2013) that majority of purchases in international business are again starting to take place in home countries and close-by regions. This is due to increased transportation costs, environmental concerns and rising labor costs in previously low-cost countries

(Karjalainen & Salmi 2013). All in all attractiveness is the total aptitude of another party's to the relationship and the reward that they provide us. Due to its broadness the role of attractiveness is underlined in the at the pre-relationship stage. (Mandjak et al. 2015).

Goodwill

Goodwill as a trigger issue refers to faith in the moral integrity of the other party that she will not take advantage of the relationship. Confidence in another's goodwill can be defined as goodwill trust. In interpersonal interactions between organizations, where quantity of uncertainty is present, perceived amount of goodwill has a major role in relationship development. In electronic environments security services such as confidentiality and authentication mechanisms are shown to support goodwill. (Bunduchi 2005.)

Visibility

Visibility relates to the degree to which consumer groups and other stakeholders in particular location are able to observe firms activities. Visibility affects the number of actors that are aware of the firm and naturally, actors are likely to take greater interest in organizations of which they are aware. Firms operating only in B2B industries are usually less visible to end consumers and society than firms in B2C environment. (Puck et al. 2013).

Reputation

Firm reputation for performance is another important inter-organizational trigger issue and economic action rests almost without exception on preference for transacting with individuals of known reputation (Gulati & Gargiulo 1999; Mandjak et al. 2015). A rich exchange of information about past dealings, trustworthiness and experiences with a company run across organizational boundaries and many firms have so called "trusted informants" whose view about a potential partner they appreciate (Gulati & Gargiulo 1999). However, some researchers like Larson (1992) emphasize the role of personal reputation of individuals inside the company.

Prior relations

Personal relations of an individual inside the company to an individual inside potential partner organization reduce the risks to exchange and in this case social context provide a fruitful ground for economic exchange (Larson 1992). Mutual liking or even friendship shared by connected people in selling and buying organizations is an important element of partner search and selection (Wilson 1995).

Referral

Adamson et al. (2012) argue that in today's B2B environment customers complete nearly 60% of a typical purchasing decision before even having a conversation with a supplier, in other words, before initiating the relationship. Researching solutions, ranking options, setting requirements, benchmarking pricing, and so on is made with publicly available information, which

emphasizes the importance of available information to customers in awareness phase. Power in the emerging relationships has moved more from sellers to buyers. The process is not driven merely by the seller's marketing activities, nor does it proceed in the way that sellers would like (Edvardsson et al. 2008).

2.1.2 Initiation of the Relationship

What pushes companies towards initiating a relationship? According to Kenis & Oerlemans (as cited in Mandjak et al. 2015) organizations tend to select partners with whom they are familiar and about whom they have a lot of information. Additionally, a company's reputation based on its previous performance is important, which creates a challenge for companies, who do not have a big amount of previous references. (Wilson 1995.)

In the initiation step, one firm, either buyer or seller, must take the lead and the next step towards the potential partner. The step is taken towards a firm, that the company taking the lead has considered feasible. In other words, initiation is unilateral action, where another company makes the approach. First contact may happen directly or with the help of a third party. (Mandjak et al. 2015.) In this stage, the partners in the threshold of a relationship do not know each other very well and for this reason there is considerable amount uncertainty (Andersen & Kumar 2006). There is also uncertainty about the reaction of the potential partner to which the relationship initiation is directed to and will this party respond satisfactorily or not (Mandjak et al. 2015). After positive feedback, companies enter into the process of interaction. This bilateral interaction is the beginning of the next phase.

2.1.3 Interaction Process

Interaction is a reciprocal action where different parties, in this case customer and supplier, are in contact and have effect upon one another (Grönroos 2011). Initiation following interaction process that can be also described as approaching process, includes information exchange episodes and social exchange episodes. According to Håkansson (1982), process usually begins with information exchange and after that social exchange follows. Information exchange refers to transfer of technical and commercial data, whereas social exchange consists of different types of personal contacts between persons involved in the relationships. These exchange episodes demand investment of time, technology and human resources.

Interaction process involves uncertainty, risk and interdependence. There is uncertainty related to potential costs and benefits involved in dealing with the new partner and risk that this partner will not act in the way it was planned to. Interdependence means that the goal of another party cannot be achieved without the help of the another and parties also have the possibility to influence each other and the outcome of the process. (Ford 1980; Grönroos 2001; Rousseau et al. 1998, 395).

Different trust building scenarios occurring in the information and social exchange episodes manage the interdependence and mutually create the

conditions to build a business relationship. (Ford 1980; Håkansson 1982.). These episodes reduce the risk and create trust between organizations, which is fundamentally important condition for establishing a new business relationship (Wilson 1995).

Personal communication channels have been foremost in the industrial B2B relationships and interaction. Other channels have played primarily a supportive role. However, the channels of interaction in industrial relationships have become more diverse and the salespeople have more opportunities in the ways of communicating. (Karjaluoto et al. 2015.)

2.1.4 Conditions to Relationship Building – Trust

In the fourth stage are the conditions to build the relationship and they include the whole bonding trust in the organizational and individual level. Whereas majority of research focus on the trust in the existing relationships the Relationship Emerging Flow of Mandjak et al. (2015) concerns the bonding trust prior the relationship. Trust has a certain role in nascent business relationships and as a condition it is fundamentally important for establishing a new business relationship (Wilson 1995).

In the previous literature about trust in business relationships, trust usually is based on prior experience and can be quantitatively calculated. In the case of new business relationships prior experiences do not, however, occur and trust can be seen only as a perceived sense of trust. Another basis of trust forming is in the predictability of another party's behavior. (Mandjak et al. 2015.) When the basis of trust forming is the predictability of another party, it is easy to understand, why young firms are struggling with the liability of newness and why liability of newness is recognized as a major factor in contributing to the high rates of failure among new firms (Kor & Misangyi 2008; Mandjak et al. 2015).

Trust is multi-dimensional phenomenon and difficult to measure (Bunduchi 2005). It is not a behavior or a choice, but a psychological condition and as a psychological state it can help with actors' decision making. Trust is involved in the interaction process facilitating the creation of information and social exchange episodes. In these exchange episodes different trust building scenarios occur both in individual and organizational level. Open sharing of information has seen the increase trust development, one-sided information flow on the contrary leads to low levels of trust. (Bunduchi 2001; Mandjak et al. 2005)

Society is made up by relations of social exchange and according to Lane & Bachmann (2002, 10) exchange would not be possible without trust. This is the case in the exchange between organizations as well. According to Doney, Barry & Abratt (2007) (cited, in Mandjak et al. 2015) social interaction and open communication play an important role in trust formation in B2B environment. Sahay (2003) in turn underlines the role of information shared in the interaction process and the prior information about the partner. This is in line with Anderson & Narus (1990) who define communication between companies to be the prerequisite for trust, increases it and leads to better communication itself.

Consequently, both the awareness and the interaction phase in the Relationship Emerging Flow affect the formation of trust (Mandjak et al 2015).

Doney and Cannon (1997) argue that how partners evaluate each other's credibility and benevolence is the basis of trust. Benevolence refers to partners motivation to engage in the relationship and credibility to the ability to fulfill other partner's needs. The evaluation of these requires, again, a lot of information about the other party

According to Mandjak et al. (2015) there are several ways by which the interaction process may enter a state of whole bonding trust, where conditions are suitable for relationship building and the development of bonding trust is not linear. The development of bonding trust is a result of interaction processes between the two organizations and the people involved in the generation of a relationship. This development may occur in personal level or organizational level. In personal level, for example, trust is built on personal relationships between the people in the emerging relationship (salesperson and someone in the buying organization). Lincoln, Gerlach and Ahmandjan (1996), for example, found out in their research about Japanese industrial groups that personal relationships among key individuals played a crucial role in producing trust between organizations. In organizational level trust is bestowed in the whole organization and its image itself. Trust may occur first in the personal level and then be extended to the whole organization, or vice versa, but in order to build a relationship, positive perceptions at both a personal and organizational level are needed. Later on in the relationship, bonding trust in this new emerging relationship may transform into experienced trust.

As noted by Kor & Misangyi (2008) legitimacy in the industry can be also signaled through industry expert outside directors, especially when managers cannot send a signal themselves due to a void in their industry experience. Not only may outside director with industry experience have legitimacy but also useful industry connections and advice. Although a direct input of a particular industry expert to everyday activities might be small, it has a big meaning to image of the company.

This is in line with Aggarwal et al. (2005) who found a strong correlation between empathy, trust and satisfaction. Buyers in their study believed that salespeople with higher empathy were more trustworthy and buyers with the more empathetic sellers were also more satisfied with their relationship.

Trust is a dynamic phenomenon, which has a critical role in a birth of a new business relationship. According to Rousseau et al. (1998) it has three phases. Building of trust is the first of these and the focus of this study. It is essential to find out, what factors have an effect on the credibility of the company in the eyes of a potential business partner. For new and small companies operating in global environment trust is crucial, since organizations are more likely to engage in internet-based exchanges and interactions with trusted parties (Bunduchi 2005).

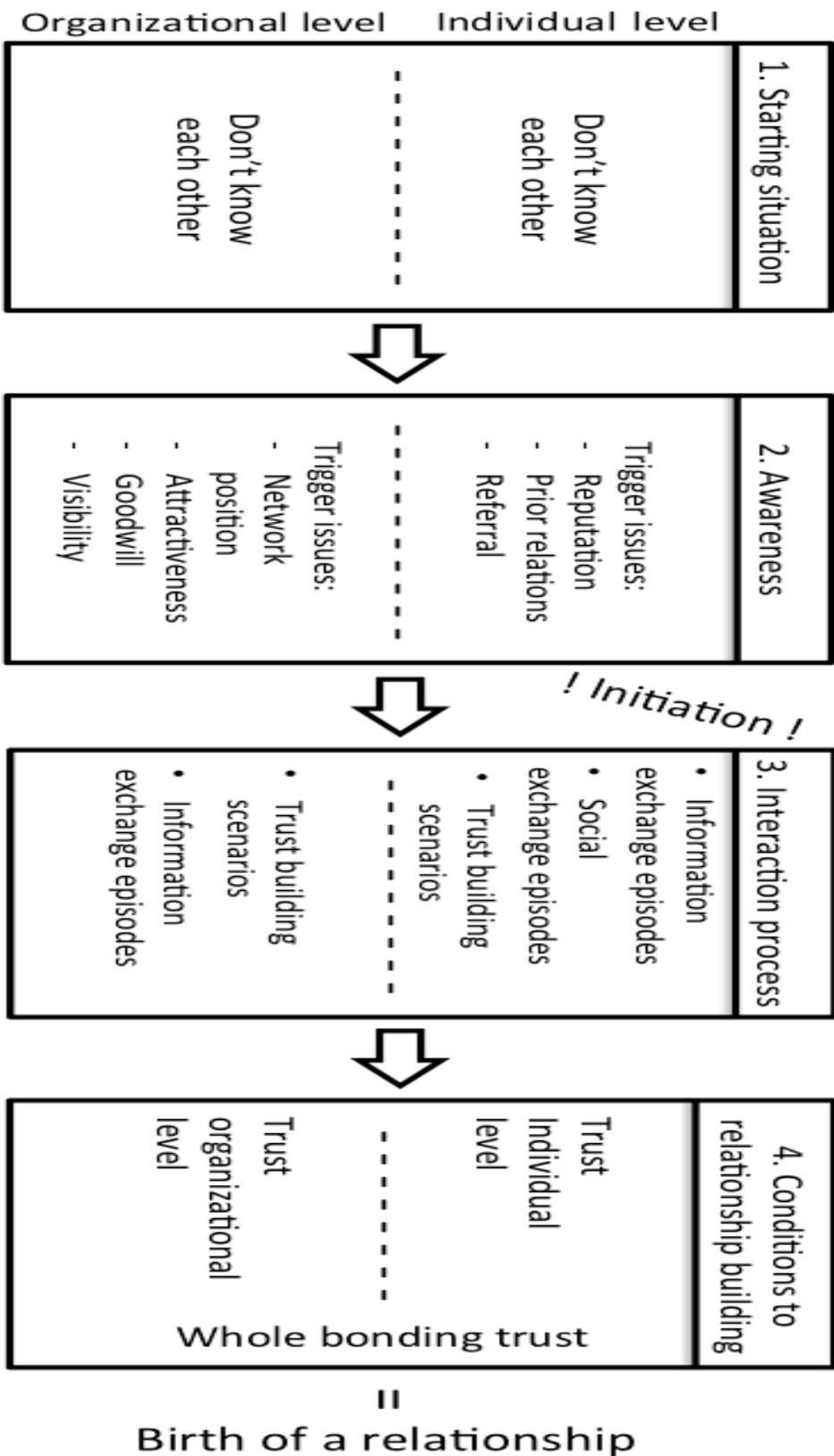


Figure 3 Relationship Emerging Flow (modified from the theory of Mandjak et al. 2015)

2.2 Digital Marketing Channels

Without a doubt, together with trade shows, personal selling as a marketing communications tool and tactic has been considered crucially important in industrial B2B companies. Outbound marketing communications such as traditional advertising and online communications have been seen in minor role rather as complementary aids (De Pelsmacker et al. 2007, 543-549; Long et al. 2007.)

However, the swift development of online marketing and the rise of social media are reshaping the industrial B2B marketing field. Although the progress has been slow, the role of digital marketing communications is clearly increasing in B2B communications. Marketing activities have moved from outbound more towards inbound and the importance of content marketing has also grown remarkably. In practice, digital marketing includes managing different forms of online presence such as company websites and social media company pages and the potential for building relationships inherent in every dialog. Digital marketing can be simply defined as “achieving marketing objectives thorough applying digital technologies” (Chaffey & Ellis-Chadwick 2012, 29) although in today’s multi-media environment it may be sometimes hard to distinguish digital marketing from traditional channels. (De Pelsmacker et al. 2007, 543-549; Halligan & Shah 2009; Holliman & Rowley 2014; Järvinen & Taiminen 2015 Killian & McManus 2015.)

Digital channels clearly offer new opportunities for relationship building. In the digital world, marketing communications is about creating presence, relationships and mutual value. With creating presence, organization introduces itself and ensures visibility for its brand and products. (Rowley 2004.) This is in line with the awareness building phase of Madjak et al. (2015). In the digital-environment the goal is to create an identity that will encourage potential customers to initiate the contact and possibly end up in a relationship. (Rowley 2004.)

Television, radio, newspapers, magazines, newsletters, and direct marketing are at the moment considered as a traditional and linear media which often follow one-to-many communication model. Digital channels allow a two-way communication and exchange of information. Thus, it is called many-to-many model. In these channels stories are told, dialogues are initiated and information is discovered. Hence, online tools have an important role in supporting customers in their decision-making. There is also a potential for mutual value creation in the context of online communities. (Rowley 2004; Wind 2006.)

Besides being a many-to-many model, digital channels differ from traditional media in one important way. With digital channels it is possible to market to individuals instead of masses. Marketing communication messages can be personalized and targeted with the help of data and analytics to carefully selected customers in relevant contexts. Customers can be selected not only by who they are, but where they are, what they have done already and what are they going to do next. (Deloitte 2015.)

Digital marketing is cost-effective. Usage of e.g. social media as a marketing communications channel is cheap and there is an opportunity to reach big audiences. With digital products, there are no marginal costs for producing extra copies and individuals have many ways in distributing their creations with each other or to a global audience without having to pass through outside publishers. Transaction costs and goodwill trust are found to play a significant role in the way organizations use internet technologies to manage their relationships with customers and suppliers (Buduchi 2005; Hennig-Thurau et al., 2010; Chaffey & Ellis- Chadwick, 2012, 15, 535-536, 624.)

Digital channels clearly offer opportunities to small companies operating in a global environment. Industrial markets are dominated by a small number of very large companies but digital channels diminish the importance of geographical location and allow companies to sell more easily into new international markets. Internet as a channel not only sends content to an audience, but also acts as route to a group of customers. Utilization of GPS, 3G and IP addresses of potential customers enable companies also to target and modify their marketing messages differently to different geographical locations. (Rowley 2004; Hennig-Thurau et al., 2010; Chaffey & Ellis- Chadwick, 2012, 15, 535-536, 624.)

Studies have shown that despite the global nature of internet there are significant cultural differences in internet usage and digital buying behavior between countries (Park & Jun 2003). In certain cultures high usage of digital tools can be perceived negatively and distancing (Karjalainen & Salmi 2013). Much of the marketing has also been tailored to developed nations, although 86% of world's population lives in developing nations. These markets need a different marketing strategy than our current literacy is focused on. (Wind 2006.)

The ways of doing digital marketing are versatile. In the heart of digital marketing is usually the website of a company. According to Rowley (2004) the core function of a website is to be a route to a market, but at the same time it has a role as an information and entertainment medium. Website communicates the brand and its position in the market, product offering and other value features such as delivery arrangements and other advice. These often create the so called web personality of a company.

However, building a website is not enough itself. The impact of a website will be slightly useless if other strategies are not adopted in order to draw traffic to the site. In this research the most common ways used to deliver traffic to the website are presented (email, SEM & SEO, social media, display & native ads).

2.2.1 Email

Email is a fine channel for reaching people, who are not near geographically and personalized messages can be delivered quickly from a person to another (Loane 2005). After a lead is generated a potential customer can be approached with email or if a relationship with a customer is already established, email can be used to reach out to that customer in general basis. Email marketing is seen

usually positively since the nature of it is opt-in. This means, that recipients need to agree to receive your email (marketing) messages. (Miller 2012.)

However, although everybody seems to working with email, it is also seen as a impersonal and indistinguishable channel, which rarely awakes positive feelings and can be easily left unnoticed because of the big amount of emails that people daily receive and the increase in spam, which requires no prior approval from the receiver. (Chaffey & Ellis-Chadwick 2012, 529-530; Miller 2012.)

2.2.2 Search Engine Marketing & -optimization (SEM & SEO)

Together with email, usage of search engines has become one of the most common online activity. The “push” marketing messages have been replaced with “pull” marketing, in which customers are in the driver’s seat of information search. (Wind 2006.) This makes search engines powerful tools for advertising. According to IAB 2012 (in Nabout et al. 2014), the share of search engine marketing from all online advertising expenditures was in the year 2012, 46% in United States, 59% in United Kingdom and 45% overall in Europe. Hereby, search engine marketing constitutes a major part of the advertising budget of the companies. Leading search engine in western market economy is at the moment Google with 80%of global search engine market share (Forbes 2017).

Search engines drive the majority of new traffic to most websites and they have fundamentally changed the way potential customers obtain information about products, services, people, and firms. Customers are not anymore passive receivers of marketing messages, but instead, they can actively seek information about companies anywhere at anytime. (Hennig-Thurau et al., 2010; Miller 2012)

The key elements of search engine marketing are paid search engine marketing (SEM) and search engine optimization (SEO). When a consumer types a keyword into search engine, e.g. Google, two types of results are shown and both SEM and SEO have their own role in these results. The mission of both SEM and SEO is to ensure the highest possible for a site in search results, since most people pay attention only to top results. (Miller 2012.)

SEM, also labeled as paid or sponsored search, affects the sponsored search results. These results appear in the top and bottom of all the search results with the label “ad” in them. Pricing of these advertisements is click based, meaning that an advertiser pays whenever a consumer clicks an ad. Thus, impressions of these ads are free for the advertiser. The ranking and price of an ad depend on keyword auctions. In these auctions advertisers submit a bid for each keyword at the price they are willing for pay for a click and these bids are combined to quality score of an ad. In this sense, prices of clicks are dynamic and monetary bid is not the only thing affecting the ranking of an ad. (Nabout et al. 2014.)

Organic search appear after 0-3 sponsored search results. These results cannot be bought and clicks from organic results are free for the site. In order to improve these organic results SEO comes to help. In SEO the both design and

content of a website are optimized in a way that it contains relevant keyword related content and the search engine is able to find this content effectively. In other words, the purpose of SEO is to lift the ranking of a site as high as possible in organic search. (Miller 2012.)

2.2.3 Social Media

Social media sites are software applications or web services, which enable interaction between users and management of different forms of user generated content. With social media, anybody with an internet connection can blog, write reviews, report on news events, share a song, video or even novel with the world. User interactions in social media platforms typically include posting and replying to comments, sending messages, rating content and tagging them into different categories. (Hennig-Thurau et al., 2010; Chaffey & Ellis- Chadwick 2012, 22, 31.) Users of social media sites can exchange information and provide solutions to one another across the world in a very short period of time (Lea et al. 2006). Options to gather and exchange information about different services and products are hence extensive (Hennig-Thurau et al., 2010).

Again, predominantly customers were passive receivers of marketing messages. However, rise of these new interactive media channels such as Facebook, YouTube, LinkedIn and Twitter have enabled customers to take a more active role as market players. It has made effortless for audiences to talk back to companies and talk to each other about the performance of sellers. Positive comments about company may help potential customers in their decision-making process since it has been noted that the way recommendations are shown affect the choice process. In this way, the trust building process of a company has expanded to online environment and company related content, either self or customer created, has an important role in emerging relationships. (Wind 2006; Hennig-Thurau et al., 2010; Mandjak et al. 2015)

Social media also enables companies to reach a huge amount of people and companies anywhere, anytime (Hennig-Thurau et al. 2010). At the moment, biggest social networking site is Facebook with 2,2 billion monthly active users (Facebook 2018). Social media communities are also important contexts through which mutual value can be created between a company and consumers. In these communities, community members value the ads and other communication messages about product of services of the community administrative company. Businesses have an opportunity to collect knowledge about their potential customer base and thereby create value to them. (Rowley 2004.)

Social media solutions threaten long established business models and corporate strategies. Printed newspapers and magazines are facing a major crisis and media analysts have noticed a decline of TV advertising effectiveness. Besides changes in media landscape, piracy and digital channels have hurt other industries as well for example the music industry and in a way, marketers have lost control over their brands. However, social media provides also several opportunities for companies for growth through new adaptive strategies. Through this interactive media, companies can attract potential new customers

and communicate with them in a way and speed that was not possible before. Companies are also able to cultivate their relationships with existing customers and participate in a conversation about the brand. (Hennig-Thurau et al. 2010; Shaltoni 2017.)

Social media has also created new kind of brand engagement, when customers are creating and consuming blogs, reviews or videos about the brand. In addition, social media enables companies to measure and track the communication of their audience, browsing or purchase-related behaviors. (Hennig-Thurau et al. 2010; Shaltoni 2017.) Most importantly, social media is used to generate sales leads by driving traffic from social media sites to the organization's own website (Karjaluo et al. 2015).

2.2.4 Display Advertising

Display advertising, often also labeled as banner advertising, is placing static or animated ads about a company, its products or brand, on other web pages that usually already have an established amount of traffic (e.g. news sites). These ads offer a link to the company website or campaign site and the purpose of display advertising is two-pieced. Firstly, they reinforce brand image, when users see the advertisement and not it either consciously or subconsciously. Secondly, display ads try to direct traffic to the company website through clicks. Impact of banner advertisement is often measured with click through rate that describes the proportion of users who clicked the ad. Banner advertising is typically paid on the basis of clicks (cost per click, CPC) or per impressions (cost per thousand impressions, CPM) (Rowley 2004).

2.2.5 Native Advertising and Content

Native advertising, earlier known as sponsored content, is a combination of advertisers own media and paid media. Own media means the content that advertiser has created (or publisher has created for her), for example an article or advertorial. This content fuses into paid media as it is portrayed in a site of another publisher in a way that it follows the visual layout and user experience of that particular media. However, authenticity is demanded both from the content creator and the platform that it is published at and there must be a disclosure about the commercial relationship. According to Lieb (2013) the benefits of native advertising are more elegant and seamless user experience as it does not interrupt the consumers but rather attracts them. This results in more effective and engaging advertising.

Furthermore, industry related content is an important factor when creating company brand on the internet, even it would not be connected to paid media. Relevant content for example in a form of company blog on company homepage or participating in conversations related to the industry in social media may enhance the company image as a industry expert or even an opinion leader. In online media environment it is about telling everyone, what your brand is and what you stand for, rather than letting audience make the

conclusions from different small bits of information. (Lipiäinen & Karjaluoto 2015).

2.2.6 Digital Measurement and Analytics

In addition to digital marketing being cost-effective, timely, fast and global, the results of digital marketing are more easily measured compared with results of traditional marketing (linear TV, radio, print, out-of-home advertising) (Hennig-Thurau et al. 2010). Measurement of marketing results should be on the concern of every person working with marketing, since under specific contextual circumstances usage of this measurement data in marketing decisions benefits the company in the form of data-driven marketing strategies (Wind 2006; Järvinen & Karjaluoto 2015). There is a potential of growth in analyzing rich databases available e.g. the user visits to the website and in cookie data (Rowley 2004; Wind 2006).

Measurement of the results of digital marketing can be done with web-analytics that refer to tools that collect clickstream data regarding the source of website traffic navigation paths and the behavior of visitors during their website visits. After collecting the data, the analytics tools present the data in a meaningful format as tables and charts. These tables and charts make marketers more aware of the effectiveness of different digital marketing channels (SEM, social media, display & native ads, email) and what kind of actions and content help to attract new and returning visitors to their website. This received knowledge becomes useful when budgeting, planning and modifying digital marketing actions to improve company's performance. (Hennig-Thurau et al. 2010; Järvinen & Karjaluoto 2015.)

In industrial sector, where purchase decisions are usually made through personal selling, web-analytics are helping marketing department to demonstrate the influence of marketing actions and their ROI (return-of-investment) to the business. With web-analytics it is possible to measure, which digital marketing tools help to attract potential customers and generate sales leads. When web-analytics are combined to CRM (customer-relationship-management), it is even possible to find out, which of these leads resulted in transactions. However, it must be carefully decided, which measures are the right ones in tracking the results. (Wind 2006; Järvinen & Karjaluoto 2015.)

However, there are also weaknesses in the data provided by web-analytics. Quantitative data does not measure or describe abstract concepts such as brand image, customer satisfaction or word-of-mouth, which are essential in building long-term customer relationships. This is clearly a disadvantage in industrial environment, which is based mostly on long-term relationships and therefore relationships specific information is needed. Data of web-analytics also describes the current situation in customer behavior and does not help in forecasting their future behavior. (Järvinen & Karjaluoto 2015).

2.2.7 Digital marketing in industrial B2B sector

Although there are many benefits associated with marketing in digital

environments, the level and amount of digital marketing activities vary between industrial organizations. Whereas some organizations may have a website that allows online transactions with customers and distributors, some might run a website that provides only basic information, if even that. As stated by Shaltoni 2017, 19% of B2B organizations are not involved in digital marketing at all. This is interesting considering that internet has been mainstream nearly 20 years and it has changed many key elements of marketing.

For years, industrial marketing did not make the same digital advances as consumer marketing (Wind 2006). According to Järvinen & Karjaluoto (2015) digital marketing has, however, gained lately more and more attention in industrial companies as they have started to both implement digital marketing into their strategy as well as increased their investments in it. The development of online environments and social media is reshaping the field and investments into usage of digital channels have been on the rise (Chaffey & Ellis-Chadwick 2012, 29; Järvinen & Karjaluoto 2015). The use of the internet has become a prominent tool for prospecting new customers and improving relationships with current ones (Long et al. 2007). Also, as noted by Karjaluoto et al. (2015) animations and other digitized materials help to illustrate and further simplify complex B2B products and solutions.

Industrial buyers appreciate timely digital communications when gathering information, such as product specifications, supplier details and references to support them in decision-making. (Karjaluoto et al. 2015.) According to Several researchers when looking for information about a product or a service, more than half of B2B customers start it with a search engine and industrial SME's in particular start their online journey with electronic marketplaces (Miller 2012; Turban et al. 2012 in Shaltoni 2017).

The global and interactive nature of internet and its fast abilities in communications makes it a perfect vehicle for international interactive marketing (Park & Jun 2003). Through mobile devices, product reviews and information can be searched constantly on the move and it is possibly to contact a company outside office locations (Hennig-Thurau et al. 2010).

Although industrial companies have realized and harnessed the potential of the internet in their marketing activities, integration of social media into sales and marketing has been considered problematic. Firms have not used social media tools as widely as traditional digital tools, even though it offers great opportunities such as (faster communication, wide reach, traffic to the site and sales leads). (Karjaluoto et al. 2015.) In fact, in B2B context, many marketing decision-makers believe that social media is more relevant to B2C marketers and nearly 60% of business executives in B2B sector consider social media irrelevant for their business (Shaltoni 2017; Jussila et al. 2014 in Shaltoni 2017).

Nevertheless, information technology and the resulting explosion of different media channels and the form of advertising, have connected also consumers to industrial companies in a way that was not possible before (Wind 2006). According to Wind (2006), the lines between industrial and consumer marketing are blurring, since with same channels you are able to reach professional and consumer audiences at the same time. In turn, as increased

brand equity, the awareness created in the consumer area is likely to cumulate to the decision makers' thoughts and needs in the professional environment as well.

Social media has clearly become an important advertising channel for companies, but many marketing managers in B2B environment should still need to understand, what is the business value of social media and what kind of content customers want to consume in this environment (Hennig.Thurau et al. 2010). According to Shaltoni (2017), some companies may be very active in different social media platforms, whereas others do not perceive it as a valuable channel for their business. More than 70% of the B2B companies participating in his research had a Facebook account or a page. However, only less than a third of those pages had a significant amount of content or were frequently updated. The same applied to the company pages in LinkedIn and YouTube.

Interest towards use of digital channels is also connected to emerging relationships: in which parts of the process digital channels come into question and what is their meaning in them? Researchers (Lee et al. 2011; Sila 2013) and practitioners are also starting to see that since electronic marketplaces, unlike traditional ones, do not have geographical or time limitations, value creation in the form of time and place is significant (in Shaltoni 2017).

2.3 Perceived Value

Perceived value is the customers overall assessment of the usefulness and usability of the product and it is based on the relationship between the benefits and the sacrifices. In other words, what customers feel they receive and benefit from the sacrifices they have made. Sacrifices in the purchase of a product/service are for instance used time, energy and effort together with price that has been noted to be the most significant factor. Benefits in refer to for example quantity, quality, convenience, ease and the respect received from the other actors in the industry. (Zeithaml 1988).

Perceived value is a multidimensional construct and according to Sweeney & Soutar (2001) it can be divided into four different dimensions: functional value, monetary value, emotional value and social value, which all affect the perceived value of the product, service or a brand (Figure 4). Functional value refers to customers' evaluation on how high-quality the product is and how well does it fill the task it was originally planned for. Monetary value refers to the price of the product in relation to its quality and other competing products. In other words, does the customers feel that they are having return for their money invested? Emotional value is based on emotions and feelings that the product evokes in customers. Social value is created, when customers feel that their image is improved by the product or service. In business-to-consumer (B2C) environment many lifestyle and clothing brands have strong social value to consumers.

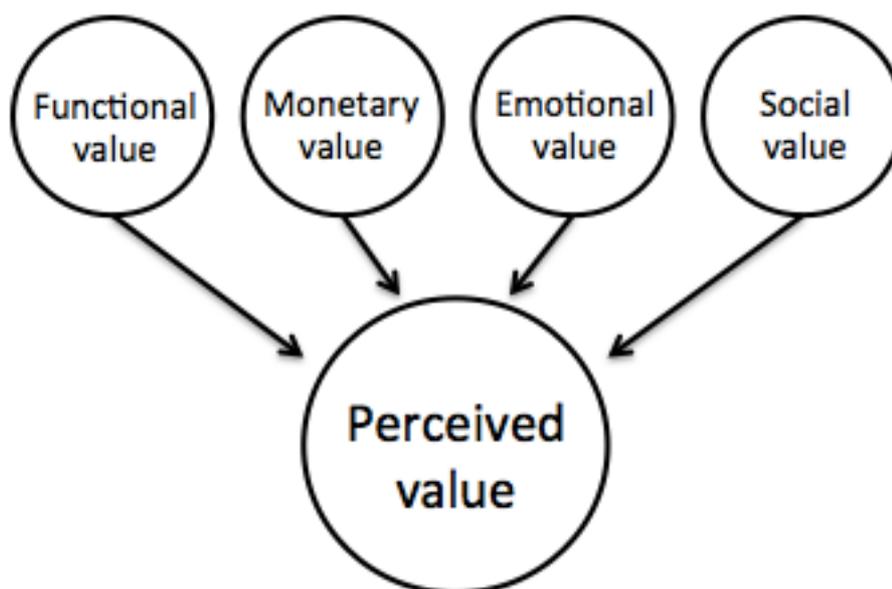


Figure 4 Perceived value (Sweeney & Soutar 2001)

Perceived value as a concept is complex and subjective. The opinion about sacrifices and benefits, thus the overall value, is based on the preferences of a customer. What one might find valuable, may the other see as added expense and different customers may perceive different values within same product (Uлага & Chacour 2001; Trasorras et al. 2009.) Due to this, when defining the value of a product, service or brand, the term *perceived* value is often used (Zeithaml 1988). Customer value is also a dynamic concept. The motivation drivers to first purchase may be very different from the value during long-term use. (Lapierre 2000).

Perceived value is relative to competition and how it is perceived is strongly affected by other products on the market. Value is defined in comparison with competing products/services and creating better value than competitors will help in creating sustainable competitive advantage. Thus, screening customer value has an impact to the marketing strategy of a company. Value is also dependent from the context and customers frame of reference.

In marketing literature perceived value is usually strongly connected to customer satisfaction (Uлага & Chacour 2001). Furthermore, several studies have found a strong correlation between customer loyalty, customer satisfaction and perceived value (Trasorras et al. 2009).

2.3.1 Value in Industrial B2B Sector

In industrial buyer-seller relations delivering superior value is the key in creating and long-term relationships. In B2B context value should be approached from the angle of value judgements. Value judgment refers to customers' evaluation of the value that has been created for them by a supplier considering the benefits and sacrifices in a usage situation. In industrial B2B sector perceived sacrifices are often described in monetary terms and customers

value a reduction in these sacrifices often more than increase in benefits. Perceived benefits in turn are a combination of physical and service attributes together with available technical support. (Uлага & Chacour 2001.)

Most literature concerning value in B2B environment regard value as a trade-off between quality and price (Uлага & Chacour 2001). Consequently, from the value dimensions of Sweeney & Soutar (2001) functional and monetary value clearly have the biggest impact on the purchase decisions. The calculation of the monetary value of the product, has due to this a central role in investment decisions. The economic viability of the investment needs to be in a certain level for a board to even consider it, so the monetary value of the product must be easily calculated (Barton et al 1992).

However, according to Lapierre (2000), customers in B2B contexts are neither impressed by the best product or lowest price alone. Costs can be broken down into cost of use, cost of service and starting cost. Assessed sacrifices include also non-monetary costs such as time, effort, energy or other psychological sacrifices customers consider when forming a binding with the supplier. As many times in business world, time equals money. Thus, some customers may consider time rather than money as their most precious asset.

Rowley (2004) considers relationships between organizations crucial in the creation of unique customer value. This is supported by Lapierre (2000), who's study considers relationships as the key value drives together with product and service (Figure 5). However, relationships as value drives were seen to act as biggest differentiators between companies, since in the nowadays competitive environment both product and service based competitive advantages can be easily imitated. In the study of Lapierre (2000) the second most important value drivers after the three key elements (relationships, product, service) were flexibility and responsiveness.

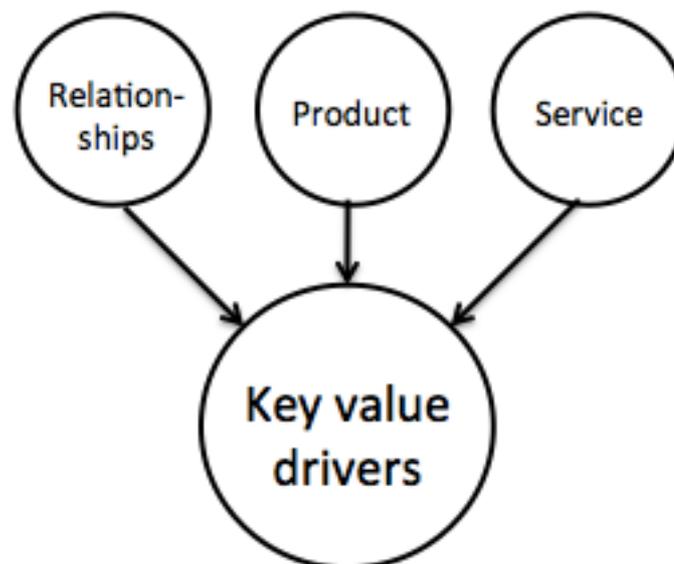


Figure 5 Key value drivers (Lapierre 2000)

According to Grönroos (2011), value is eventually determined by the customer. Lapiere (2000) supports this by stating, that a commitment to customer-value innovation is vital to sustaining the competitive advantage of company. Perceived value has a major influence on customers buying behavior and it is essential to recognize, which values guide their choices and provide them products that support those values (Neal 1999). In addition, the number of people involved in the purchasing process differ between organizations and there might be also differences between functional areas of these people. Thus, there might be many different judgements of value both in customer and supplier company. Bridging these gaps with different marketing activities is critical for value delivery. (Ulaga & Chacour 2001.)

2.3.2 Value Co-creation

Superior, target group relevant value propositions are also involved in value co-creation. By successfully managing value co-creation, companies are able to maximize the lifetime value of eligible customer relationships. As the supplier and customer learn together it may assist the supplier in highlighting and understanding the needs and wants of a customer. Moreover, in many industries, several remarkable product innovations are initially stimulated by lead users and thereafter completed by supplier. This makes strong relationships and customer insights important (Von Hippel 1988, cited in Wind 2006.) As the digital environment has made customers active information seekers and receivers of marketing messages, likewise in the value co-creation customers transform from passive audiences to active players. Digital channels have clearly opened new doors and ways to collaborate with the users of a product or service. (Wind 2006; Payne et al. 2008; Hennig-Thurau et al. 2010.)

In value co-creation activities of seller and buyer are interdependently combined in order to create mutually valued outcome. Rather than just delivering and distributing value to the customers, a firm in the seller position creates it collaboratively with its customers. Seller of the value provides inputs for customer's value-creating activities and customers are no longer the passive recipient of a product, support material and advice. In value co-creation, the customer becomes a partner, who shares valuable information to producer and helps them solve the possible problems related to the product/service. Customers can participate in value co-creation also by influencing the attitudes and behavior of others toward the producer. The incentive and initiation to start the co-creation can, as in the case of emerging relationships (Mandjak et al 2015), come from the supplier or from the customer. (Rowley 2004; Payne et al. 2008; Vargo & Lusch 2010.)

Value creation in this collaborative setting is mutual, reciprocal and interactive. If there are no direct interactions, value co-creation is not possible and quality of interactions is fundamental for value co-creation. Firm's employees communicating with the customers are in a key position in value creation and established strong relationship is a prerequisite for value co-creation to occur. Nature of value can also be seen as emerging and changing over time as the value occurs when customer uses the product or service. Hence,

value creation is not a manufactured output or an event from production to consumption. (Rowley 2004; Vargo & Lusch 2010.)

It must be noted, that value co-creation is not suitable for every business relationship. Some customers may consider co-production as a burden, not an advantage. Others may like choice, but not too much choice. Ergo, the amount of value co-creation must be adjusted to each unique relationship. Customization occurs, when customers pick the qualities and features of a product from a pre-defined selection. In personalization customers are more active co-creators and able to discuss about their ideas and needs. The end product is therefore uniquely tailored. (Moon and Frei 2000; Prahalad and Ramaswamy in Rowley 2004.) The result of value co-creation is often customized or personalized co-produced offerings, where value is embedded in the overall experience. Instead of mere product features, the focus is in relationships and value-in-use. (Payne et al. 2008.)

According to Vargo & Lusch (2010) producer-consumer distinction is flawed and all actors of a relationship should be considered as value creators. However, there are also distinctive views about value co-creation. According to Grönroos (2011) value is being created in the customer's in-use. This means that eventually, value is created by the user/customer in the usage of the product and customer as a user is in charge of the value creation process. Since value is experienced by the user, he/she also determines what value is created.

The definition of Grönroos (2011) challenges the conventional value-in-exchange view and goes even further than the collaborative definition of Vargo & Lusch (2010). In this study in the manner of Vargo & Lusch (2008; 2010), value co-creation is considered as an important part and principle of service driven business models. However, it should be kept in mind that also Wind (2006) acknowledged that there is a need to think more about customer managed relationships, where customer is more in control, rather than traditional customer relationship management. Companies reluctant to empower customers may see customers as a threat to their profits, but giving more power to customers also strengthen the relationships between seller and buyer.

2.4 Service Business

In B2B marketing the need for developing collaborations and partnerships with customers is recognized and many leading-edge firms in both B2B and B2C businesses have advocated the need for shifting from the production of goods to a concern with services. Customers are not anymore buying only the tangible product and output built from raw materials. Instead, they are buying the service capabilities of the product and the knowledge behind it. These service capabilities of the output are building long-term value to the customers. Due this, companies need to focus on total customer experience and several dimensions beyond product functionality and price. Total customer experience

includes everything from pre-purchase to purchase to us to post-purchase disposal. (Phillips et al. 1999; Wind 2006; Vargo & Lusch 2008.)

In service dominant logic (Vargo and Lusch 2008), service is seen as a process and defined as the application of competences (knowledge and skills) for the benefit of another party. Goods are seen as important conveyors of these competences, but service is superordinate. Summarized, service is the basis of exchange and goods are only vehicles for value creation. This makes the importance of tangible goods shift to intangible resources, value co-creation and relationships. Stable relationships characterized by trust and rich exchange of information also reduce the search costs and risk of opportunism (Gulati & Gargiulo 1999).

Applying a service business model has a strong impact on the marketing strategy of the company. For example, exchanges between companies are seen as relationships rather than transactions and quality is measured from customer perceptions rather than engineering standards. Shift from transactions to interactive, complex and deep relationships naturally requires a more relationship focused marketing strategy. It is important to see the whole process of value creation rather than individual products and understand the drivers of value creation. In service business purpose of a firm is not to make something, but to think about the whole customer experience and help customers in their own value-creation processes. (Wind 2006; Vargo & Lusch 2008.) Interaction has a central role in conventional services marketing (Vargo & Lusch 2010).

Despite the financial opportunities of services (higher margins, more stable source of revenue), not that many managers are very few managers are motivated to invest in service business. Managers tend to miss the higher margins related to services and overall they have difficulties in measuring the cost of providing services. The nature of the service market might be hard to understand, which makes it hard to formulate a calculated service strategy. Obviously, formulating and implementing a service strategy also includes internal and external risks and managers might prefer less risky outcomes and invest mainly in the product business with the more uncertain outcome. External risks are linked to the relationship with the customer, since service strategy requires intimate knowledge of customer's operation and customers might not be willing to share this information. Hence, trust is an important factor for service business models and the external risks can be reduced by integrating the customer into the service development process. (Gebauer & Fleisch 2007.)

As said before, in order for a service business model it is important to find customers who are willing to co-operate and integrate them effectively into the service development process. In a service dominant logic in general, the value creation becomes a collaborative process between customer and the producer. Value is being co-created with each of the parties bringing their resources into the process (Vargo & Lusch 2008).

2.5 Theoretical Framework of the Study

In a case study, prior theory provides a base to the data collection phase. Research issues are built with the help of previous researches and literature (Perry 1998). Also in this research, diverse academic literature is used to constitute the theoretical framework of the study. The proposed theoretical framework as a whole is presented in the next page (Figure 6).

Wind (2006) recognized four elements that were re-shaping the field of industrial markets:

1. Shift from value chains inside the company to relationships with other companies.
2. Development of digital environment and internet and rise of small businesses.
3. Change of marketing and functions within the firm due to electronic data interchange.
4. Involving customers to participate into design and delivery process.
Blurring of products and services

All of these elements can also be seen in the theoretical framework of this study. The framework is strongly based on the "Relationship Emerging Flow" of Mandjak et al. (2015). Relationship Emerging Flow was used to identify the different phases in little explored birth moment of a relationship.

The theoretical framework of this study is based on the hypothesis of Mandjak et al. (2015) that the birth of a new relationship moves from awareness to initiation, then to interaction and finally to trust, which enables the relationship to occur. Every stage and the decisions made in it have an impact to the possibility to form a business relationship. This research contributes to the novel theory by testing its veracity in the case of small and new company in global industrial environment.

As digital channels clearly offer opportunities to companies operating in a global environment, the effect of digital channels to the different phases of the Relationship Emerging Flow are also surveyed. Industrial companies have not been as eager as companies in consumer field to transform their marketing communication activities to digital environment. Nonetheless, there is clear evidence that digital channels are present and re-shaping the field of industrial marketing as well. Therefore this section is given high importance in the study results and conclusions. Furthermore, digital marketing in industrial environment is a research area that has not been yet thoroughly explored. (Warhurst & Bridge 1996; Wind 2006; Karjaluoto et al. 2015.)

Relationships between organizations are seen crucial in the creation of customer value and relationships also serve the most solid foundation to competitive advantage (Rowley 2004; Lapierre 2000). Vice versa, delivering superior value is the key in creating and long-term relationships in industrial buyer-seller relations (Ulaga & Chacour 2001). These whys and wherefores makes it relevant to examine, in addition to different digital channels, how is

the value of case company's system received and how does it affect the emerging relationships.

Lastly, as the economic circumstances are not favorable for CAPEX (capital expenditure) oriented and goods-dominant suppliers, the whole concept of Relationship Emerging Flow is linked to service business context.

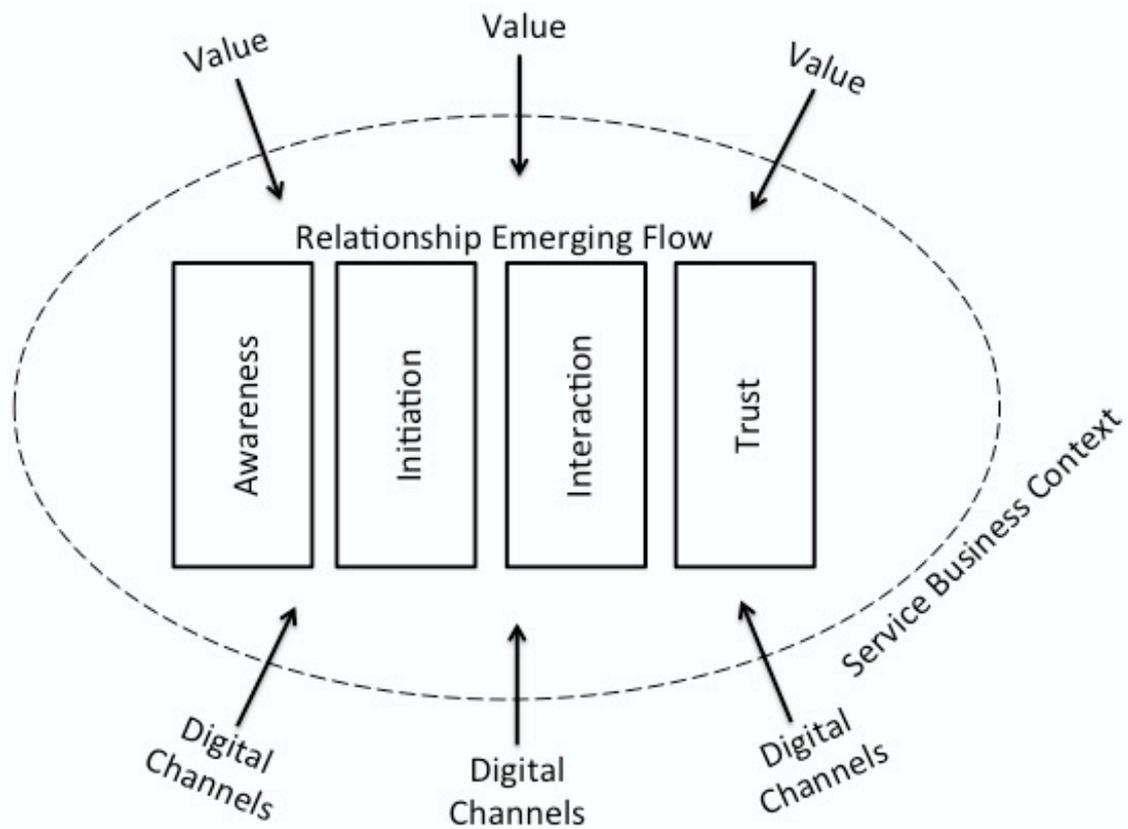


Figure 6 Theoretical Framework of the Study

3 METHODOLOGY

In this chapter the methodology of the research is introduced. The study itself was constructed roughly in five phases (Figure 7). In the beginning the purpose and the research questions of the study were defined. Before collecting the data it is favorable to orientate to the subjects concerning the research questions and the purpose of the study (Hirsjärvi & Hurme 2001, 14). After purpose of the study was defined, a deep orientation to the subject in matter was needed and received by developing the theoretical framework for the study. On the third, the data for the research was collected and after that analyzed. Last, the final report with conclusions was composed. However, because of the abductive nature of the study, the theoretical framework and empirical fieldwork were also later partly overlapping each other, when unexpected empirical findings inspired modifications to the original framework. From these five phases in this chapter we focus mainly on the data collection and analysis. For the data collection purposes, the research strategy must also be defined and the description about the research strategy will start this section. All the methodological considerations were aimed to support the research questions presented in the introduction.

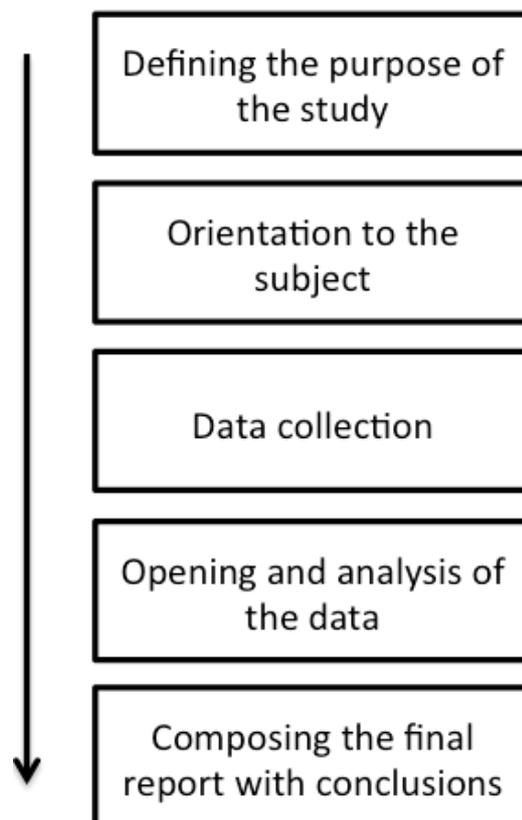


Figure 7 Constructing the study

3.1 Research Strategy

For the research strategy of the study a case study was selected. Case study is a suitable strategy for this research like industrial business-to-business situations, since it consists of a detailed investigation that attempts to provide an analysis of the context and processes involved in the phenomenon under study. Case research is particularly useful, when the research phenomenon in matter cannot be reliably quantified or studied outside its natural setting. Under situations where multiple contextual variables influence organizational behavior, survey designs become less appropriate. (Johnston et al 1999.) Most generally defined, a case study is a description of a management situation and its suitable for the situations where the boundaries between phenomenon and context are not obvious. (Bonoma 1985.)

Case research also allows examining problems that have not yet been studied by previous theories. It facilitates the understanding of new phenomena and provides explanations with “how and why” questions. (Bonoma 1985.) Nature of case studies, and this study as well, is often exploratory. The purpose of explorative studies is to explain little known phenomena and look new perspectives to them and map out the literature and its contents in a particular topic. (Hirsjärvi & Hurme, 2001, 127.) Results of the explorative case study can not be generalized, but the purpose is the understanding of a phenomenon in a specific context, in this case emerging relationship process in global industrial, mostly mining, related firms. (Perry 1998.)

The preferred scientific paradigm for case study and the chosen paradigm for this research is realism. Case studies usually involve collections of otherwise unobservable phenomena such as views and motivations and unlike positivism, realism does not require that only observable phenomena should be researched. In studies that use realism as an epistemological guide the research problems are more descriptive than prescriptive and answer to “how do” rather than “how should” kind of research problems. This is also suitable for case study research, which attempts to describe real world phenomena rather than developing normative decision models. (Johnston et al. 1999; Perry 1998.)

Case studies require inductive research approach and begin with pure induction. However, according to Perry (1998) it is unlikely that induction and deduction could be purely separated in research process and the final research approach in case studies is mix of induction and deduction. The difference between deduction and induction is that the purpose of induction is to generate new theories, whereas deduction tests existing ones. For qualitative research there is also prior theories that help in structuring and designing the study. Typically, the case research consists of inductive approach aiming at theory generation but at the background there is some deduction based on prior theory. Hence, the strategy of this research can be considered as an abductive strategy. Abductive strategy combines deductive and inductive approaches in a way that together with empirical fieldwork the theoretical framework of the study evolve during the research process. (Perry 1998.)

In order to receive answers to the issues raised in the introduction, a

deep insight about the needs and opinions of different stakeholders of the case company. was needed. To fulfill this a qualitative method with personal interviews was selected. Interviews are good method for collecting deep information about people's beliefs, thoughts, opinions and values By using them it is possible to answer questions "what", "how" and "why". (Hirsjärvi & Hurme, 2001, 11.) From these qualitative interviews a lot of information was collected and the study itself is strongly data-driven.

3.2 Case Description

It is important to define the case as precisely as possible, since it facilitates to understand the limits of the existing theories in the given context. In addition, this helps to develop theories further in the theoretical implications of the study. (Lincoln et al. 2011, 307). It can be assumed that the nature of the case company, its industry and customers affect the formation of new business relationships and in that way the implementation of the Relationship Emerging Flow of Mandjak et al. (2015) for this particular research. Consequently, in this section the special characteristic of the case company, its industry and customers are being presented. The customers of the case company are at many times large mines that belong to an international group. The typical investment process of these kind of mines is demonstrated, so it would be possible to understand the different motives of each key person and to whom of these key persons should be effected to, and how, in different parts of emerging relationships.

3.2.1 The Case Company

Essential for the case study research is to select an appropriate case company for the purposes and objectives of the study (Coyne 1997). The case company selected for this research is a globally operating industrial company located in Central-Finland. Company offers technologically innovative, cost and time saving solutions for moving tracked equipment and these solutions can already be found in quarries and mines in more than 40 different countries (appendix 1). Although the company has broken the international barrier, it is still small in terms of annual turnover as well as personnel. Company employs approximately 10 persons and the challenge that the company is facing, is the same that most startup and small firms face: liability of newness/smallness.

Liability of newness/smallness occurs when young and/or small firms lack the record of accomplishment and the trust of older industry players. Because of this, companies struggle to develop strategically important business relationships with suppliers and customers. Usually, the resources (mostly time and money) of young firms are also limited, which leads to little power and influence over market and competitive conditions. (Kor & Misangyi 2008.)

Both the liability of newness/smallness and the operation in the global market make the case company and interesting and suitable subject for the research. In the B2B environment with fewer potential customers each customer

relationship is vital (De Pelsmacker et al. 2007, 543). In addition, the liability of newness/smallness increases the importance of each emerging relationship and the relationships between the case company and its customers are all relatively new. Therefore, the interviewees are more likely to have a good recollection of how the relationship was born, and which factors affected to the formation of the relationship.

The global nature of the case company allows the study to gather a deeper insight about the role of digital marketing channels in emerging relationships. Internet enables the companies to be relatively independent from the location and is an opportune channel for targeting new geographic markets (Chaffey & Ellis-Chadwick 2012, 40, 221). According to Bell & Loane (2010), it is widely accepted that internet is the key driver of small and medium enterprises' (SME's) internationalization. Internet can remove some of the barriers SME's face in international business environment and offer new ways to establish relationships. Consequently, the case company like company operating in global markets should be more interested in leveraging digital marketing communications tactics.

Currently, the case company is selling their sales items (equipments, spare parts and training) through multiple different channels. The case company as an original equipment manufacturer (later called OEM) is selling these items directly to the end customer. Besides that company uses dealers, agents and third men in their commerce. With a completely new innovative way to increase mobility of tracked equipment, the challenge for the case company in its sales is not to communicate its advantages compared to competitors, but to educate to potential customers a completely new way of doing things.

The case company operates in two different industrial market segments: mining & quarries. At the moment approximately 90% of company's revenue is received from mines and remaining 10% from quarries. Therefore, in this research and the next chapters, most emphasis is given for the mining industry, because of its significance for company's revenue. Most of the interviewees were also connected to mining industry.

3.2.2 Mining industry - Current Situation and Trends

For the past few years the mining industry has been in turmoil. Financial crises, regression and depletion of scarce resources have created a lot of volatility in a traditionally staple market (Govindan et al. 2014). The recent evolvments in, for example, the Chinese economy have forced businesses to rise up on their toes to meet the new global-scale challenges. (Willis 2013; 2014.) In the year 2016, in line with global stagnation in the commodity markets and low demand, economic environment continues to be challenging for mining & metal industry (Willis 2016).

At the same time this creates challenges but also opportunities for the case company. According to Willis Limited (2015), capital in the industry is extremely tight, but for those with access to it the opportunities are considerable. Several mines are being put into care and maintenance and

because of cost cutting, existing plant and resources are being worked even harder and there is a demand to implement sustainable practices globally (Govindan et al. 2014; Willis 2016). Already before, much of managerial attention in the industry has been directed towards cost reduction, safety and regulation (Willis 2013; 2014). This opens ports for new technologically innovative players like the case company, who can answer to the demand of cost-reducing equipment, methods and procedures.

3.2.3 Customer Characteristics

The customers of the case company are mostly large mining related industrial companies. These industrial companies operate in B2B environment, where the customers consist of other organizations rather than consumers. Compared to B2C sector, the amount of sellers and buyers tends to be smaller and there is a higher complexity in decision making. Because of this higher complexity and several members involved in buying decisions, B2B markets are generally believed to be more rational in decision making. However, the organizational buying centers consist of human beings, so it can be assumed that the persuasion tactics have a role in B2B environment as well. (De Pelsmacker 2007, 533-549.)

Not only is the economic environment challenging for companies in the mining & metal industry but the general field of field of B2B marketing has undergone a paradigm shift as well as the tactics of marketing communications move from outbound more towards inbound (Halligan & Shah 2009; Willis Limited 2015). Businesses in the industrial B2B sector have to change the way they conduct their marketing activities, which creates a challenge also for the case company. Although mining industry and industrial companies in general have been long regarded as a conservative, especially with marketing activities, there is clear evidence that the generation of new digital channels and the fragmentation of the media landscape have led to a rethinking of marketing communications in industrial firms as well (Warhurst & Bridge 1996; Karjalainen et al. 2015)

Mining companies receive a significant global attention due to their environmental and social responsibilities and safety of the employees is a crucial issue at all times. Drivers such as reputation, codes of conduct, company image, and risk minimization also have great influence in these customers' purchasing behavior. (Govindan et al. 2014.)

Companies usually have a higher from the top instructed purchasing strategy, which is focused primarily in these safety and risk issues. After passing the safety requirements, purchasing is rather free, although the levels of freedom may vary between companies. In addition, it is important to note that there are differences in purchasing and adoption of certain purchasing tools across countries and continents. (Karjalainen & Salmi 2013.) This creates challenges for companies operating in global environment and need for a local knowledge.

According to Yen & Yen (2011) top-management commitment is the primary driver of green purchasing standards and mining companies have

started to adopt corporate social responsibility (CSR) strategies for a cleaner environment (Govindan et al. 2014). However, Karjalainen & Salmi (2013) noted that only few companies tend to focus on environmental aspects on purchasing and mining industry have been criticized for the delay in implementing CSR strategies (Govindan et al. 2014).

3.3 Data Collection and Analysis

In this research, the empirical data was collected with semi-structured theme interviews. In total 13 interviews were carried out to different stakeholders of the case company. After that, the data was content analyzed and organized under different themes based on the theoretical framework. A theory of Mandjak et al. (2015) was used strongly as a base of the interviews. In the following chapters the data collection and analysis methods are taken a closer look.

3.3.1 Semi-structured Theme Interviews

Semi-structured theme interview is based on a set of questions under certain topics but the interview itself is very freely structured and conversation like. The participants have the freedom express their opinions and thoughts in their own words and offer new meanings to the topic of the study. A semi-structured theme interview also leaves space for the researcher to ask more detailed questions and raise issues in the course of the interview. This makes the interview very versatile and a deeper understanding of the research question can be obtained. (Fylan 2005, 65, 67; Galletta 2013, 2; Hirsjärvi & Hurme 2001, 140.)

The respondents were selected based on the contacts of Business Development & Marketing Director of the case company. As a sample technique, this was a discretionary sample, since the purpose was to find interviewees with the best knowledge (Tuomi & Sarajärvi, 2004, 87). The respondents were selected from the different markets of the case company and in total 13 interviews were performed. In addition, the interviewees differed in their relationship with the case company, since the sample included dealers, agents and end customers of the case company. The interviews lasted between 13 and 134 minutes, so dispersion in the length of an interview was big.

The interviews were carried out with interviewing each of the respondents personally or through Skype-video calls. With the participants' consent the interviews were audio-recorded for analyzing purposes and in order to avoid possible recall biases. Recording also gave the interviewer opportunity to be present and concentrate better in the actual interview situation.

All the interviews were carried out mainly in English but some of them also in Finnish. Interviews conducted in Finnish were translated into English and the objective was to translate the responses to correspond to the original

answer as well as possible. In some of the interview situations other people were present (e.g. the dealer who that person is in contact with), which may have affected the reliability of respondents' answers.

Participant	Principal country	Title	Industry	Duration
1	United States	Export Sales Manager	Industrial equipments	13min
2	South-Africa	Director	Mining equipments	110min
3	South-Africa	Senior Engineering Manager	Mining	16min
4	South-Africa	Chief Workshop Engineer	Mining	25min
5	South-Africa	Mechanical Engineer	Mining	53min
6	South-Africa	Trainer & Mechanical Engineer	Mining equipments	21min
7	Belgium	Product Manager	Industrial equipments	30min
8	Belgium	Responsible Salesman	Quarrying equipments	14min
9	France	Marketing Director	Industrial equipments	38min
10	Finland	CEO	Mining	66min
11	Finland	Manager of Mineral Processing	Minerals Processing	45min
12	United States	CEO	Renewable Energy & Resource Solutions	134min
13	Finland	Head of Department	Mining	38min

Figure 8 Respondents of the study

3.3.2 Data Analysis

After conducting the interviews, the collected data must be analyzed (Perry 1998). In qualitative research, however, data collection and analysis often take place simultaneously and in this study as well, the informal analysis was started already in the interviews (Gummesson 2005, 312). For the more formal analysis, recordings from the interviews were transcribed in the verbatim written form. In the actual analysis itself, the transcript materials were read through several times and organized under different themes, mainly according to the breakdown in the theoretical framework. The organization of the data under different themes helps to discern and analyze the relevant information for the research (Eskola & Suoranta 1998, 180)

Thus, the material from the interviews was approached by abductive content analysis, which gives objective and systematic tools to analyze data. Abductive content analysis has theoretical connections, but theory does not rule the analysis. Content analysis as a method produces categorizations and

classifying into certain themes based on the interpretations of the researcher. The data was also coded by segregating from the material things that this research was not interested in. (Tuomi & Sarajarvi 2004, 92, 94, 99.)

Some of the themes were partly overlapping, due to the theoretical framework. For example the digital marketing aspects of the theory stood out already in the emerging relationship section. In the reporting of the data, a lot of citations were used to justify exemplify and enliven the results and to bring out the voice of the interviewees. In addition to this, the reader of the report is able to create own meanings from the citations and evaluate better the reliability of the study. The results of the analysis are presented in the chapter 4.

4 RESULTS

This chapter represents the empirical findings of the study and the quotations from the interviews are used to illustrate these findings. According to Perry (1998), in case studies the prior theory comes back to the forefront in the data analysis, with tight structure used to categorize the interviews. Being able to create categories, maps and concepts describing the research phenomenon is also prerequisite for successful content analysis (Elo et al. 2014). Due to this, the theoretical framework (Figure 6) is used to structure the results into reasonable entities also in this study.

The chapter aims to present the results in the most logical manner in five different sections. First the results about the Relationship Emerging Flow and the different stages of it are presented. Second, in order to clarify the role of digital channels in new business relationships subject “Digital Channels in (Emerging) Relationships” is presented in its own section. There is some repetition in the results concerning the digital channels used in emerging relationships, since some digital aspects stood out strongly already in the awareness, initiation and interaction parts of the “Relationship Emerging Flow”. In the third chapter key value drivers of case company’s system and potential barriers for purchase are displayed. The chapter will also deal with value co-creation. In the fourth chapter respondent’s thoughts about service business models are outlined and we will represent matters to be taken into account when planning to a shift into service business model. Chapter will also describe the special characteristics of Relationship Emerging Flow, when operating the service business environment. Final chapter will represent the investment decision process mines.

4.1 Emerging Relationships

In order to help the case company to facilitate the birth of new business relationships and overcome the liability of newness, respondents’ views about different phases in the process of Mandjak et al. (2015) were researched. Starting from awareness stage, the “Relationship Emerging Flow” is used in this chapter to structure the analysis.

4.1.1 Awareness Creation

The questions about the awareness stage in emerging relationships were strived to find out how the awareness could be raised to the level where another actor is seen as a potential partner and the initiation towards business relationship occurs. What are the triggers that motivates companies to begin a new relationship? As it can be seen from the images below, the opinions of seller are more narrow than the awareness paths of actual buyers. Sellers see factors

related to visibility, network position and referral (Figure 9), whereas in buyers side prior relations are attractiveness are also involved (Figure 10).

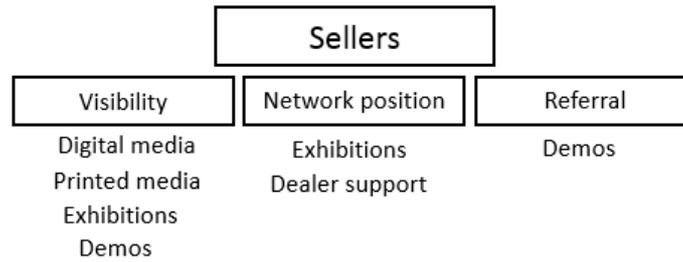


Figure 9 Awareness Creating Factors According to Sellers

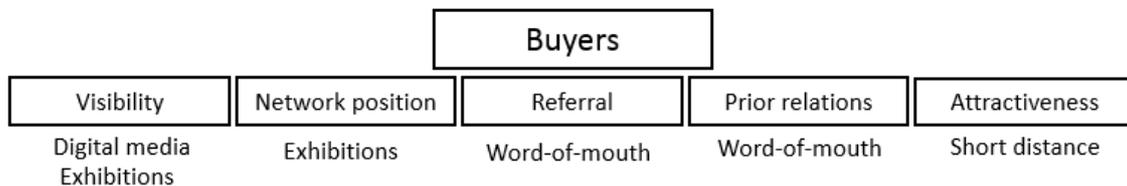


Figure 10 Awareness Creating Factors According to Buyers

4.1.2 Sellers Perspective of Creating the Awareness

Visibility: Digital and printed

In the interviews it was asked from the people working in the selling side of the relationships, what are their main ways of creating awareness. Most of the answers were clearly connected to organizational visibility in the digital environment as a trigger.

“Most awareness is created now through the web, uhm, a lot of new customers and new clients have searched for that type of equipment and we had to build down in a way we’re going to pop-up first, or we are gonna be the first three selections. So that’s always the first way and the second way is that we list our e-mails and phone numbers to the site so the customers can contact us.” (1)

“Right now we start to more and more doing promotions through like Facebook, stuff like that. Making just people aware of it... We do mailings, we contact customers, that’s how we do it yeah.” (7)

However, one informant reported that in this industry social media is irrelevant. He believed more in the more traditional marketing channels and in this case industry focused magazines. Magazines and other traditional printed media were mentioned as a strong marketing channel by other respondents in different geographical regions too.

“I don’t care how many YouTube-videos you put out there, it doesn’t make anything. Because busy people that are in the construction business, or in the forestry business,

they don't have time to sit there and do that...Several of the industry publications that I've spoken to and some of these people, they've written articles about my companies, for example and the work that we've done in the past, feature articles. Those magazines end up sitting in a lobby, sitting in an office, sitting in a project manager's thing, whatever, coffee table. Those industry publications - they don't get thrown away. Every single dealer, and I'm not kidding you, every single dealer's bathroom that I've gone into over you go in there and sitting on the toilet tank in the back is a stack about, I don't know probably about good 10-12 cm tall, of TimberWest Magazine, Logging & Sawmilling Journal, Pipeliner Magazine, Komatsu Modern Machineries Construction...Everybody reads these industry publications, everybody does." (12)

"The traditional printed media is also still quite strong in this country and in this region" (2)

Yet, in the end of the answer, the interviewee combined the magazines to webpages and banners in those pages. This shows that the awareness phase is full of different multi-channel information seeking activities and nowadays it is getting harder to distinguish digital marketing from traditional channels. Another thing that is notable in the interviewee's comments, is the importance of targeted, specific and tailored messages.

"All right guys, here's the publications you need to buy some ads in, and then get a banner ad on their website. Let's start there....And then that way it opens that sales channel, and gets a permanent to a degree, from the website and archived issues it's permanent, but for the short term, it floods in a very very targeted set of eyeballs, a specific message, very very finely tailored message to their market, and that shows them that they can get this product in their hands..." (12)

Couple of interviewees had more specific points about marketing messages. Marketing messages should always be simple and videos "speak for themselves". One respondent mentioned that when a potential buyer lands on your webpage, it should be clear immediately that what it is what you are selling. It is also important to have messages from slightly different angle to different stakeholder groups.

"Yes, the videos they speak for themselves. .. People usually try to complicate things and throw in big words that nobody doesn't understand shit of it, what does it mean? Just make simple slogans. The simpler you make your message the easier it will pass." (7)

"Well the most important thing is certainly that it is visible from the first sight that what it is that you are selling...I mean in a way you still need to come with the product first. Then, how to highlight the other values that you just said like the long term value it has, so it's not only the fact that the equipment moves smoothly in the pit, but it actually has monetary value. It needs to be something like this that it jumps to your eyes that you see what is all about" (10)

"And I would refer a little bit to that, that you need to have a different message to different groups like it was over there. It might be safety, efficiency, cost savings or whatever. It is always like that, that depending who you are speaking to your message needs to come from slightly different angle...Usually the production sector catches if they see some kind of technical - they love all kinds of gimmicks (hilavitkutin) and if they see in addition that it works they will be like - naturally if you get the information over there that will surely start to proceed in the company like "This one is good..." (10)

Visibility and network position: Exhibitions

From the interviews another similar kind of disagreement was found out in the case of exhibitions. Exhibitions bring the company visible to other players in the same field, but they also have a role in the creation of personal and organizational networks. Whereas three individuals stated:

“We talk about it with customers and we make promotions like for example during the MAT expo fair in early September. Like exhibitions like here I think that’s the start how to promote...And with Young de Mill (?) I think he has been seeing the system itself somewhere on exhibition and then things went pretty fast and they purchased one two three weeks ago yes.” (7)

“Participating such events ofcourse is important. Participating to a Matt expo in Belgium was nice in September.” (9)

“In mine expo for example, when brought to a head, it needs only one right person who has authority that comes to your counter. That may spawn big things.” (10)

...another commented that exhibitions are worst marketing methods to use:

“I’ve never have been convinced that a mining show is a thing to do. I don’t think that it is the most effective marketing that you can under-take, in fact I think it is one of the worst you can under-take... Are you Ms. Contractor going to spend 5 million rand over the space of the whole show let’s say you come to my stand every day so it’s four days? Are you gonna spend half a million euros with me just because I’ve been able to talk nicely to you for four days. I think the chances are small?” (2)

Even though the opinions about exhibitions as an awareness creator seem to differ, the participants acknowledge the importance of networking and personal selling in B2B environment. In participants’ opinion, being present in all sorts of “openings of an envelope” is where everything starts.

“Sure we have had public events related to zoning and like I said it’s all the openings of an envelope (“kissanristäiset”) where it starts.” (10)

“The sales force is basically the equipment...Ofcourse they got some marketing material, they got the internal brochure for the guys.” (9)

Visibility and referral: Demos

Many participants expressed the belief that an efficient way to raise the awareness to the level where initiation towards business relationship occurs would be demonstrating the system directly to potential clients. Potential clients in this case are those who the seller already knows to have potential to buy the system and the seller could use also references from businesses already using the system. This could clearly improve not only the visibility but also the attractiveness of the company. Once the equipment in sale is visible for the potential clients “the industry starts advertising it”.

“We target specific value clients that I know who have the opportunity to use the system. I have done this two or three times with massive success. I will go and take my 550 000 rand and I’m gonna spend it on “A customer day” ... That customer, for those four or five hours that he spends on site that customer belongs to me. Nobody else...At my customer day, I’ll have a microphone and say on the speakers “alright

here comes the DB120 and it does this and it looks like that and goes this fast and so on. THEN I would get a person like Herman or Eduard to take the microphone and say "Right, ladys and gentleman, the reason why Mogalakwena bought this machine is ABC. The results that we had from this machine are ABC. The good things are these and the bad things are those". I can't say that. If I had to say that hundred times my customers thought "yea, yea, yea" but if he hears it from the guy who owns and operates one, that is the best marketing I could ever ask for. (2)

"We did propose the case company to participate to the Connect Tour. Yeah, I think it was a great event. We showed that to 4000-5000 people I think and all the people were surprised...We saw that everybody was taking their cameras and taking videos and indeed it was very very new. And a lot of people told us that the they learned in a Connect Tour, what they remember from the Connect Tour was the system of the case company. So it's really good." (9)

Another issue that one of the participants reported to be useful in awareness creation is secondary marketing. When for example a mine has noted the system of the case company to be efficient, it can order all the contractors in that mine to use the system. In these cases the mine is in a way selling the system behalf of the case company.

"The second one is secondary marketing. We are finding that, uhm, we are getting quotations now from contractors working on a mine for a client, with the client owns a the system...The mine will then go to the contractors and say "hey, Mr Contractor, you're working on my mine, you will purchase a this system to transport." (2)

The sellers believe that once "the sharpest" contractors will start to operate with case company's system, the others will follow. Obviously, to receive a market acceptance is more easily said than done, but the dealers of the case company had examples from real life, where the acceptance has happened. Once the market accept is reached it does not matter how much the system costs. "When the light comes up", everybody will want it anyway.

"...now that there's market acceptance, everybody understands what its utility factor is, they understand that they need to have one. It's very easy to learn how to use it, and it's got a very very short learning curve and people become very very adapt using the tool quickly...But then we also come back to market familiarity and things like this for it, and just simply getting the tool into people's hands..." (2)

"It's just the first one which are complicated but afterwards it's gonna roll..." (9)

Network position: Dealer support

Dealers of the system unanimously believe that in awareness creation the case company should focus more on supporting the dealer and the dealer network. This is because the case company cannot be everywhere in the world by its own and dealers have better knowledge about customers and the industry in general.

"The case company can't be everywhere in the world at all time..." (12)

"They need to have more focus on supporting the dealer than thinking they can support the customer directly." (2)

4.1.3 How Did the Buyers Become Aware of the Case Company?

In the previous chapter the methods that the selling side of a business relationship *consider* as the most effective in awareness creation were described. In this chapter, however, the actual paths on buyers becoming aware of the case company are introduced.

Visibility: Digital channels

In the case of digital channels, both webpages and social media platforms are being mentioned. These channels are, however, usually connected to intentional information search from systems like the case company produces instead of just randomly bumping into them in the internet.

“Internet. Simple as that. It was an easy motivation.” (4)

“When we were looking for a solution we looked into the internet, we Googled, we continued into the case company’s website and then at some stage we got contact with Rory who was starting to sell the system of the case company.” (5)

Videos are being mentioned to be important attention grabbers in digital environment and from different media channels especially YouTube is often mentioned

“I have seen the videos on the case company’s webpage and YouTube.” (13)

“...I saw some videos on YouTube...” (7)

Visibility and network position: Exhibitions

Even though digital channels seem to dominate the area of becoming aware of the system, there is still one respondent in the group who became aware of the case company more traditionally in one industry related exhibition.

“I became aware of the case company system I think it was on exhibition couple of years ago ...” (7)

Referral & prior relations: Word-of-mouth

When reflected to the theory of Mandjak et al. (2015) word-of-mouth as a trigger issue is connected to prior relations and referral. One informant knew personally the inventor behind the system of the case company, one had heard from it from his customers and one heard from it through former dealer of the case company. One of the participants had been working in a company that really invested in information transfer inside the company. One also said that you do not really need to advertise the system since it is already commonly known.

“Sure it was in Kemi when he was developing it, so I knew the thought of it – or the idea – I knew that – but before that I hadn’t obviously been following it, the big ones hadn’t been come up with yet.” (10)

“Some customers told me about it, so that’s how I became in touch with the system” (7)

“So at the end of the day we talked with an equipment dealer and they said you guys serve products regarding this.” (3)

“I don’t know how it is in a really big ones, but at least from where I have experience, everything was fully open. I mean from every place of business everybody was talking to each other and then the company organized internal “minedays” twice a year and there every mine presented their situation and if something new had come up the information was transferred there. What I don’t know is that if you operate globally and if you have a mine in Indonesia and in Chile, will they see each other as a competitors inside the corporation...” (10)

“But in the mining circles it is well-known. You don’t need to advertise that. It is commonly known.” (13)

Attractiveness: Short distance

Mandjak et al. (2015) consider the attractiveness of a seller as an important trigger issue for relationship birth. Short distance and situational proximity are seen to level up the attractiveness, and in the case of a one customer the geographical location close to the end user, was not only seen as a value, but also as a trigger for becoming aware of the system.

“No we don’t have really options in South-Africa. You guys are the only OEMs with low-bids so that was part of the decision we made.” (4)

4.1.4 The Emergence of Need

One respondent working inside the buying processes pointed out that need recognition is a combination of both the work of seller and buyer. A buyer might roughly know what the problem is, but the seller is able to bring final solutions to that problem.

“It’s a combination of both. Sometimes the need is there and there is a rough idea of what solution would be required. And then the salespeople come in and just address that and robust a bit and help to find the need and the solution. Sometimes it’s a different issue all together, where people who know that they have a problem, but they don’t understand it that they need to do something about it. Then the salesman comes in and points out that look who else have your challenge and your challenge is this and I’m providing that solution.” (5)

Another informant also believed that it is sellers job to actively communicate the solution. It is important to be present in the internet as well as in “real life” exhibitions and be aware of the customers that might have the need for the solution in question. Targeting the right customers is also very important.

“There are many ways of communicating a solution. You need to go to the internet. Next week we will go to Bauma in Germany so there are the trade fairs at first. But uhm we decide a specific campaigns for a the case company. We need to just target with our CRM the potential customers. So we know who’s got an excavator or who’s gonna uhm what’s gonna happen with the current situation in their site...” (9)

4.1.5 Initiation of the Relationship

The initiator

In the research it was asked from the participants “Who usually initiates the contact?”. Few of the respondents described a probably common situation in nowadays initiation, which is in line with Adamson et al. (2012). The customers search a lot of information from the internet and are already far in their purchasing process by the time they contact the seller. Customers have taken an active role as an initiator.

“Most of the time our customers contact us...Usually they say: “I’m on your website looking at your crane can you tell me a little bit more about it?””(1)

“No I think it’s mainly personal contacts or maybe through the website. If they see something on the website which might interest them they contact us. Uhm regarding this matter yes I think it’s more like that more like personal interest they see it on internet and yeah.”(7)

“In this particular instance they found that on the web and through the website and contacted me.”(2)

Although it seems that many customers are nowadays more active in the information seeking activities and initiating the contact than before, active role of seller in the initiation is still seen very important.

“All my other sales, my answer would be, it goes through my relationship with that customer and me going to them and saying “Mr Customer I’m – you’ve known me for 15 years I’ve started my own company... Although that is not going to be the answer 100% of the time that would be the answer 90% of the time.”(2)

“For time being they will not contact me. It’s more me that will have to go and present the concept...It’s always a question of reminding the customer that you are existing. It’s not the customer that is coming to you. So that’s always we as a dealer or seller who will have to present the products.” (8)

Channels of initiation

To gain insight from the role of different marketing channels in each of the stages of the process of emerging relationships, it was asked from the participants, which communication channels they prefer in yet uncertain initiation stage. How should the potential partner be approached?

When customers initiate the contact, the result is expected: combination of e-mail and phone calls.

“E-mail most of the time or they call” (1)

From the seller’s point of view, initiation is seen to have more versatile channels. When doing business with big corporations, your customer might even initiate the contact to other organizations in the corporation behalf of you. With vivid expressions, email is described to be the worst channel in communication in general, since it can be easily ignored.

“Approaching those customers there are couple of different channels where that happens. For example when I did my first presentations to Anglo American head office, DeBeers office and I achieved my first few sales head of procurement sent out a letter to all the Anglo American mines in South Africa and said: “Look at this product, see if it’s something your operation could use.””(2)

“Email is the f*cking worst. I’ve have a couple of strong words with my guys many times. Cause I said to them “If you can’t see him you pick up the phone. If he doesn’t answer the phone you tie a f*cking letter to a pidgeons leg and send that to him before you send him an email.” Cause he’s gonna go “Wow there’s pidgeon, look what -- send to me” and email is just another email another email. Have you ever stand in front of a customer - and I do it often - and I try to look at their computer screen, the email inbox. It’s like 90% of the stuff there he hasn’t even opened.” (2)

A statement worth to notice, is that in a sales cycle business, where the case company operates, cold-calling simply does not work.

“Cold-calling doesn’t work. It doesn’t. Not in this product life cycle, it doesn’t work, in the sales cycle.” (12)

4.1.6 Interaction Process

Information exchange and gathering

In the information exchange cultural differences should be taken into account. For example, the way of doing business in Africa is very much different from doing business in Europe, which has an effect also to information exchange. Misunderstandings can occur and it is not always even about the information itself, but more on way you give it.

“You don’t do business in Zambia, Democratic Republic of Kongo, Tansania, Ghana... You don’t do business there even like business in South Africa. It’s a different world... Sometimes, it’s about the way in which you give the customer the information. It’s like a speaking a different language. And again it’s about a language barrier it’s about a cultural difference, uhm, and I’ve gotta be very clear of not giving my customer too much information. I’ll give them the same amount of information, I tell the customer what he needs to know, what’s important, what needs to be known.” (2)

According to the respondents, not only should the case company think about the cultural differences and the language barriers but also that the people responsible for the information exchange speak the same language as the potential customer in the industry point of view. And not only same language as the customer as a whole, but the different key decision makers inside that company. As in below, respondent number three, who worked as a senior engineer, was mainly interested about monetary aspects concerning the deal.

“I’m a little bit different than most business owners, in this, in that market segment as it is. I’m also an operator. I have, when I’m talking to an operator for example that is in, say, Brazil. And I’m telling the operator, I’m asking him, ‘So, gosh, god, walking that, isn’t that a pain in the ass?’ And everything else like this. And then the supervisor or the decision-makers there, we get off and we have a little roundtable discussion and say ‘Well, the operator says this and this and this. And from you guys’ perspective, from your capital utilisation, turnover rate or return, things like this, that’s important to you guys and then what’s important to the operator’... There has

to be that key circle of knowing what the hell you're talking about and being able to articulate that in a very meaningful way that the light bulb comes on immediately, rather than somebody sitting there and go- 'cause you go to an operator and you say "Okay, well look at this spreadsheet of how, let me show you this spreadsheet". That guy doesn't care about that. I understand the market 'cause I'm around these guys constantly and I have been my entire life, the contractors and things like this, I understand their mentality and the way they think" (12)

"Yeah. I think the procurement costs is quite viable. And I think to run the business case the costs are well listed since really had the assets to understand all the costs quite well. I needed just a little bit financial calculations. So I mean there is not a lot of assumptions in it so that's why the confidence level is perhaps there..." (3)

In the information exchange episodes between the case company, its dealers and the potential buyer the respondents reported that information gathering from the sources of the case company (mostly webpage) was quick and easy. It was easy to understand the financial aspects of the deal, which might be due to the benefit calculator that the case company uses in sales. Understanding of financial aspects and the usage of benefit calculator is, however, very much dependent on the information that the customer has about company's own operations. The usage of own information combined to the seller's information adds credibility to the sales process.

"The internet is a useful tool nowadays and after that I take the phone to my hand. Basically the idea has been already chewed up in my head, so the decision is already made, when I start to do the investment proposal." (13)

"I think one of the things that it's really important to know is that we had some of the information in ours. Like I said it was information we understood that we have worked with, so it as quite easy to build a business case around it. I think it's a different case if you don't have all the information. You need to use somebody else's information to build a business case. So it's quite more difficult to build credibility around that." (3)

Most crucial information

Under the information theme respondents were asked to evaluate the most crucial information in the information exchange. By crucial the facts, that are most critical in the buying process, were mentioned. According to the answers, in the mining environment for example safety is a big issue that comes always first. Taking that into account, it is very important that the equipment is tried and tested and fulfills the task that it is acquired for. In the case of new innovative systems like the case company has, one informant remarked that the usage of systems that are known for operational efficiencies in connection with the case company's system adds its credibility in the sights of potential buyers.

"On the mines safety is a huge factor. Safety is the only thing the mines take very seriously. If you don't wear your proper protection you can get kicked out of the mine. If you do unsafe act, an extremely dangerous and unsafe act on the mine, you can - it can be such an extent of a trouble that you wont be on a mine in all of the South-Africa. That's how serious they are about safety." (6)

"The idea was - when we were looking through the internet - was a piece of equipment that was very robust, that was tried and tested...The most valuable information was number one, that for example the E series (model of the case

company system) were using the truck, a production truck, that is obviously proven and tested and able to enjoy the site of variety of a mine. So there was that ability, you know, in terms of the driving motive force being with truck. For the DB (model of the case company system) similar argument the driving motive force being an ADT (articulated dump truck) that also is known for it's operational efficiencies in pit conditions and whereas in site conditions. That was the first issue, so people could be assured that at the right speeds at the right timelines you will be able to effortlessly get your piece of equipment, whether an excavator or a drill or a dozer, out of the pit safely without any challenges because whatever is pulling it, is a machine that works in the pit conditions." (5)

As said before, the most crucial information depends of the position that the decision maker is at. According to one of the participants, in the information exchange episodes the most important angle is the economical approach. Final decisions are usually made from top to down and the top management is usually more interested on how they can save money, rather than how they save time in the operations. Another informant expressed the same opinion with a slightly different angle: companies should show the outcome, not the process. After all, the industry is characterized as a number oriented "excel business", with traditional business on the other side.

"I think the economical approach would a better way to do it than just uhm okay making a demo that's okay customers see this that it would gain time...Depends on, who you want to, who you approach on that customer. But uhm, normally this one you speak is from top to down and the economical approach seems to be better one for me than the other one." (8)

"It is important to show the outcome, not just the process. Like why in general Boliden or someone else has mines metal factories, where do you need metals...I think it's a good slogan for mining industry, that 'What you can't grow, you need to dig'. That's just the way it is". (10)

"This is the excel business. But the excel business is the one side and there is the traditional business on the other side. Traditional business is much more interesting, cause you are much more talking with the people." (9)

Social exchange episodes

When asked about the most important thing in interaction, both salespeople and customers underline salespersons ability to listen to the customer and the ability to find the right solutions for them. Salespersons, who care about the customer and who can share their own ideas to them are valued, since the customers might not always know exactly what they want. In the answers of this research the social aspects of interaction are highlighted more, which can be linked to a sentence of Mandjak et al. (2015, 4): "Social exchange episodes have an important function in reducing uncertainties between parties".

"Probably the listening into what they actually need...I would not sell a small crane to a customer who needed a bigger one just cause if I get the bad reputation the company gets the bad reputation. So listening to what their problem is and sometimes helping them to understand what their problem is, sometimes they think that is the solution and its not" (1)

"The salespeople have their own skills of getting their point in to cross and getting their ideas, meeting their potential clients in the right language, the right time. I

wouldn't quite know, cause I'm not a salesperson myself, but when I meet a salesman and he is able to show that he cares my operations for example and is going beyond doubt to demonstrate his ability to meet my expectations in a safe, economic and very easy process then that becomes a salesman I would love to work with." (5)

The activity of both of the parties is seen to change in the different parts of the exchange episodes. In the beginning the salesperson is seen to have more active role but in the middle of the transaction communication is very much driven by the customer. Overall, versatile channels are seen important in social exchange episodes.

"I think it changes depending on in what stage a relationship is at. In the beginning of the sale cycle I try to provide as much information I can to the customer. I try not to give him all the information at once. I try to spread it on 3 to 4 weeks and I try to do it on a multimedia platform. I try to do some of it via email, some of it face to face, some face to face with a memory stick, trying to mix up his interest level a little bit... Some of it I do on the phone BUT that portion of the relationship is generated by me towards the customer. I find that in the middle of the transaction it is very much driven by the customer to us. "We need this, can you change that from that to the other thing"...Then a lot of that is driven by customer to me. In the delivery stage I would say it's pretty much 50/50. After the delivery I would say it's also pretty much 50/50. Although after the delivery the dynamics change completely. You are no longer dealing with the engineers on the procurement, you are now dealing with support and logistics and parts departments and the technical department of the support and the maintenance. So you are dealing with the different group of guys and you are dealing with different people with my company." (2)

In order to succeed in the interaction process, in social exchange episodes driven by individual workers in the company, it is essential that the sales-force working with the system is motivated. Right motivation of the salespeople is important part of marketing, since sellers are the presenters of a brand towards the customer.

"Once the salesforce is convinced it's okay. So the very first sales are the most difficult ones but once the snowball starts to roll - it rolls. Also them as a salesman, will help them to keep the customer loyal, having the impression that now the customer considers the salesman as somebody who's offering solutions including his authenticity towards the customer." (9)

"My view on marketing is very much a like with my view on commission to salesmen. I pay huge commission, massive commission...So, it's the little things I think that end up getting up to getting some sort of commitment from your employees and that to me forms a huge part in marketing because, with my guys in front of the customer he's got the right attitude, he's happy, his clothes are quite new and neat, he drives a nice vehicle, he performs well, he does his work very professionally, guess what that does for me? It encourages that customer, because he has got a nice view of my company and encourages the customer not to have any problems what so ever about buying and second one on third one or a fourth one."
" (2)

Preferred channels of interaction

In this research it was asked from the participants, which channels they prefer and consider as the most important when interacting in a business relationship. Without a doubt, personal face-to-face contacts are still considered the most important. To build a long lasting relationship, hospitality is also important and

you need time to build the relationship. Respondents also mention calling to the customer or sending an email. As before in the initiation section, email is seen as a contradictory channel: it is good for sending specific data like invoice but in other aspects it is “the worst”.

“The most important without a question of a doubt is face to face. Email to me – unless you are busy with a specific transaction, like send an order from the parts and then I send the receipt back when the parts are gonna be delivered and he sends you delivery information, you send him an invoice I’m not talking about that – I’m talking about interacting with your customer, the worst is email.” (2)

“I think we are discussing about a business where the personal contact remains – I wouldn’t say the only one that is working – but the most important. I don’t see a customer just buying a equipment more than 100 000 euro – or much more frequently – over the phone. Or by an e-mail.” (8)

“Face-to face. And a good lunch, hospitality is definitely used method. In this business not just to – to make this business last for years, for centuries, by definition our equipment is long lasting. So the relationship-building with customers is dedicated for long-term. Then nothing from part of time is important. You need time. Confidence, you need to know the people.” (9)

As said before, industrial companies have increased their investments in digital marketing due to its ability to improve relationships with customers (Järvinen & Karjaluoto 2015; Long et al. 2007). However, the respondents of the study still consider the personal face-to-face contacts the most important. How do they see the role of digital channels compared to personal channels when interacting with a potential customer? One participant, who had been involved in the purchase process of the system of the case company, noted that both channels are equally important but in different ways. It is important to have a lot of physical contact with the salespeople but although in the beginning it might feel that salespeople are too much around, there is still going to be times when you need them and they are unable to interact with you. Decision makers in companies talk about the systems they might purchase also in the times that the salesperson is not around and on those times the digital material like videos are extremely useful and important.

“So I’ve grown and learned to appreciate that it’s good to have the physical contact as much as possible, but at the same time, the digital aspect come in handy, because if I’m to be the driver of the process, I also need to convince my counterparts of the process. So for me to convince them I need to also share some videos, some presentations and stuff like that. And then when I get stuck somewhere I need to call upon the salesman to also come in and engage and clarify whatever points of discussion required to be even better. So it’s important in a relationship that it involves both the personal as well as the technical aspects of the digital side of the world.” (5)

In the global business environment, sometimes email famous for its rapidity might be too slow. An export sales manager working internationally pointed out that when working with people from different time zones, the best and fastest way of communication is telephone.

"If there is a opportunity to call the customer, I rather call customer. Because depending on the timezones, I work with so many timezones that uhm, like with Taboo here (dealer in a different country) if he emails me his 5 o'clock is like my 9 o'clock in the morning, so he emails me and if I don't call him within few hours we go the whole day without the problem being solved." (1)

One participant, however, noted the difficult situation that the case company as a small operator in a global environment is facing. The best way in his opinion to interact with people is without a doubt face-to-face, but in the case of the case company, meeting every potential customer face-to-face is simply not possible. When seeking for bigger audiences, company webpage is a good channel. The respondent also mentioned the use of web-based blogs as a conversation starter.

"But on your case, with you having the customers all around a world it's a bit like... Well it's obvious that through webpages or other channels you can reach the bigger - or you can give the chance to a bigger target group - so if they want, they can get the information from there. And some kind of blog is a good conversation starter. But uhm we have had - if you think about Taivalkoski, Posio, Kuusamaa - then a big part of the people anyway are old people like me and they are not in social media. That is more important to them that they can come to our booth in Elomarkkinat in the market square to drink a cup of coffee and talk to us face-to-face. But it's like I said it's a bit different situation when it's - it's a bit hard for you to drink coffee around the world. (10)

In the interaction, the dealers of the system would prefer that the end-customers would contact mainly the dealer and the case company would only give technical support to them. The support in sales and customer relationships management is not needed since in his company "we have been good at it since decades". Also, the number of persons to contact should be as small as possible.

"They also have to understand that they should contact the dealer not sell directly to the customer. They should go to the dealer. This is a matter of adjustment and time. So, it still can be done that they go directly to the customer, because they were not yet allowed to speak... This... This is our job. We have been good at it since decades. So we know what we are doing, how to talk to the customer, we are good with them, technically speaking, little bit of marketing as well of course brochures, sales manuals, operative manuals this kind of things. But uhm... Managing the relationship with the customer we're quite - I think we are quite knowledgeable doing that so it's not something we expect from them. We expect technical and some marketing support. But the rest we take care." (9)

"This is a bit of an issue for us. It's a small company but a lot of contacts. And to work with a company such as BM I think you need one contact, max two. Not three or four." (9)

Actual channels of interaction

In the interviews, respondents were also asked to evaluate the interaction they have had with the case company so far in general. The question was based on an assumption that the answers to the most preferable channels and way in interaction might be different from the channels that are *actually* being used and what is actually happening. The main channel in interaction is a previously criticized one - email. In addition, more personal channels like telephone and even personal Facebook messages are being used. Face-to-face contacts were rarely mentioned.

“Most times it’s through mail.” (7)

“In the beginning I think it was Juha, with whom we communicated with in problematic situations and Ossi always called and was in contact. Ossi did also a lot of trainings. We weren’t here abandoned. And we have always known where to call to and if not we have messaged to Ossi in Facebook.” (13)

In one of the sales cases, the constant interaction of one dealer of the case company had clearly been a winning factor between the case company and competing enterprise. The interaction had also impact on the selection of a product inside case company’s product category.

“There was an option of a local product...So we came across those people and their salesman who also contacted us when we were asking for some references some other people who were doing business with us, who told us about the existence of a that particular company....But like I said there were constant visits by salespeople like yours, who also asked what our issues were, what solutions we were looking for and also advising us more around the case company system what we found on the internet and gave us the opportunity to appreciate that there will be DB series and E series for different types of jobs.” (5)

4.1.7 The Trust-building Process

Gaining the trust

In the interviewees the participants working in sales were asked to define their main ways of gaining the trust of a previously unknown customer. Overall, from the answers six different approaches could be found (Figure 11) .

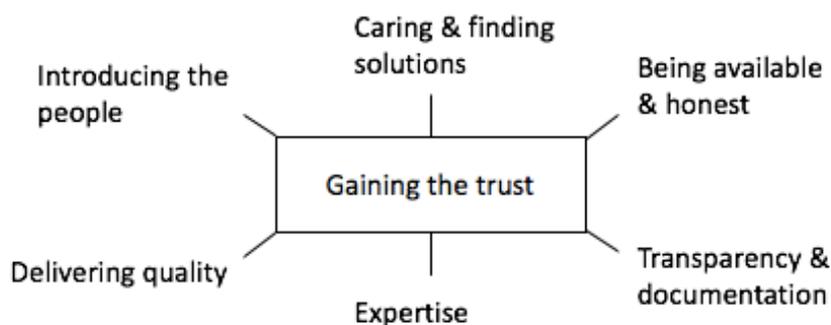


Figure 11 Ways of Gaining the Trust

1) Being available & honest

Being available is seen as an important factor in trust building.

“I would say being available, answering questions. You wanna answer them fast but you don’t wanna answer them wrong.” (1)

According to Doney, Barry & Abratt (2007, cited in Mandjak et al. 2015) social interaction and open communication play an important role in trust formation

in B2B environment and “being honest” can be found also in participants’ answers several times.

“And I think being honest with somebody when they ask for something that I don’t know I say you know what I don’t know let me contact the engineer and I get right back to you. And you try to do it fast. I would say that is probably the most important.” (1)

“Not cheat the customer...Telling the truth. If you make a mistake, tell him. Apologize. Honesty. It’s simple. Yeah it’s a human relationship, it’s about that.” (9)

2) Transparency and documentation

In global environment, where the physical contact is usually not available, trust can be gained, according to the respondents, with transparency and meticulous documentation.

“Yeah I think all the transparency from the manufacturer you know this is what we make this is what we use and this is what you’re gonna get. We had a customer recently in Qatar. First time we dealt with the company, the end-user who was buying a crane from them was Qatar Petroleum, very strict, needed every t crossed every I dotted and uhm the ways to get that trust was to showing the pictures of the crane actually being built through the process, taking pictures of serial numbers and stamps so they know this is their crane and you know we are actually working on it. So that was the way of gaining their trust.”(1)

3) Caring & finding solutions

Sellers themselves give credit to the empathy of the seller and his/hers ability to genuine find solutions for customer’s problems.

“Just making them feel like, like you care, you wanna help them out.” (1)

“Find solutions for him. Help him..” (9)

“If you bring them new ideas that will generate profits for them it’s suddenly increases the trust between us that’s for sure.” (8)

4) Expertise

As presented in chapter 3.2.4 “Investment decision process of a mine”, people making the final decision to buy the system of the case company are usually highly qualified engineers. When working with these intelligent people, it is important for the seller to show that he/she respects their intelligence. At the same time it is, however, important that the seller shows his/her expertise never fails to answer to their questions.

“I’m sitting in front of a highly highly qualified engineers who studied for many years and you can’t be an idiot of an engineer if you work for DeBeers or Anglo American. So I have to somehow convey to them that I understand and respect their intelligence and that I’m only here as a salesman. So one of the tricks I use, I often say to them “Guys please don’t ask me”. And it’s funny how psychology works. When you tell an engineer not to ask you complicated questions, that’s the first f*cking

thing they do! “Not to ask complicated questions you ask?” ...And the first thing they do: “Do you know the, what are the Newton meters expressed on the paint of the...” Arrrgghhhh f*ck! And I know the answer, so you’ve gotta humble yourself and make them believe that do they know a lot more than you do but never ever fail to answer one question.” (2)

5) Introducing the people

Again, when operating in global business, where people do not necessarily meet each other physically, it awakes trust to show the people behind and working in the company.

“We have had media consultants and others saying, when they have watched our website that “you are missing people, you must put pictures of people in here”. You need to have – it’s not enough that you have technical pictures...And when you look at them you see that people are usually bigger in the pictures and technical details, ofcourse they are important too, but the pictures of people tell you that people make this and they are similar people than we are...” (10)

6) Delivering quality

Seventh, and quite obvious, way to gain the trust of a customer is simply delivery of quality. Constant quality delivery is also essential in order to increase positive word-of-mouth. This approach, however, is hard for the company struggling with the liability of newness, since there is not yet many customers who the quality could be delivered to.

“I think first of all they must deliver quality.” (7)

Giving a reliable picture

In the interviews respondents’ opinions about how a small company like the case company could give a reliable picture of itself to big corporations in the industry and in this way reduce the perceived risk in the buying process were also discussed in the interviews.

The solutions into how the case company could give a reliable picture of itself to a previously unknown actor despite its small size and novelty in the industry can be divided into four groups (Figure 12).

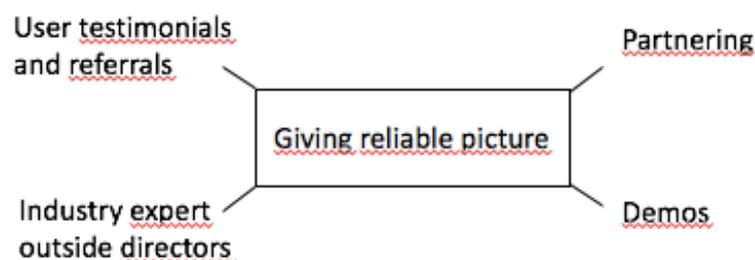


Figure 12 Ways of Giving Reliable Picture

1) Partnering

The respondents working with sales unanimously believe that the case company should partner with a dealer (company or a person) that already has a good reputation in the industry. It is not possible for a small company to alone reach all the potential clients and serve them as it is needed and local dealer has the knowledge on how to do business in that certain area. Working together with a local dealer also brings more support and this way more safety to the customer and OEM (original equipment manufacturer), in this case the case company, should concentrate more on supporting the dealer. Interviewed participants working in sales were, however, mostly already dealers of the case company and their answers might be affected by this matter.

“Showing to the market that they are partnering or working close to a big company like ours. I think we have already a lot of credibility, that it’s not just a satellite lost in space, that are kind of linked in partnership with a large company like ours that has already a lot of credibility.” (9)

“But actually I don’t how they found about our equipment yet. I’m sure it has to do with my uncle being a very well-known person in the mining industry.” (6)

“At first glance it feels like the most definite way, I don’t know if that’s best for your company, would be going engaged with Hitachi or Caterpillar. Obviously you would lose something, but then when a big company comes and is about to buy 50 Caterpillars and they would say in the process that “by the way it has this kind of quality with it. That should work like a charm.” (10)

“...The factory cannot support the customer in Ghana here in Africa. Cannot. There are too many risks too many variables. We can talk about superficial variables, culture and language, we can talk about the commercial variables like fundamentals of exchange rate, the fundamentals of doing business and doing business in different parts of the world in different ways.” (2)

2) Demos

According to informants, the case company should bring the system physically visible to potential customers by demonstrating it. Once the system is seen in action it is easy to understand it and see its practical abilities. The system could even be given to trial use for a potential client, so they would notice its benefits in practice. If they wouldn’t like the system, they could return it, but it is likely that they will “get addicted” instead and *not* return the equipment.

“What people need to see from every product I think it’s lot about practicality and safety...So I think that seems - that’s the first two things you have to see. And they have to catch it.” (4)

“The problem with France is that it is a very conservative country. So you have to show things to people, everybody is kind of a doubting Thomas if you know what that is. They have to see the thing before you buy, they need the demo inside, they need to see it on a tour.” (9)

“Most likely the operators will notice in two months how good the system is and how much it eases their work. And sure it brings a kind of pressure from “yeah let’s

send it back, it was good but we wont buy it." It is, it's like the way drug trafficking works. You give it first free and addict. And once the person is addicted he will do whatever it takes to have more. And pay for it. The price doesn't matter anymore" (10)

3) User testimonials & referrals

Although industrial environment, e.g. mining environment, is hard to penetrate, companies tend to have a lot of impact on each other and the case company should take more advantage on systems that are being used on the sites around the world. After a company has taken the system into use, other companies will start to follow how it works in action and will it achieved its objectives. The material on the internet should have clear information about the mine or quarry, where the system is being used, so that potential buyer could call to that particular site and ask about their experience of the case company. The informants underlining the user referrals and actually seeing the product, were the ones who had been involved in buying the system.

"So for example, now that there is a their system being commissioned for Mogalakwena mine, all other open cost operations will have access to it, if I can say. And they are all waiting and watching. They might have heard the gospel but because I told you that a mining environment is not easy to penetrate, they will still be holding their final decision. But the moment the expense has achieved it's results, not causing any environmental harm, not causing any accidental damages, not hurting any people working on it and clearly showing those benefits in terms of prolonging the undercarriage of machines, it terms of reducing the maintenance time, in terms of reducing or optimizing costs, it becomes easy for those mines to now refer to Mogalakwena. And it makes their decision much easier...I want to think they can be enchanced more, especially if they clearly clarify exotic way that piece of machine is operating. So that people all over the world can know where exactly they are these units. So that South-African region can know that "Oh this is just next to in Mologwena." When they are seeing it first time in the video, then they don't have to immediately talk to the case company Africa of Finland. They can phone and ask from us how it is working." (5)

4) Industry expert outside directors

As noted by Kor & Misangyi (2008) legitimacy in the industry can be signalled through industry expert outside directors, especially when managers cannot send a signal themselves due to a void in their industry experience. The findings of Kor & Misangyi are found also in respondents' answers. Although a direct input of a particular industry expert to everyday activities might be small, it has a big meaning to image of the company.

"Like in our case it is certain that we have a strong situation when we can say that we have former CEO of Outotec in our board. Sure that tells something. Direct input to our everyday activities is small, but to everywhere else it has a lot bigger meaning...Yes to image and it is sure that everyone thinks that former CEO of Outotec doesn't get involved to a board of some hoax company." (10)

Trust in the organizational and personal level

The participants of the interviews also recognize the dual nature of trust. According to the answers, trust is strongly connected to the person and his/her

image in that particular industry and personal relationships have a surprisingly big role. However, that individual is still a representative of an organization and needs to obey the values of that particular organization. In addition, trust to a one salesperson alone is not enough, but the whole organization needs to have credibility and prove their trustworthiness. The product, and in this way the organization, is still the basis of trust.

"It's very much linked to the person but the company globally also. I mean the person you trust is working for that company and company has values and the person is the only one not having the value of a 100 above company it's not gonna match. So it's both." (9)

"Yeah what I have - the thing that has not been visible at all, what most of the people don't have, is that the relationship has a matter a fact a surprisingly big meaning. When you think about it, it's not always the cold iron and price that seal it or that - we have been thinking that the technological ability makes the difference. But it's not it - there are aspects, where the technological ability matters, there is the price that is important. But the persons and personal relationships have also surprisingly big role." (11)

"You see we talk of a Rory as an individual. He had done business with the mines already and had created a good image of himself and the previous company by his ability to deliver as planned and as agreed. That something I can say you not disappoint operation-wise. So there was that the reliability of the supplier himself. And at some stage he arranged the people to visit the factory and see the entire value chain from start to finish. So that is transparency and also you see mines love appreciating to do business with a company that has values around safety, quality, around stakeholder relationships and stuff like that. So when people went to the factory and saw all these things in order, it felt like enhanced. You know that drive to proceed that this will be a reliable system." (5)

"I think that the first thing is still the product and that's the basis of the trust." (10)

Still, the further the relationship develops, it is possible that the relationship personifies more to a one specific person.

"Well at the moment it is only Ossi that we are in contact with. If we need spare parts or something we just contact him. We don't even know who it is responsible for spare parts in the case company today." (13)

Reasons not to trust

In addition to the factors influencing the deepening of the trust, in the research it was mapped out, what are the possible reasons that may lead a potential customer *not* to trust a small company. Two factors came forward:

1) Risk of the end of the cooperation

When co-operating with small companies there is a greater risk for the end of the cooperation, since small firms are usually vulnerable for sudden economical or personnel related shocks. Due to this, their business might end suddenly because of accidents, bankruptcies, acquisitions or other reasons. These kinds of risks big mines for example are usually unwilling to take.

“Well as an example from over the years, this is connected to the mining industry but the principle is the same. There was a Finnish group, and the truth is, if you watch the mine planning softwares of today they are okay. But if you compare them to the game world they are complete rubbish. The visuality in game world is in complete new level. And that group of Finnish eggheads they had looked out that with their experience from game industry and graphics they could do a software that is 10 times better. In a same manner we talked and shared visions and I said that “I’m sure you can make that software but unfortunately the situation is that no one is going to buy it from you”. Not a single mining company buys a mine planning software from a company that has only three guys working in it. They rather have a Surpack even though they know it’s not perfect, but they know that Surpack has always been and will be... Because there is a risk. What if these three guys crash into a moose with a car?... I think it must be that there is always a risk when you need to rely on a small operator that something happens. Or the fellas running it decide that okay this was it. There has been a lot of “let it be, let’s sell to someone”. And if they sell it to someone – you’re a Caterpillar-man and they decide to sell it to Hitachi, so do you have the support anymore or ability to require new equipment?” (10)

2) Alignment of operations

Big companies want same software and system in each place of business and or usually not that willing to change to another.

“And the other thing is that if big mining companies, they do not buy anymore to try like in the old days. Nowadays they want that there is a same software in every place, so it’s easier to move people from one place to another. So that’s why it’s difficult to bring something new to a big mining companies.” (10)

4.2 Digital Channels in (Emerging) Relationships

This research was also interested about interviewees’ opinions about usage of digital channels and their meaning in different parts of process of emerging relationships and buying process. The usage of digital channels came up partly in chapter 4.1, where digital channels were told to have an impact on the visibility trigger in the awareness phase of emerging relationships. In this chapter respondents’ opinions about these channels are reviewed in more detail.

4.2.1 Digital Channels in the Buying Process

As said before, the role of digital channels and material is stressed in the parts of the buying process, where a salesperson is not available. This includes also the information seeking activities that a buyer carries out before contacting the seller(s).

Detailed web search

Buying process of a company starts usually with a detailed web search. Even with big mines the prime tool for detailed web search seems to be search engine Google. However, in this case a person executing the search must know at least somehow to what kind of a need he/she is looking for solutions. One informant reported that he Google searched specifically the name of the case company,

which was probably due to effective awareness creation made by the dealer in this particular area.

“Eduard said to Cheryl “right, I want you to do, a detailed web search for all equipment and come back to me, what is available out there that can move tracked equipment. That doesn’t matter what it is.” (2)

“The case company. Easy. I googled it.” (4)

“Yeah Google, Google search and then from where the name of the case company came from I can’t remember. But specifically we Google searched the case company...It might have been Rory perhaps who advised us that there is a system called this. That it exists yeah.” (5)

Social media

Even though mining industry and industrial companies in general are regarded conservative in their marketing activities and not in the forefront of adapting new instruments (Karjaluo et al. 2015; Warhurst & Bridge 1996), the influence of Facebook in the buying processes has surprised positively the salespeople of the industry in Africa.

“So when we talk about customers that are in far areas particularly areas like Botswana, Namibia, Zambia, Kongo we’ve had a tremendous amount of success in electronic media platforms, websites, but funny enough as you saw yesterday, one of the areas where we’ve had most impact is Facebook. You know I set up a company Facebook site and I keep it purely business I keep it company, I put some interesting...We have had a tremendous response all over Africa so people can see the real activity. And now I’m gonna post a short video as well and people actually watch that. So the whole social media platform is something that surprised me quite pleasantly and I keep holding on that.” (2)

“I’m honestly quite sure. I mean for instance flat Africa alone is on Facebook, Linked In... I’m sure they used digital platforms. I mean we have our website. So I’m not actually quite sure how we actually go to our customers how we market our equipment as yet, I’m not sure what platform we used we have our Facebook and website.” (6)

From other social media channels the video-sharing website YouTube is being repeatedly mentioned.

“Yes I have seen the videos in the the case company webpage and YouTube.” (13)

However, as before in the awareness chapter, a reverse opinion from social media is found again. The salespeople in Africa are being positively surprised by the impact of social media, whereas the one in United States considers it in industrial B2B marketing as a complete waste of time.

“The people that are in, that get their hands dirty every day, could give a sh*t about Facebook, YouTube, Instragram...As far as penetrating the market and using those platforms, to get a hold of the customers that are gonna write the cheque, half of those customers that are gonna write that cheque barely have email... I know about the South-East Asian market, and I know about the U.S. market. U.S. market, forget it. Social media, non-starter, waste of time, absolute waste, you’re wasting your money and your time if you do that.” (12)

4.2.2 Digital Channels in the “Relationship Emerging Flow”

Awareness creation & information seeking activities

Both salespeople and people in buying organizations consider the internet to be the most important channel in information seeking activities. Internet itself, however, is a very broad concept and more detailed view about which sites on the internet are considered useful is needed. Information seeking activities usually start from Google, from which information seekers continue mostly to case company’s webpage and YouTube (Figure 13). Information from these channels has a critical role, whether or not a company continues into initiation, which obviously affects the birth of a relationship as a whole. The transportation of case company’s system around the world is logistically challenging and at the moment the company does not have enough capital to offer sample systems to dealers. YouTube and videos in general, for example embedded on the website, are seen as an effective, easy and quick channel in visualizing systems and processes to people who are unable to see them live.

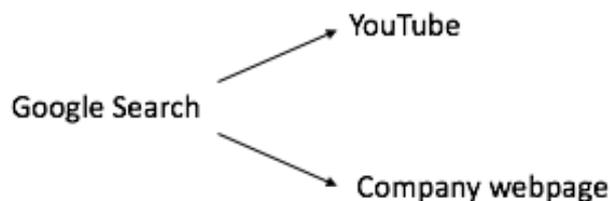


Figure 13 Path of Information Seekers

“I still believe that if a head of the mining department or any other person in charge of production sees a video or something or sees it live somewhere else and they start to think that wait a minute, that thing works. So uhm I’m sure that that’s the – then he starts to think that “Blimey! We need to have that too!...Videos are sure good and easy ways to communicate and get the message across easily and quickly that “okay this is how it goes”.” (10)

“Especially the movings in YouTube I’ve been watching several times...I think if you consider buying case company’s system it might light things up a bit... “ (13)

“I started an exercise about two months ago where we are not upgrading our website. We are improving it and we are expanding it, we are putting in a feature section we are putting in a gallery, we are putting in a news section where we show short pieces of what’s going on and what’s happening. So the electronic media in terms of marketing is something that has become quite important to us. And we get a lot of leads out of the website...So, the whole electronic platform is something that is great to us and we see quite a lot of advantage gaining from it in the future.”(2)

In terms of information seeking, videos are even being mentioned as the most important material in digital channels. They explain and visualize well the unique operation mechanism of case company’s system.

“I would say it is the videos, mostly the videos yes. And even when I went with Rory to Orapa now on the other site, uhm we found them still failing to make a decision of if there is a capital to procure a truck to pull a DB120. And the reason why they

thought, even though they have bought it, they still felt it was gonna be a risk. And now they were a bit conservative again. But when we showed the video to a general manager he said to us: "If only I had seen this video before people went to capital. I was gonna be able to defend these funds". So the videos are the ones that release biggest volume of a language." (5)

One of the informants working with operator trainings also stressed the power of videos. Even though he is not responsible for the awareness creation and works in a phase where a deal has already been made, he narrated that operators "go mad", when they see a tracked machine being transported with case company's system.

"Uhm, I think when they busy with the moving. When we are on case company's system and we are busy travelling. Because now they see the excavator on the system, they see how it's being transported and they go mad. They ask "How fast can it go?", "Do you have to put gravel in the bucket or..."...But all and I can say that as soon as they see it travelling, that's when they get most interested. They see how it operates, how it travels." (6)

Other digital channels that are being mentioned and considered effective in awareness creation are social media sites Twitter, Facebook and Instagram. In the sites you can trace, where the traffic comes from and except the investment in human resources, the usage is free.

"Issue is to reach as many people as possible, as much interested people as possible. And I think the main things right now are maybe Twitter, Facebook, stuff like that, YouTube-channel. I know the YouTube channel for Caterpillar for example is tremendously popular it is crazy. Especially Facebook I think it's being used more and more professionally. If you wanna go personally, I personally go either to Instagram. But even Caterpillar in Instagram it's really popular it's amazing. I think all those channels should be used. They are for free, just use them... And it works, and you see the number of likes and you can trace the likes where they come from. That's very useful tool definitely. You can do all those things simultaneously once a week half an hour you can do as many promotions you want either in Twitter in Facebook and all those things, it works. I'm convinced. Even for a 50 year-old guy." (7)

Slowly but steadily the importance of digital channels and social media is being acknowledged in the industrial markets.

"We just rebuilt our website since the previous was from 1990's...We don't have a social media plan yet but we just did a page for us in Facebook and we are thinking about maybe doing an Instagram where customers could post pictures of cranes in actual use" (1)

Initiation & interaction

In the initiation and interaction phases email is an important commonly used channel. However, although everybody seems to be working with email, it is also seen as an impersonal and indistinguishable channel, which rarely awakes positive feelings and can be easily left unnoticed because of the increase in spam.

"Email is the f*cking worst." (2)

At the moment, in addition to emails other digital channels e.g. social media are hardly used in interaction in industrial relationships.

" Besides emails? No, what do you think about what reasons? Social media no no no not really." (8)

However, in long customer relationships, which have personified into a close relationship with a certain person inside the company, the personal messaging feature in Facebook is also used to interaction.

"...we have messaged to Ossi in Facebook." (13)

From the answers it became also clear that it is starting to be very hard to distinguish the categories of different channels from another (traditional, digital, social media):

"Well I'm so old fashioned that I'm not in social media or will ever be...Well I am in LinkedIn but uhm..." (10)

4.2.3 Change of Industrial B2B Selling?

Respondents definitely feel the change in industrial B2B selling. Internet has made the competition harder and information is more available in every aspect. Customers are also able and sometimes even willing to see the offerings of a company without actually talking to physical salespeople. Digitized presentation materials also help the salespeople in demonstrating complex industrial products with videos, animations etc.

"I think it is changing because of the internet and everything, it's more competitive. So, uhm, you are able to look up different brands, compare the brands. A lot of manufacturers will list their dealers online and it almost cuts the manufacturer out since customers go straight to dealer and I wouldn't know what's going on on the field, who is looking for what, so I think it's definitely going to change. I think information is more available." (1)

"I see technology coming stronger and there's quite a lot of research and development in the general marketing itself. That's why you now have showpad (digital content activation platform for sellers), you now have all sorts of interactive channels, some instances where potential buyer without having seen salesman from a specific company, will be introduced to the company and understand the company needs offerings clearly just from the digital space." (5)

"Yeah we use iPad and we have a lot of sales application. And that's maybe also a useful tool for the sales team. Like in this case the case company's, sales applications where they can immediately go to the product take 360 degrees look around, to show some small movies not big movies just applications. Sales app that's also useful yeah. All you need is to have an iPad." (7)

However, the respondents also strongly believe that "the digital space will never replace the human touch". Personal contact is and still will be the most important thing in trust building and in valuable investments the personal contacts are vital for closing the sales deals. Digital channels are seen as useful

aids to for example awareness creation, but their nature in industrial business is still complementary and by talking to people in person will develop long lasting relationships. Also as one respondent noted, humans are also behind the digital world.

“But now, one thing for sure is that the digital space will never replace the human touch. So the human element still needs to come in, in two ways: one, making sure that the cyber world is up to speed and is up to date and it meets the requirements of the global community as well as the changes the fast changes in technological advancement. And also the ability to provide that necessary factor through the personal touch and intervention.” (5)

“There has been a change in last 25 years for sure, but I think personal relationships will still be the number one. In my opinion, my personal opinion. I might be wrong because especially the youngsters they more and more go to digital channel and I’m not convinced at all, at all. Cause there is also a matter of confidence and trust and you can’t have trust in a system and you cannot shake hands in a system. And when it comes to face to face there is always the personal contact, which in my opinion will always be the last issue in the remaining thing.” (7)

“I think personal relationships will always remain as the only way of negotiating...Above a certain level of investment the people and the customer will still buy by the personal relationships. It’s not by phoning or only e-mailing that will come to question.” (8)

“Yes, they (digital channels) will grow. It’s maybe a way for companies to build awareness to customers, be kind of in contact with them. It’s an additional one, it’s not gonna fully replace the human contact. In our job it’s crucial, it’s fundamental. We keep on talking to them – again by definition because of the nature of business we are in...It’s big money. It’s not just buying a carpet. It will last years. It will last five years at least. Again, when you’re in a business meeting or whatever and you’re having a good lunch after, a good dinner after or whatsoever, people talk. They talk about their families, about weather, about politics, about anything. People talk. By talking to people you get to know them. If you know them you have more ideas for them and you will know how to distinguish yourself from the competition. Just by e-mail or whatsoever it’s difficult.” (9)

4.3 Perceived Value

Perceived value has a major influence on customers buying behavior and it is essential to recognize, which factors the respondents value in the case of case company’s system.

4.3.1 Major Value of the System

When asked about the major value of the system, improved utilization of the equipment stood up as the most often mentioned factor (Figure 14). Eight of the respondents mentioned factors related to improved utilization. Three respondents valued most the longer life of the undercarriage and two of them described the short payback time to be the major value. Short payback time as an answer is, however, slightly confusing, since it could be believed that

products in general are not bought due to their repayment period. It can be assumed that “short payback time” in other words means that the system is in terms of money an investment that improves the efficiency of the site as a whole and in that way pays itself back rapidly. Major values were well summed up by one informant:

“But basically in the mines as much as we experienced in DeBeers the issues are trying to ensure that maintenance is accelerated by **reducing the time that an equipment like dozer or drill will walk all the way from the pit**. And the same time, they ease the other benefit around costs which mainly is derived from the **savings when undercarriage, the savings of fuel and the ability for that machine to be available to make more money for that company**. Yes. So basically those are the issues that really drive the desire for mines like where I was to have a system like this.” (5)

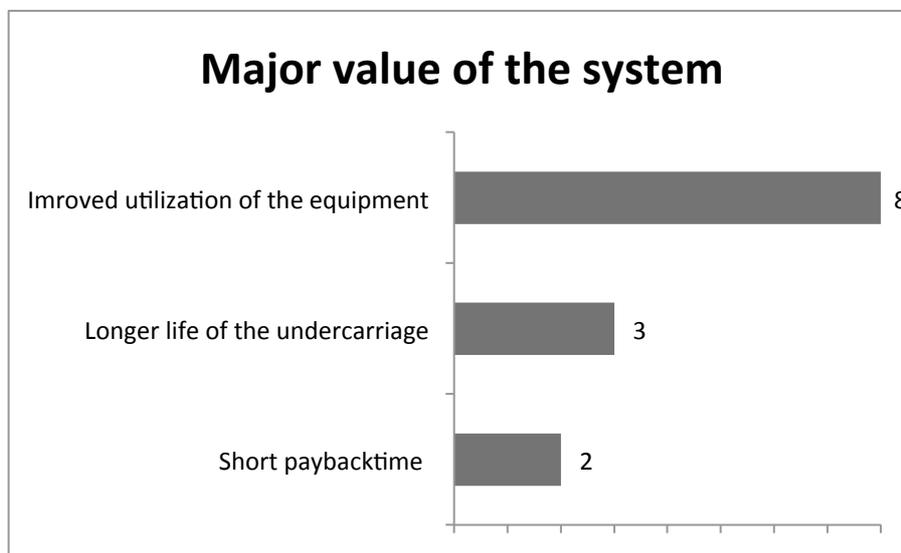


Figure 14 Major Value of the System

As expected, although described from three slightly different angle, it seems that at least in this case, the perceived value in industrial B2B environment equals monetary value (Figure 15).

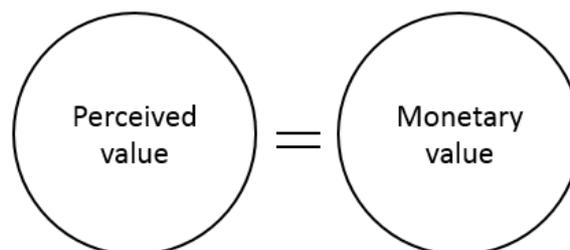


Figure 15 Perceived Value in B2B Environment

Improved utilization of the equipment

“It is certainly the utilization rate of the equipment. So that expensive machine doesn’t use the time it has been designed for for walking somewhere and back 2km/h so uhm - those are extremely expensive equipment and they have been bought for maximum utilization. From there comes the value.” (10)

“I don’t want it to run all over the pit.” (4)

The respondents also described, how the improved utilization of the equipment means in other words minimizing the loss. Minimizing the loss of valuable time in the production and in industrial companies loss of time usually equals loss of money. Excavators have to dig to make money.

“Well obviously when there is longer transportations the time. Production...Minimizing the loss, that it is. That you can transport the machine quickly from place A to place B and back. (13)

“If they’re walking down the road, they’re burning cash and they’re burning fuel, they’re burning undercarriages up, all this other kind of stuff, and they’re not getting any work done, no useful work is being done, so excavators have to dig dirt to be able to make any money. So remobilizing internally, internal logistics are what create those efficiencies and additional profit, which you have to balance that against cost...You can utilize resources that are on site.” (12)

Longer life of the undercarriage

Another value that the system offers is also clearly monetary. The system of the case company prolongs the life of the undercarriage, which is one of the most expensive parts to replace in tracked machines, and has to be replaced after a certain period of time.

“Above all other things there is a reason why to buy the system. The undercarriage of any tracked equipment is one of the most expensive parts to replace. So as soon as you take a tracked excavator and put it on wheels everybody gets excited. Because for average 400 ton excavator and undercarriage will cost you about 20 million rang, which is about 1,7 million euros. I think. Without the system it’s about 2 years. With the system it doubles the life of the undercarriage to about 4 years” (6)

The comment below illustrates well both of previous valued features combined:

“I learned about system, like I said it was production engineer, when we are looking for solutions to enhance the life of your undercarriage and quicken the processes of getting equipment from the pitch in to the workshop, so that the main time before repair could be considerably the small as possible.” (5)

Short payback time

As said before, two of the respondents also valued the short payback time and low capex of the system.

“Your return on investment for the tool is about three weeks...The capex on that piece of equipment is low, because of my utility of that particular piece of equipment, then that makes it where I don’t have to update and spend a quarter million dollars on a new piece of equipment, I can make a 70,000 dollar investment perform like a 250,000 dollar investment, because of the fact that I’m getting that much more

efficiency, I'm getting that much more production, because I'm able to very quickly move assets around in the work space." (12)

4.3.2 Value of the System Compared to Competitors

How value of a certain product/services is perceived, is affected by other products on the market. Like stated before in the chapter 3.2.1, the case company does not have any direct competitors, but there are still trailers and low beds in the market, which can be seen as competitors. To get the more detailed view about the unique value (besides monetary) that the system of the case company possesses the value compared to competitors was asked from the participants of the study. Respondents were able to describe all in all six factors that make the system of the case company better than the competing trailers. These factors can be divided under the key value drivers of Lapierre (2000) and in the nature of Sweeney & Soutar (2001) the product dimension is divided into monetary and functional sections (Figure 16).

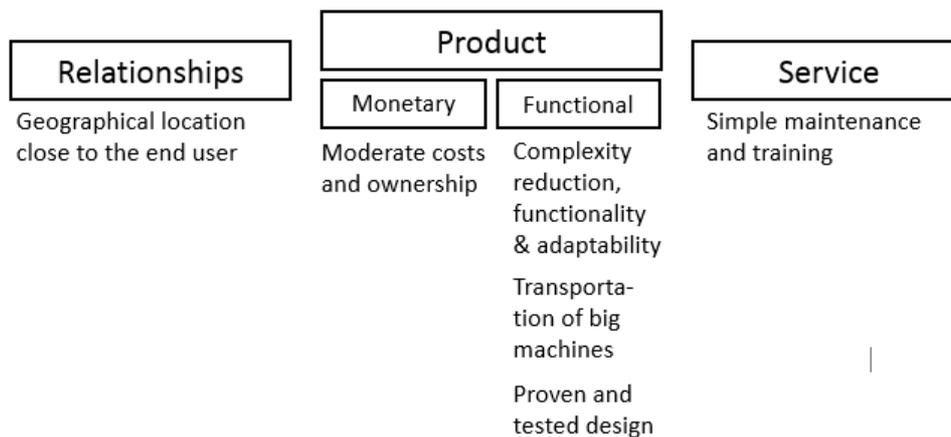


Figure 16 Value of the System Compared to Competitors

1) Complexity reduction, functionality & adaptability

Respondents value the fact that the system of the case company reduces the complexity of their operations on the site, not the other way around. Unlike in some of the products of the competitors, usage of the system of the case company is easy to standardize and maintain. This means that many operators can drive the system and it is not dependable from unique, individual operators. Informants also reported that the system of the case company is much easier and faster to operate than the competing ones, which is important in the environment where the optimization of time is everything. The functionality is reinforced with the size of the system, since unlike traditional competing trailer, it is not too long and can move around in sites neatly. The system of the case company can also be used with other machines than just tracked ones. According to participants, the operators and big companies are willing to pay from adaptability with other equipment.

“We already got the Martens trailer, or two of them, on our site. I’m not happy with the big one that we have...We had a classic example that every team added more complexity...So I have seen with our previous trailers that we have three other trailers and they are all completely different...But with this it’s quite different. We probably have in every shift 25 drivers who can drive that truck. And I think part of the lack of success with the previous trailers is when you needed the operator and his not there. And then the trailer is not being used. So I think the key decision point for us specifically around the whole thing is obviously meet the requirement of the trailer but it was also something we could understand and standardize. And that’s reducing complexity.” (3)

“First I think its...I don’t know any competitors, other manufacturers that makes a similar thing, but I think it’s much more easy to the movement and you can easy stop it somewhere, you can easy...I think that’s the main advantage. You can take it up with a bucket of an excavator and put it in a truck and bring it somewhere. The biggest advantage compared to lorry so... “ (7)

“We had used previous methods like uhm cranes or some sort of trailers with over 232 tyres to transport the shovel. Now in terms of just loading the shovel alone you’re expecting a full day. Then getting it into the right equilibrium, send out gravity, slinging it, testing and making sure that everybody is satisfied that it will not fall. It was another day. So you have good two days just for minimum of just preparing work just that piece of machine could take the shovel out. But with the case company’s system the loading was so quick. Within an hour you are fully loaded, you are safe and you know that you are secure, everything is clipped and you know there is no possibility of a fall...Like I said earlier in the mining the try is to optimize time...” (5)

“ I think the most important thing is that you can drive to the pit and you can drive back up with the DB120. The Martin trailer is just too long and big, you’ll never get it to the pit in.” (6)

“Well, I’m happy about the design. Uhm because the design for me is not like the whole conventional low-bid, that’s too long you know. And that’s it. This one is more for use and that’s what I need.” (4)

“And they’re not afraid to spend the money to have the tool adaptability that they can use across their fleet, no matter what the grouser width is, and they don’t have to screw around with some complicated process, to be able to make it fit something else, and they can put the inserts on the back of a pick-up. That’s critical.” (12)

2) Transportation of big machines

In one case, the participant thought that there is simply not another equipment that you could transport extremely big machines with.

“I think it’s the size of the machines and the site where it...On its best we have them here in the mining environment. But if you think about a smaller 50 or 80 ton machine or...I think you don’t have them in the construction sites. A 50 ton machine you can transport with a regular trailer but we don’t have any kind of opportunities to use that. So it’s a substitute of trailer in this kind of activity...There is no trailers like the system of the case company. There is not.” (13)

3) Proven & tested design

One customer did not want to have a custom-made solution for his site. In order to avoid all safety and functionality related risks, for this customer it was

more important that the design is proven and tested. In addition, from pre-made models it is easier to get references from other users and this particular customer had had bad experienced related to custom designed systems.

“I think we identified the need of a trailer...And there are lots of people in South-Africa who said that they can custom the design. And uhm we we’re quite cautious going for customized design because we have had couple of negative experiences maybe in the last five years. So we had a much better experience buying some off the self, it’s proven, it’s tested design. Uhm you can talk to other customers and get the feedback and some confidence – more confidence in the procurement.” (3)

4) Geographical location close to the end user

Interviewees gave a lot of credit to the fact that they were able to do business with a company close to their own geographical location.

“No we don’t have really options in South-Africa. You guys are the only OEMs with low-bids so that was part of the decision we made.” (4)

5) Moderate costs and ownership

As it was mentioned in the chapter 4.3.1 “Major value”, some of the participants consider the costs and payback time of the system moderate compared to competitors. It is valued that the system is not for rent, but instead it becomes your property. Also the maintenance costs etc. are considered to be reasonable.

“Then in terms of the costs, to hire that kind of machine that I mentioned earlier (trailer with 232 tyres), you need just for one trip nothing less than two million rands, okay. So tell me something. If you were to – want to do maybe in a month ten such movements, you a really talking about 20 million with that system only. So cost-wise it’s nothing viable. Not at all. You’ll buy the system of the case company, maybe even two of them, and they become your property. You don’t even care any additional cost like ordinary maintenance.” (5)

6) Simple maintenance and training

On top of the fact that the costs of maintenance are considered reasonable, the informants see the general maintenance of the system as a straightforward and simple procedure. Overall, the respondents did not even believe a lot of maintenance to be needed, which was considered to be a huge competitive factor. Also, the training of the future operators of the system is seen much more effortless than with competing products.

“So we saw a situation where reliability became a factor. What is the most reliable alternative among those two (the system of a case company and a competitor). And then this system became a more reliable, cause the maintenances are also very very easy, straightforward, quick, the parts at hand and the maintenance plan is straightforward. You don’t expect many major damages or repairs like I said beyond the alternative cost dimensions...Then in terms of operators. You only need to do is to train in already existing ADT operator in the case of putting in DB120 trailer. If it’s for a DB. But if it’s for an excavator, you don’t even need any additional training beyond getting the shovel or excavator operator to position the bucket in the right place on the truck on the axel the system. All that are factors that make the system

more preferable in mining conditions where time costs and availability I mentioned that drive productivity in efficient mines.” (5)

“It’s also that if we buy something we are looking that the OEM keeps it maintained as well. Uhm the the other thing is, we bought the Caterpillar from Barlows from Caterpillar. So the 740 they will maintain it and then our people will do the low-bid and that’s also the beauty of this low-bid. There’s not that much to be maintained on that low-bid. You know it’s, if you keep the system clean not leaking the grease, it’s not suppose to have any big maintenance. So that’s the other beauty of that system. And that was also one of the, one of the big deciding factors to go for such a product.” (4)

Green values were not involved in any of the conversations involving value increasing factors. The basic nature of the industry is far from green, and when you dig a hole to the ground with explosives, you can not say that you are operating with green values. Consequently, when doing business with mines for example, the mines care about the environmental issues, but only to a certain point. In a marketing communications and statements green aspects of the product are important to declare, but should not be overdone.

“We it is – obviously if you think about purely not the corporation but the open pit, it sure is bloody hard to turn it green...You certainly shouldn’t go overly outlandish with that, with pictures of meadows and butterflys and stuff, then will the fences of the turnip bed laugh at you like they say in the Ostrobothnia. With that you just make a fool of yourself, because you cannot cover everything with a chockolate frosting. You need to stick to the facts that we are doing everything that we can.” (10)

4.3.3 Value Lowering Factors

All the participants in the buying side of the relationships had actually bought or been involved in purchasing the system of the case company. However, it is important to map out the possible value lowering factors that might prevent other potential buyers from purchasing the product. In the interviews it was asked from the respondents, what they think could be the elements that might lower the value of case company’s system. From the answers, again, six different factors can be found and these can be divided under the categories of Lapierre (2000) and Sweeney & Soutar (2001) (Figure 17). Interruption of production can be seen both as a monetary reason and service related reason, since interruption expends the money of the potential buyer, but the interruption is also connected to the training of operators, which can be seen as a part of service. However, it is clear that the reasons that might prevent potential customer from buying are mostly monetary.

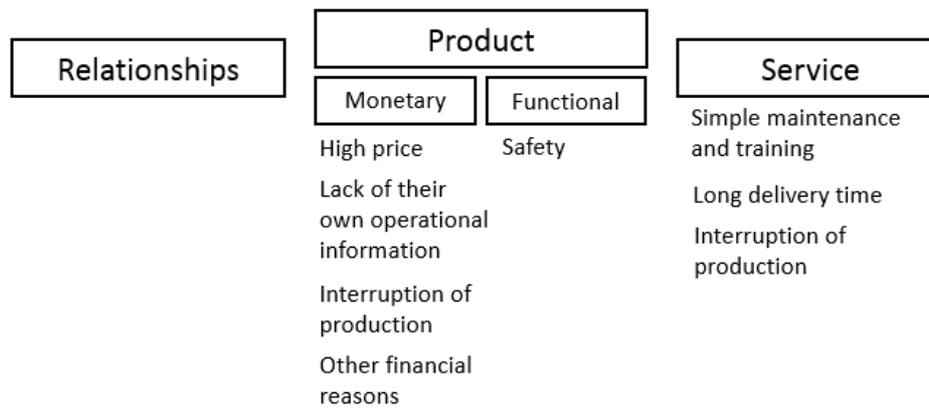


Figure 17 Value Lowering Factors

1) High price

There is a difference to be found on how the different sellers and buyers of the case company's system consider the price of it. As stated before in chapter 4.3.1 "Major value", many customers of the case company consider the system as a short term investment. However, according to the dealers of the system, some smaller customers might find the system expensive. Customers may see the system as a pair of wheels and the case company should be able to marketing-wise show the expertise and experience behind the system.

"I think the biggest barriers, uhm, there is just one barrier, it's the price. You have to convince the customer that this investment is worthwhile and that's again to the point I came that you have to explain the customer it's a financial solution. Because this is an investment which can last for years. And on the other hand if you see the time you gain and the parts you exclude because the system it's just a kind of simulation you have to make. ...First thing you see the price and you think "Jeez wow. That's expensive"." (7)

"The stand up price that you announce seems again high compared to what the product is. So maybe in terms of advertising, you shall eventually show or find a way to show the customer that it is more than just a couple of wheels that have a brake. It's more than that. In marketing tools to provide more information about how long time it takes to design. It's years of experience which have built in, years of expertise, understanding the operations, applications, getting feedback from the operators. It's not just a piece of iron. It's a piece of iron which has that shape and built in together because of it's 20 years of experience, knowledge of worldwide conditions. All that is built in... And that's a problem when there are people that don't actually, necessarily understand why is it so expensive." (9)

2) Safety

The case company has currently two slightly different options in their product category. The customers of the company are highly risk averse and do not seem to completely trust to the safety of the other system. This lack of trust is

not based on a knowledge or experience, rather it is a pure feeling. This kind of suspicion was, however, not found in the case of the other system.

“And then we started looking at the other with excavators. I’m not happy with that because we all around here our pit is mostly 40 degrees inclined. And they are quite deep now. So to run a thing with that I’m not really into doing. That was the one thing.” (3)

“Yeah I haven’t seen this system on a video clip. I saw that small single tire thing. But I don’t see that happening in this mine. Or not in South-Africa. At least. Yet, I don’t know - because I won’t say what I want to say but - I don’t know which mine has got enough - uhm what can I say uhm what’s the English word uhm - enough courage to get that product in the site yes. Because we have just too many safety stuff so...” (4)

3) Lack of their own operational information

According to the respondents, several firms operating with a mine or quarry do not seem to know the accurate numbers about how much they drive with their tracked equipment. This makes it hard for the seller to show the payback time of the investment and in this respect the true monetary value of it. Sometimes the operators might not even properly know the true cost of their current operations.

“This is the first one if I don’t get the information to be able to bring the return of investment business scales if you wish. Yes, that’s little bit of a barrier.” (9)

“And so there’s a number of things when you start looking at overall return, then you have to work on customer education and market education, and that is the biggest hurdle that you have, is because most of these operators, particularly in certain industry sectors, when times are good they don’t care, because they’re making so much money that they don’t really look at, they’re very short sighted, they’re very myopic in what they do, when times are bad they pull their horns in and they just go “oh my god the world’s coming to an end, it’s gonna stop spinning tomorrow and we’re all gonna be dead”, no you’re not but think a little bit more pragmatically. But what happens is, they’re not particularly sophisticated in how they analyse what their true cost of operating is.” (12)

4) Long delivery time

The opinion of one dealer was that it takes too long to deliver the system. The potential clients of his would like to have the system in their hands much faster.

“Get the price down, get the deliverable instead of “Oh okay, you placed an order today. And you paid for it. It’ll be ready to ship in eight weeks. Oh, and by the way, then it’s gonna be on the water for another six weeks before you even get that.” And the guys are going “Hell the season’s over, by that time, I need the product now...I don’t need it six months from now, I need it now. Put it in my hands today, we got something to talk about...’Cause every another big rejection that we’ve come into with dealers and with everybody else is, “Well, what do you mean it takes me three four months to get one of these things that’s asinine. My customer wants it today.” (12)

5) Interruption of production

For safety reasons, in order to operate the system of the case company, operators need to pass a training and receive a certificate. Although the system brings efficiency to the site the training requires the operators to be trained to be absent from the production. Even though, as it was presented in chapter 4.3.2 “Value compared to competitors” some respondents thought that one value of the system is that the training is simple, whereas some consider training still as a problem. Not only because of the price or content of the training, but mostly because of time it the training takes from the production.

“The problem is also getting the people off production and getting them to come in while they’re on the job. It’s also major problem like there were 30 people on the production and it was a real challenge to get the operators off work, out of production. (6)

“But when you’re talking of a product that costs that (35 000€), then you’re telling that customer too, oh by the way, it’s mandatory that you have to go through this one week training program with this product, and it is gonna cost you 15,000 Euros, ain’t gonna happen, no way, simply will not happen. They’re like forget it, thank you but no. Because they don’t want to take the time to do it.” (12)

6) Other financial reasons

Sometimes for example the mines in a big corporation do not get the permission to spend the money on anything due to the commodity prices in the market. This has nothing to do with the price of the case company’s systems itself, but the total ban of *all* investments in the site/company. Consequently, this rejection is not seen as completely as a no. It is important to come back to the customer later and offer them other financing methods to acquire the system (for example rental options).

“He’ll say: “Rory we are not going to tender because we haven’t been given the permission to spend the money. Because head office is told just waiting the see is the commodity price gonna stay level now or is it gonna go down a bit more is it gonna start to come up. When we see that trend then we are gonna issue the tender ...That’s not a no for me that I can understand and that’s part of the relationship with the customer.” (2)

4.3.4 Value to Dealers

When talking about the customers of the case company, it is important to notice that the end users of the system e.g. mines are not the only customers of the company. The dealers and agents selling the system are also customers of the case company. In order to improve the dealer/agent network and sales through these channels it is vital to understand the factors that motivate dealers and agents to sell the case company’s system to their customers.

First of all, the system of the case company helps the dealers differentiate themselves from the competition. Although there is a risk that a broad equipment dealer like e.g. Caterpillar might sell less machines because of this system, it helps the company to build longer relationships with their customers. The focus and strategy is in finding global solutions to customers through the

whole journey of their production process and customership. Proposing the system of the case company might also be a door opener to customers who are used to use equipment from another equipment manufacturer.

“I think there are more and more opportunities because people are more and more calculating euro/cent costwise the efficiency. And that’s what we are even within Caterpillar because competition like for example in our business competition is coming so close each other. We have very similar machines and very efficient and it’s up to us to prove how to be or help the customer to be as efficient as possible... Proposing case company’s systems as a CAT dealer might be a dooropener to some competitive customers/prospects.” (7)

“Again, we have committed to differentiate ourselves from the competition. Showing customers, even the market is declining, even we are gonna sell less excavators. So because with this system instead of having three excavators in the quarry you might only need two. So we are gonna find a way to you to decrease your expenses. Save money. So we make more loyal customers. We don't push them to go to another dealer we build long lasting relationships and add value to their systems. You save money, you make solutions...And we thought it was a good idea since we are developing this type of new approach to customers, which is not only for custom products and Caterpillar products, global solutions around the journey of the customer. Your system fits perfectly to that.”(9)

4.3.5 Justification of the Value of the Investment

As presented in chapter 3.2.4 “Investment decision process of a mine”, purchase decision process involves many layers and decision makers in a lower level must have proper purchase justifications to present to the higher-level decision makers. It was asked from these lower level decision makers that with the current value proposition of the case company, do they find it hard or easy to justify the value of the investment and this particular system to the upper level.

As expected, when operating in B2B surrounding, all the investments have to be justified with numeric and monetary data. There is no room for emotional or social value judgements - at least officially. One decision maker, whose mine had already bought the system said that because of the economic aspects, the justification to invest to the system was easy compared to many other business improvement opportunities in the field. The other one emphasized the meaning of benefit calculator that the case company uses as a tool to illustrate to payback time of the system and other cost savings that it produces. According to him, the benefit calculator makes it easy to show the financial aspects to the upper level and the calculation information from for example five-year period should be well communicated by the case company to its customers.

“I think it is about the cost saving optimization and currently the economical aspects in this business are quite important. So I think the justification was a lot easier than in some other business procurement to identify. I think it’s a very good appreciation that uhm big trackers doesn’t have to come to the workshop for certain maintenance. It’s very expensive and you need the equipment to be able to maintain properly... I think as a mine we are in a forced position that we get to generate cash and we with current gas price we do generate lots of value and we maybe in the last three years certainly have been able to identify projects that which create more value. Uhm so I think we have done a couple of other projects maybe off with more value and are more risky than the significant value. So I think we ease the credibility and confidence.” (3)

“Yes it was (easy to justify), I can put it that way, because even the benefit calculator, I’m not sure there is a lot time the factory has been designing the very wonderful template that any operator can use to look at the current cost and performance conditions and compare it with the simulated conditions that will be place if the the system of the case company is brought into place...So when you show those numbers to a board, it convert that into financial implication to all your net present value appraisals and show that indeed, there is a business case, very strong buseness case for investment. The board doesn’t hesitate and they eventually give you the “go ahead” to obtain the capital and procurement for the project.” (5)

4.3.6 Communicating the Value of the System

In order to establish new business relationships, the value of company’s offering should be easily communicated in the information exchange episodes of “Relationship Emerging Flow”. In the interviews it was asked from the sellers of case company’s system, do they find the communication of advantages and value of the system easy and how do they find customers’ interest towards it? If the value of the system is hard to communicate to potential customers, it may grow and develop barriers for the purchase. Possible value lowering factors were already presented in chapter 4.3.2

The sellers see differences in communicating the value depending on the length of the ride that the potential customer drives with his tracked equipment. Usually communicating the value is easy, since the system gives very simple and calculable solutions for customers. The advantages are, however, hard to explain if a potential customer drives with tracked equipment only short distances. Because of this in some markets, where the mines and quarries are small, there is not that much interest towards the product.

“It’s easy to communicate the advantages. The main three ones are quite easy and then the all side advantages that are not so easy to quantify.” (9)

“If they have a lot of travelling, if it’s for couple of hundred meters then it isn’t (easy to communicate), but if there’s a lot of kilometres machines have to be replaced or have to be moved around I think so yeah... I think there is need but I think in our market it’s really restricted because our machines don’t travel that much.” (7)

Advantages are also hard to explain, when - as presented before - many potential customers do not even know how much they drive with their tracked equipment. The lack of data and calculation of costs makes it difficult to fill the previously mentioned benefit calculator. The technical competence and knowledge behind the product is also sometimes hard to communicate. The case company’s system appears often as a simple product, when actually behind it is years of work and experience. Without understanding the experience behind the product and the monetary aspects - especially long-term ones - the system appears expensive to the clients.

“Big issue we are having is about being able to quantify, what is gonna be the impact to them, how much is it going to be. Because, for example today customers at necessarily are not ready, what the tramming time the excavator is, they don’t know exactly the cost of the carriage or manpower or undercarriage or they don’t know exactly cost of the lost power of production on this kind of things. So they don’t know what they don’t know. And to wanna promote this kind of product, which is a

product high value. Just what it is an axel, crane and four big wheels. It seems quite simple product to manufacture but cost efficiency is premium but it's normal. But the question is being able to show the customer it's not a matter of big expense, it's a matter of big savings. So we have to talk about savings to customers. So that's ways - it's easy to sell BUT you have to get information from the customer. Which often you don't have." (9)

"Yeah we used that, the Excel-sheet that you deliver. Well of course you have to treat it with a little bit of caution when it's delivered be the producer. And of course they are only estimates of costs and you need to consider where you put on the weight...But they sure do help. If you know the costs it makes it easier. If you don't know the costs then you are completely lost with the sheets." (13)

"It is probably easy to justify the technical and the daily advantages in the pit, because there we are able to use it, but like we talked before that what it means in a five-year period that should be maybe in the other level and in that way - maybe it would be the best to bring that up stronger in your communications." (10)

In chapter 3.2.3 "Customer characteristics" it was already mentioned that industrial companies are very conservative by nature. One of the sellers stated, that communicating the advantages of the system of the case company is sometimes hard because customers do not understand it or do not want to understand it. In addition, customers do not usually understand all the things that the system can do for them. They might also connect case company's system to speed, which is a negative factor in safety-oriented environments like mines. The case company's system is described as a revolutionary product in the mining industry, so the selling and communicating the value of is difficult and requires a lot of customer education.

"Well you can communicate it to them until you're blue in the face, but they still have their own internal, like I said they're not particularly sophisticated... However, sophistication aspect of it, of how they understand what their true operating costs are, and what efficiency can be gained from this very modestly priced tool, and then the second thing is, a lot of the larger construction market and things like this, they haven't entirely grasped how much that's going to improve the efficiency of their job site...Because they're unfamiliar with how much more productive it makes the tool, it is a very slow process to educate them... ..They're just bull headed, they just don't get it and they don't wanna get it." (12)

"And another big big big downfall that some customers perceive is they look at this thing on wheels and they immediately connect it to speed. And that is one of the first things I say to them in the presentations that "Gentlemen, remember this I'm gonna tell this to you ten times today: it's not about speed, it's about mobility." And there is a massive difference between speed and mobility, you know...Then they start to "aah okay now we get it" and they move on to the next step...I find it very difficult to sell the product. It's extremely difficult sometimes because it's somewhat a revolutionary product in the mining industry, it's very advanced in terms of technology and it's completely unique. So the general marketing acceptance tends to become extremely difficult." (2)

4.3.7 Value Co-creation

Participants' opinions about value co-creation are quite vague, since it depends from the case whether or not the co-creation is considered useful. Sometimes it is best to have proven and tested design without any alterations. However,

value co-creation is seen useful in the terms of selling, that you are listening carefully the needs of a customer and give in on some aspects. Value co-creation also strengthens the relationship between parties, which is important in long procurement processes where people come and go and a strong advocator of your system might move on to different tasks. In the sales process it is actually important to make the potential buyers *become* the advocators.

“And uhm we we’re quite cautious going for customized design because we have had couple of negative experiences maybe in the last five years. So we had a much better experience buying some off the shelf, it’s proven, it’s tested design. Uhm you can talk to other customers and get the feedback and some confidence – more confidence in the procurement.” (3)

“I think it depends from the case. Like we talked before, some people are more willing to accept without a murmur that okay it is like that. The others on the other hand have so much professional pride that they are like “I sure know how this is done, okay you could do it maybe in that way too but in my opinion you should do it like this...Well no yeah it’s always when doing business, that what you sell, that you need to listen to the customer. And you always get the atmosphere good if you are able to slightly give up in some things, without losing the point in what you are actually doing.” (10)

“That is very important actually. And like I said a system like a case company’s is not something that you just woke up from the bed and said I’m making you procurement. You need to do detailed digital work and research. ..So it takes a little bit of time even for the supply to convince the potential client on the benefits and stuff like that. And remember all of my friends are saying “How can I pay this huge amount just for an axle?” referring to an E series, you know. So such people are there in the mines. And rightfully so they have to challenge you know the concept and prove that this is the concept that will satisfy their objectives and client. So the research and development then comes in. Other applications are completely different and they may acquire some variations in terms of the final design... In a mining set up the decision usually doesn’t come from just one person...So in mean time life cycle before any approvals are made all these other players need to give a thumbs up and say “this is it, this is how we want to go”. But now, because this takes forever, you’ll see that people also change. One person, who might have been a strong advocator goes and is replaced by somebody who now has to be taken again from the roots all the way out... So with the new product then the research and development as well as customized functions become very critical towards the final realization of a procurement and use in any new place and any new market.” (5)

4.4 Service Business Model

4.4.1 Respondents’ Thoughts About the Service Business Model

When asked about the opinions about should the case company create a service business model or not, the interviewees highlight the importance of customers will to co-operate with the service provider. They also consider a hybrid model (combination of services and goods oriented models) to be useful.

“Me myself would create a hybrid-model. I would go mainly with that one which is cost efficient, which usually is a some kind of agent model or similar that you have a dealer over there. But I would definitely try it with some customers...Go to the

customer, try something and quickly find out, was it a good thing or not.. You may have certain accounts, which are really good and when you think about it choosing the account is very important. That I have learned also during this process. The customer a) needs to have enough business potential, but more important than business potential is that that customer starts to co-operate with you. If it doesn't want to co-operate, as much business-potential it may have, you are just hacking your head against the wall. And you get some small charity every now and then. And if it was a small customer and it wants to co-operate with you, you learn a lot of things even you wouldn't get a big revenue. You can make use of that then with a customer with a bigger potential. So you shouldn't ever go with a customer who says in a first sentence that they are not that interested. Then you should forget it." (11)

The types of services that current customers and users of case company's would consider useful are linked to tracking the system. The service they need would ideally:

- Track the location of the system
- Track the route that the system has been moving
- Track the need of maintenance

In addition, the service of tracking the machine could possibly ease the selling of the system, since many of the customers are not aware of distances they are driving with their tracked equipment.

"Many times there is a problem that you don't know where the system is. I guess you could fix that with some sort of technique. Put a man and an equipment to the map. And then the map would show that the equipment is now there and wouldn't need to wonder in the morning where they are. And then if you could show, where the system has been used and how much. It would be nice to have those tools to the same map that we already use to a different tab. And then to track the possible maintenances and so on..." (13)

One of the informants had a more general view about what kind of service is the most useful for its provider. According to the respondent, maintenance services have small margins and the area is highly competitive. Being an expert in the entire supply chain process know-how is the key that takes you "inside the company", since although customers are not willing to pay for maintenance, they are willing to pay for optimal processes. Process know-how has a high leverage and when you are able sell your process know-how, for example in the form of installed base (database that collects the information of processes and the performance of equipment. Installed base is also a great opportunity to get "inside" the company), you can also take control of the maintenance services etc. Optimal processes also reduce the cost of maintenance and consequently reducing the costs of maintenance brings value for the customer.

"An installed base is a great opportunity. If you start to do general service - like mine partners or such - only from maintenance angle, first of all, your margins are really small...It is only small money, when you can file few thousands euros from there. The biggest thing is that the process is working with the most optimal way - there is a big leverage. And of course basic maintenance is a part of that but the process know-how is the most important thing...In many facilities these are separately but you cannot make the process optimal if every time something goes broken you don't fix it properly. But coming in just with maintenance is challenging because there the

competition is intense and there are many small operators. But those who understand the process and technics optimally are not that many in the world. And especially with your own equipment, with those you can bring the best practices to the field...The process know-how is the way to sell yourself in." (11)

In the establishment of a service business model to a company, it should be clear what the vision and the ultimate purpose of the model is. In other words, *why* is the model relevant and useful for the company. In addition, the company should not be selling only technology to its clients. Instead, through services, company should help their customers to use this technology in a most efficient manner. The features of the service business model should also be well defined. I.e., what the services that are going to be provided (e.g. spare parts, different kind of maintenance services, modernizations, consultancy services...).

"The idea in our definition was that the service business model should be smoother and not so dependent on from the CAPEX cycle. Everyone who follows industrial business knows that the times in that side are difficult.. "The thing is that you need to help the customer to drive his process as effective as possible...Key is not only in best technologies but also in helping the client to drive these technologies in most effective manner. In my opinion it's like driving a car. If you have a nice car which doesn't use that much gas, but you use the gas pedal wrong, you will lose that benefit. You also need to know how to drive the car in energy effective manner... We started to define from the zero, what is the service business in our company in general...The service business in our company includes spare parts, maintenance services, modernizations and long-term maintenance services that are tied to some kind of contract, and then there is sub-down maintenance. We defined that these are the categories that constitute our service business and after that we can focus that 'Hey, we have to build an organization to here, which can take these things forward'." (11)

However, in a discussion about services that the case company could offer and their value to customers, many of the respondents do not really seem to understand the concept of services. Respondents start to think more of the qualities of the product itself (e.g. brakes), which shows that many industrial companies are tend to operate in goods-dominant logic.

"I don't think - what is your total range of products that you got? Currently I don't know other than low-bids. I don't know any other - what you call it uhm - I don't know the selection or the scale of products that you got in the market." (4)

"Uhm there is only one suggestion that I would give, and other people have been talking about it, is brakes on the system, on the wheels. Even though we would explain that the current braking system is very efficient, it's nothing like anything out there, you'll never lose your brakes and plus one added benefit: that it will never jack-knife...Otherwise I don't think there is anything else at all. No, just a braking system." (6)

According to the answers of an interviewee, who had been involved in establishing a service business model to a company, shifting the business more towards a service oriented model has an impact to the organizational model of a company. The measures of how to view the performance of service business and what to monitor should also be properly and clearly defined. With agile

organizational mode and clear vision, there is no need to advise the team all the time. They will know what they are doing.

"We did a very clear analysis about all that in general – a situation analysis. We started to think about the structure and the organization type we should have to take things forward. After that we identified the exact KPI (key performance indicators) about what we should follow...So I used a lot of time to – I switched the organization model – when we were growing fast we did things with very agile model – we changed the set up all the time little by little... So I believed that we had to be in an agile mode, but I still want to highlight that the people – if you have really good people – I've also had 10 persons in the executive board – so those – good damn those invent so much good things with their own teams, so it's certain that things will move forward. You just need to have a clear vision about where you are going so everything – clear vision. You don't need to tell all of them that you need to do exactly like this." (11)

One of the respondents did not see that the case company should shift their direction towards service business. However, as it was asked about potential barriers of purchase and lack of operational information stood out, he had a service business kind of approach and solution. This informant wanted – although in this point without any charge - to leave a person permanently on the site to collect the data about driven kilometers, moved machines, repair and maintenance costs etc. This quantified evidence would help in further sales of the system.

"The one area where I think we could improve, where I'm focusing on improving is data, quantifying the benefit. The statistics of exactly what improvements can be demonstrated by in operation after having started to use case company's product... it's also a long-term process since you gotta look at what did the repair, maintenance and the undercarriage cost them in the past and now after using the system for 5 years what's their repair and maintenance cost now and do a comparative analysis of the benefits but that's extremely difficult...what I'm gonna try and do in Mologwena is to leave a person permanently on site not charge the mine so that person records as much data as possible in terms of how many machines they move, uhm, when they picked up a machine what was the distance that they travelled with it before they off-loaded it again, how many times do they do that a day..." (2)

One informant in turn did not see goods or services bringing extra value. He saw additional value in constant contact and communication he had received from the case company already.

"I think that one really would possibly come in when the equipment is operational. Which makes it important then for the the case company team like I mentioned earlier to retain that constant contact and communication. Because we have expectations for now and look more to the expectations than to the shortfalls. So if there to be any shortfalls, I think you can easily pick them up only when the equipment is now starting to achieve what to expect and people are complaining about specific issues." (5)

4.4.2 Emerging Relationships in Service Business

In this research it was also examined, does the process of a relationship birth differ in a service business, where the connection between parties is seen

actually as a relationship, rather than individual transactions? Or what kind of special qualities might formation of service business relationship have?

Awareness & Initiation

Obviously, the situation where the customer becomes aware of sellers services and contacts you is seen as the ideal situation to start the process of generating the relationship. This situation, however, requires constant strong investment in marketing communications in the channels important to the target group of the company. Company might also need to contact the potential customers and make them aware of you.

"Well that's a brilliant starting point if the customer picks you. But you can not just wait in your home and wait that "I wish someone would call me". But that's the best situation if a customer contacts you "hey I'm interested about your thing" and then you can say "let's take this thing forward together?"" (11)

According to one interviewee, in the service business the key in making the customers aware of you and your company attractive comes from process know-how. The value of the service is in expertise and optimal processes, and at the same time the optimal process reduces the maintenance costs of customer's site. Optimal process takes also care of the maintenance, but the margins in offering just maintenance are smaller and competition more intense. If the service is for example in a form of installed base, it will also measure processes and risks and offer up-to-date and accurate information much more effectively than plain maintenance. From holistically functioning processes, the sites are willing to pay.

"Own installed base is a great opportunity, you get a great advantage, when you come in as an expert and you can bring your best expert to that thing and technology - so you speak immediately the kind of things that resonate with the client...I mean if you start to do general service like mine partners or that kind from the maintenance view only. First of all your margin is really small. Most times firms who do that measure a lot less. And your added value comes from making the maintenance cheaper. But the value for the customer is usually not just that. That is small change that you can take thousands of euros from there. But the biggest value is in process that functions optimally - and there is a big leverage. So the process works optimally and no one disturbs it. And the basic maintenance is a part of that, but there is the process know-how...But coming in just through maintenance is challenging. Because the basic competition is tough and there are a lot of small operators already, but the ones who understand the process and technology don't exist anymore. Especially if they have your equipment. With those you can bring the best practices and leverage and you can say that "hey I have 100 of those going around in the world"... And then you can bring in the other elements: spare parts, maintenance, service visits. You sell yourself in through process know-how." (11)

Prior relationships and personal reputation are also seen as important triggers for trade. When you already are operating with a client in some level, it is easy for him to buy your services, because "people are lazy by their basic character".

"And the persons and personal relationships have a surprisingly big role. Especially in service business most of the sales don't go into any bidding, they don't go into tendering. Instead, when you have your guy on the site, the maintenance or operations manager and he has a problem. Then he thinks, should I request now for

quotation. No he doesn't when he has a guy and a machine from Outotec. He walks straight to him and asks "Can you fix this?". On that moment he doesn't care whether the repair costs 10 000 or 7 000. It is important to him in the sake of the production that they production continues and that money comes back much faster. People are lazy by their basic character." (11)

Being close to the customer also geographically is highlighted in service business.

"In project business you don't need to - you can make sales from Finland or from Germany. But service business you can never do other than being close to the customer." (11)

Interaction

Based on the responses of this particular interviewee, in the interaction phase of the emerging relationship the information about the value of the process optimization should be highlighted. Due to the importance of cost-effectiveness in tenders, the long-term effects and savings of optimization should also be emphasized. The interaction phase is also much different as in project business. In service business you need to be constantly present, whereas in project business there might be intermittent gaps in the communication.

"Now tenders of the suppliers are made a lot from the cost-effectiveness view, when two things become important. Another one is that you need to show to the customer that you can create some kind of value. And we come from the process view and not from the maintenance view. Maintenance perspective is 'Hey let's use these pencils a month longer'. And our perspective is 'Hey let's try look that your process is working optimally. If we can improve it immediately a bit better it saves you that much millions in a year' ". (11)

"It is different to lead small chips all the time, big projects all the time. The dynamic in relationships is way different for customer relationship perspective. In project business you may do three-four years small and steady and you may not see the customer for months. But in service business you need to be present all the time...And you need to go to a proactive mode a visit the customer a lot. You cannot just wait for offer inquiry." (11)

Trust

When building trust with a client, it is seen important that the company has right, relationship-oriented people on the site. These people should be experts of relationship management rather than experts in technology. Therefore the trust to a certain person is seen as an important part of trust building.

"It's extremely important that you have the right (people) - I mean we put wrong kind of persons first in charge from the site. They were experts of some field, technologically, when they should have been relationship guys who can manage that. And they can say that 'I don't know, but I know who knows'...They should be able to build a relationship to right persons in that site. That's their job. It's enough if they understand the technology to a sufficient level, so they are not complete moron...But their main job is to understand customer's ability to make decisions and establish good relationships with them." (11)

In general, building and maintaining trust in service business is seen more challenging than in project business. In service business you need to earn the trust constantly every single day.

"In service business you can lose the trust really fast, when the things don't work like they should. And gaining that trust back is a long road. And that's why I say that in service business, you really need to – when you promise something you need to hold that promise. Whether it is a delivery time to a spare part or your maintenance guy or so. If you try your best and you are there and you cannot fix it, it's not that bad. But if you promise that the spare part, when there is a shutdown, is there on the last day of the month and then it's two weeks late and they still have the shutdown. So those kinds of things are – in service business it's quite different you need to earn the trust every day and again and again and you can easily lose it. In project business it's in a way easier. You sell every now and then and you might have – if you have a problem you can put a lot of people to solve those problem." (11)

4.5 Investment decision process of a mine

As said before, in big industrial B2B companies and corporations the purchasing process is long, complex and involves several members of the company (De Pelsmacker et al. 2007, 536-537). Depending on their functional areas, all of these may have a different perception of a supplier's value delivery (Ulaga & Chacour 2001). In this chapter the investment decision process of mine is described based on interviewees' narrations. Big mining corporations have usually a higher purchasing strategy, when it comes to preferred suppliers. However, the initiative to purchase something new comes inside single units.

"Yeah there is a higher strategy yes but the need and the drive really comes from the mine that wants to utilize that piece of equipment. The whole corporate strategy comes in now in terms of preferred suppliers and where those exist and any global agreements with any special supplier and any specific brand for obvious, maybe discount or because there were some studies that have been done, test trials or whatsoever." (5)

In big mines there are several engineers led by a chief engineer (Figure 18). When a mine has a big capital related project that they need to undertake, the chief engineer is the leader of that project. Then, the chief engineer will point one of the engineers, the most appropriate engineer, to take over that project (Figure 19). In a case of a customer of the case company, that engineer was the supportive equipment engineer of that mine. The supportive equipment engineer will now work as a senior engineer of that project and he will in turn point people to do detailed studies and investigations for him. He will ask accountants to make cost analysis and a junior engineer to look all the manufacturers of an equipment, get quotes from all of them, get a pricing structure etc.

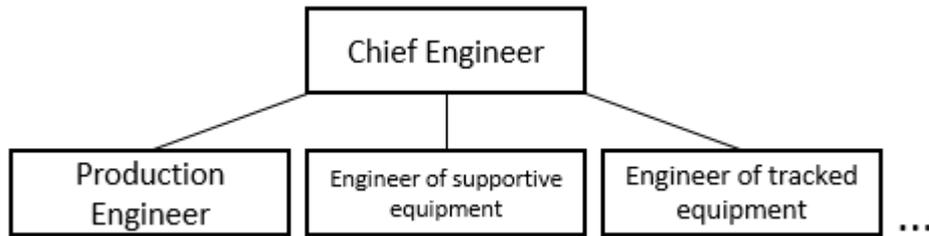


Figure 18 Engineers led by a chief engineer

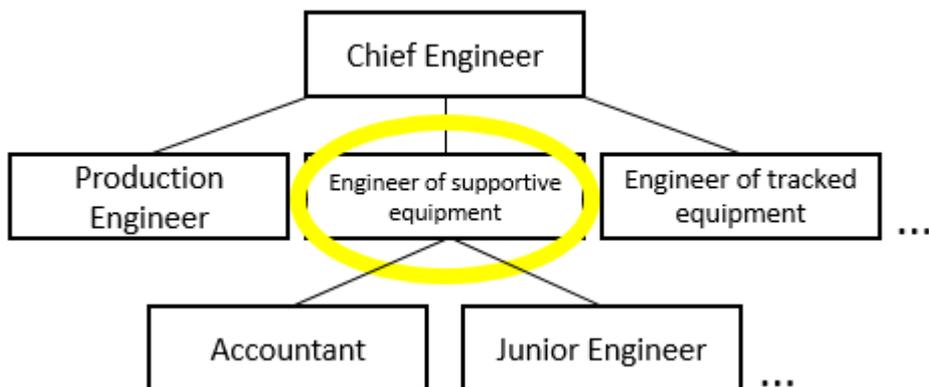


Figure 19 Supportive equipment engineer as a senior engineer of the project

This process will take six to nine months, after which the senior engineer leading the project will present the available options and his final recommendation to the chief engineer. After that the chief engineer will have a discussion with other engineers about the property that is being purchased and sign his approval. Usually the item that is recommended gets the approval, so the lower lever engineers have a great impact on the final investment decision.

"It's very very very selten that a senior engineer will undertake a project, make a recommendation, and the mine don't buy the piece of the equipment. So basically he is really the guy who goes through the whole process and he is the person who are pretty much dealt with whole that year, let's call it a year, six months nine months a year." (2)

However, that approval is still not the final approval. After that, that approval with the amounts of funding needed proceeds to the capital team, who control the capital book. The capital book will close about a year before the money is going to be spent. In the course of following year the capital book will go through an approval process made by scrubbing committee. The scrubbing committee will perform an in debt analysis about the equipment that mine would prefer to buy. To make sure they are making the right decision, the committee will ask questions about does the mine really need the product, is the right one, is it priced correctly and how many of them does the mine need. Scrubbing committee will also look into all technical issues, the benefits, the value that the project adds into the business, and confirm that indeed it does

qualify to be under SAB, which is a stage of business capital that is managed by them. In some of the mines the executive team will perform this phase.

When that process is complete they will have a list of equipment and amount and as and when they need the equipment the capital book will proceed to the board of that mine, which will make the the final approval of rejection (Figure 20).



Figure 20 Movement of an investment proposal

Once the investment proposal has passed through the board, it releases the procurement team to go out to tender. Then the best value bid is given in order and the contract. It was said by the interviewees that all and all, if the investment proposal made by engineers is well justified, it is rare that it gets rejected in the later phases. Only the calculations are being checked.

“If the investment is well justified, in practice it will not – when you finish it the economy people will only look that the calculations are right and after that it goes to the executive team. And if the price of that investment is big then to the board.” (13)

All in all, in big mines there are several people involved in the purchasing process and each of them have their own interests and concerns, when investing to a new equipment.

“..the engineering people who are the guardians of all equipment, they will be concerned with the design and stuff like that. And then there is the mining people who would literally operate it they will then be concerned with also with the ease of operating, the interface into the current systems and also the safety and economics also of things of occupational issues, risks and stuff like that. Then there is the financials who will be concerned with the returns in terms of value that it brings financially. Then obviously management will be worried with the value that it brings to the production or the image into the community this being new machine, the environmental community and safety issues that come in management to worry about that.” (5)

“Now tenders of the suppliers are made a lot from the cost-effectiveness view, when two things become important. Another one is that you need to show to the customer that you can create some kind of value. And we come from the process view and not from the maintenance view. Maintenance perspective is “Hey let’s use these pencils a month longer”. And our perspective is “Hey let’s try look that your process is working optimally. If we can improve it immediately a bit better it saves you that much millions in a year”. (11)

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In general, building and maintaining the trust in service business is seen more challenging than in project business. In service business you need to earn the trust constantly every single day.

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5 CONCLUSIONS & MANAGERIAL IMPLICATIONS

The purpose of the study is to gain deeper understanding about two major subjects: birth of new business relationships in the context of industrial equipment manufacturing and the implications of digital channels in this process. In the footprints of Mandjak et al. (2015) the results in general bring a lot of new more deepened information to the industrial B2B sector about narrowly researched emergence of business relationships. The role of digital channels become present already in the results rising from the relationship birth process, but more detailed information about the usage of digital channels in industrial B2B environment is also obtained. In addition, more case company specific results about the factors related to perceived value and service business model were researched and answered to, since the study was also interested about these two more minor research topics.

This last chapter will present the theoretical and managerial conclusions derived from the results. Theoretical conclusions will reflect the results to the theoretical framework of the study and previous academic literature. Managerial conclusions on the other hand will provide ideas for the case company and other companies alike mainly for their novel relationship establishment and utilization of digital channels. In the end of the chapter also the trustworthiness and limitations of the study are evaluated and the suggestions for future research presented.

5.1 Theoretical Conclusions

As the research strategy of the study was abductive combining elements of deductive and inductive approaches, in conformity with inductive strategy theoretical conclusions of the study must connect the dots and present solutions to the research problem (Perry 1998).

As a whole the births of business relationships of the case company and its stakeholders interviewed in this research have followed the theory of Mandjak et al. (2015) from starting situation to awareness creation, then through initiation to interaction process and finally trust becomes the crucial stage whether to engage in a relationship or not.

From the triggers starting the whole Relationship Emerging Flow the sellers seem to pay more attention triggers that based on Mandjak et al. (2015) are connected to visibility (digital and printed media, exhibitions and demos), whereas the buyers of the system give more emphasis to prior relationships and referral like for example word-of mouth. This may be due to sellers' consideration about the things to which they feel they can affect to and which not. Although there are ways to affect and enhance the word-of-mouth considering their company and products, word-of-mouth may feel like and

trigger that is more out of their hands.

The results considering the initiation moment of a relationship are in agreement with those obtained by Adamson et al (2012). Customers have taken more active role as an initiator of a relationship but this does not mean that they would be more eager in investing money into new solutions or starting new relationships. Instead, customers in industrial B2B setting are now more empowered than before and they have the opportunity and desire to search a lot of information (mostly from the internet) before being in contact to the seller. Cold-calling is not seen as an efficient initiation tactic anymore and as Halligan and Shah (2009) have suggested, more emphasis should be given to different pull strategies to attract customers.

Due this, this study argues that the actual information exchange process is involved in this case research and in the interaction stage of Relationship Emerging Flow of Mandjak et al. (2015) but the importance of it is smaller that it could be expected. The role of crucial information is now more strongly involved in the awareness phase prior the initiation. In accordance with Ulaga & Chacour (2001) it also became evident that decision makers in different positions of a purchasing process appreciate different information. Whereas higher-level decision makers are more interested in monetary aspects, are lower level decision makers interested in functional qualities.

Consistent with prior literature (Chaffey & Ellis-Chadwick 2012, 529-530; Miller 2012), this research found that email is widely used channel both in initiation and interaction. Participants who reported using email in the initiation and interaction consider it as a useful but also very impersonal channel, which may even slack the desired speed in the sales process. In line with Shaltoni (2017), face-to-face contacts and general hospitality (for example dinners) are seen as preferred channels of interaction but in reality in global environment the opportunities for these are rare.

In various parts of the relationship emerging process digital communication channels were mentioned as an important medium for the furtherance of a relationship. In addition to email, also Facebook is being mentioned as a one channel. These results reflect those of Long et al. (2007) who also found that internet and social media has become a prominent tool for prospecting new customers.

Rather than hard data or information, in interaction phase itself the respondents give more credit to social exchange episodes and the qualities of a salesperson. These qualities could be characterized as soft qualities and they include for example salespersons ability to listen, care, help and find solutions for the customer. Although industrial B2B environment is often described rational, this is in line with De Pelsmacker (2007, 533-549) who sees the role of emotions important also in the B2B environment.

Softer aspects and factors were also mentioned in the ways in which companies could gain the trust with previously unknown partner in the industry. These include being available and honest, caring about the customer and finding solutions for him. These are almost the same aspects that were valued in the social exchange episodes. This supports the findings of Doney, Barry & Abratt (2007, cited in Mandjak et al. 2015) that argue that social

interaction and open communication play an important role in trust formation in B2B relationships.

When reviewing the trust building process in the context of small and new companies, findings of the study are also consistent with Suoranta (2015). Suoranta (2015) argues that larger companies are usually highly risk averse in their buying decisions and small companies need to convince them with professional and credible communications or partnering with a larger firm. Reliable company image can also be signaled through industry expert outside directors, which accords with earlier observations of Kor & Misangyi (2008).

The findings of this study also acknowledge the dual nature of trust presented by Mandjak et al. (2015). Trust is strongly connected to the salesperson person and his/her image and behavior. However, trust to a one salesperson alone is not enough, but the whole organization needs to have credibility and prove their trustworthiness.

As a barrier for the establishment of a new relationship, the study found out, that in case of small and new firms, many customers might see the unstable prospects of potential partner as a risk. As small companies are vulnerable for economical shocks or acquisitions, there might be a chance that a customer would not get the support they need after a certain time. This fear should be taken seriously and potential partners assured about the continuity of operations.

From the results of the study it can be seen that in the global industrial markets internet has a strong overall role and position as an awareness creator in the minds of salespeople. When asked about the most important methods in information seeking, the answers received from the people in buying organizations are in line with the salespeople's opinions. Internet is without a doubt the most used channel in information seeking and a massive amount of information is walked through before having a contact with selling organizations. The steps in information seeking usually begin with search in the search engine Google, from which the information seekers continue into the company webpage and/or YouTube. These findings support the work of Wind (2006) Hennig-Thurau et al. (2010) and Miller (2012).

Despite the rise of new digital marketing communication methods and pull tactics, in line with Lilien & Weinstein (1984) the sales force is still considered as an one of the most important awareness creator. As being mentioned, this finding was also reported by Shaltoni (2017), who argue the personal selling in industrial B2B sales to be crucial and online communications in the role of complementary aids, but the significance of those complementary aids is higher that might be expected. Nonetheless it is certain that due multiple digital channels, ways of conducting industrial B2B marketing have changed dramatically.

This study also supports evidence from previous observations of Killian & McManus (2015) that to distinguish the categories of different channels from another (traditional, digital, social media) is starting to be very hard. As are the different channels of communication hard to distinguish, so are also the boundaries of industrial and consumer marketing as challenged by Wind (2006). According to Wind (2006) there is no more a pure B2B world and industrial

marketing should be redefined. Although the results of this study are not as fierce as Wind's (2006) it is clear that the lines between consumer, business and industrial marketing are blurred by new digital channels and business models. In digital channels like social media, the information is usually available for everyone, not just for selected players in a specific industry.

Based on respondents' answers, what this study also clearly points out, is that different geographical markets need different marketing strategies. These results corroborate the findings of Park & Jun (2003), Wind (2006) and Karjalainen & Salmi (2013). Much of the current industrial marketing has been tailored to developed nations, although there are various opportunities for companies in developing nations, where 86% of world's population live and economic growth is fast (Wind 2006; Okantey 2014). As the participants in Europe and Northern America gave more emphasis to printed media and exhibitions, the participants in Africa seemed to utilize digital channels and social media (Facebook & YouTube) more. This clearly reflects media behavior of younger population and leader generation in Africa (Okantey 2014).

When asked about the major value of the system, improved utilization of the equipment stood up as the most often mentioned factor. In the light of Sweeney & Soutar (2001), improved utilization of the equipment represents functional and monetary value. Valuation of monetary value is in line with Deloitte's future issue (2015), where the challenge of receiving capital for long term investments is noted. In other words, all the investment proposals must be effectively justified with monetary profits and cost savings.

As some of the respondents consider case company's system as a short term investment and some as an expensive piece of equipment a theory of Zeithaml (1988) is supported. Theory argues that value is related to context. Big mines operating may perceive the monetary value of case company's system differently than smaller quarries and individual entrepreneurs. This is supported in the results, where the factors lowering the value of case company's system were again mostly monetary.

Categorized under more B2B environment specific value drivers of Lapierre (2000) all of the three drivers could be found in respondents' answers. Both relationship and service related drives seems to be important for the participants but by far most of the value drivers were functionally product related. In accordance with the results of Karjalainen & Salmi (2013) green standards did not have strong importance as value factors in the purchasing process. This does mean that companies in the industry would not think about green aspects at all but for an industry that in principle is not environmental friendly, green marketing messages do not have an impact. As one of the respondents said: "...the open pit, it sure is bloody hard to turn it green".

About the value co-creation respondents seemed to have very mixed opinions. Although value co-creation conveys the customer a feeling that selling party listens to him and his needs, in the industries where safety is a crucial actor a proven and safe design becomes more important. This suits to the findings of Moon and Frei (2000) and Prahalad and Ramaswamy (cited in Rowley 2004). They argue that value co-creation is not suitable for every business, which seems to be matter also in this case.

When asked about the opinions about should the case company create a service business model or not, the interviewees highlight the importance of customers will to co-operate with the service provider. They also consider a hybrid model (combination of services and goods oriented models) to be useful. That is in line with Gebauer & Fleisch (2007), who found out that successful companies had set up a separate service organization in order to avoid the internal clash between service and product oriented skills. In a separate service organization, a service culture with underlying service values and norm can be created, without replacing manufacturing values. (Gebauer & Fleisch 2007.) Generally in service business, own installed base was seen as a good opportunity. This reflects the study of Potts (1988), which argued that installed base can yield an attractive service revenue annuity for a company.

In the light of relationship emergence in service business context, prior relationships and personal reputation seem to have more importance as a relationship triggers. Service business setting requires also more constant interactions than sales of project businesses. In addition, the trust must be earned every single day instead just once prior the purchase of a project or a product.

5.2 Managerial Conclusions

The current economical situation in the target markets of the case company is at the same time a challenge and an opportunity. Although receiving capital for investments is hard (Willis Limited 2015) the markets are screaming for profitability, which at the same time encourages companies to invest into new cost savings creating innovations like the system of the case company. Knowledge of the trigger issues that start off the Relationship Emerging Flow will help the case company and other sellers of the system how to attract new potential customers and how to move it forward in Relationship Emerging Flow into the next stage.

When it comes to creating the awareness about new innovations, in some of the markets printed media and industry focused magazines are still seen as a good way to reach new potential clients. The role of exhibitions as an awareness creator is considered to be strongly connected to networking. Networking is increasingly important in B2B sector and the participants of the research did not believe in cold calling or email sending as a relationship initiator. However, in with Siems et al. (2009) the ROI of exhibitions should be carefully re-evaluated and key persons to network targeted in these events. Case company should also demonstrate their system more directly to potential clients and word-of-mouth between users should be encouraged.

In accordance with Bell & Loane (2010), in the establishment of new relationships in global business environment, strong online presence is an absolute requirement, especially for smaller companies. In online surrounding, videos in particular are seen as a good educator and awareness creator, which visualize well the operation mechanism of case company's system. The power

in emerging business relationships has shifted more to customers and publicly available information, often online, has a major impact to their buying decision. Purchasing process and general information seeking activities are usually started with detailed web-search. Because of this, case company should produce publicly available information as much as they can and pay attention on their website, search engine marketing (SEM), search engine optimization (SEO) and YouTube channel. Safety related information in particular, was found out to be important to potential customers. When operating in online environment, case company also has a good possibility to measure and track their online activities and audiences.

However, personal face-to-face contacts are also appointed to be the still extremely important in the interaction phase of emerging relationships and digital channels should support this interaction for example in the form of data transfer, information and file share. When operating in global environment, this is clearly not always possible. Email is seen as a good but a really impersonal channel, so the use of different interaction channels should be diverse. According to informants, digital space must be well organized, but "it will never replace human touch". In the interaction in general, the seller's ability to listen, care and show empathy are seen important and it should be made clear to the customer, who is the key contact person in the selling company. Also due to the need of face-to-face interaction the creation and support of more locally operating dealer network is recommended. The support that the dealers said they needed from the OEM, should become more from technical, rather than selling aspect.

Consequently, although web-based interactions diminish the geographical distance between potential partners, many buyers still appreciate short distance to the seller. The overall online and purchase process behavior, is also seen to differ between countries and continents. When selling products globally there is clearly a need for a local knowledge in information exchange episodes and business in general, which supports the idea of focusing more on supporting the dealer network and agents of the case company. It is also important to motivate these dealers and agents properly and pay attention to the monetary rewards for sellers and the meaning of case company's system to dealer's overall business strategy? Case company has also a lot of possibilities in different markets but with current resources company should focus on conquering the current ones before entering new ones too eagerly.

In order to wake trust as a previously unknown player in the field, from respondents' answers it can be also reasoned, that case company should partner with known brands or persons in the industry. Demos and testimonials are also seen as a good way to educate potential customers and raise trust to a previously unknown system. Generally speaking, in trust building process the interviewees consider open and honest communications and quality delivering as key factors. Quality product and the organization as a whole are seen as a basis of the trust. This trust is then embraced or harmed by the actions of the individuals working in the company.

Companies in the mining and the industries related to it are highly risk averse and besides all the safety related information in the website and

trusted partners, references from the customers already working with the system should be used more as a guarantee for a safe and reliable system. In marketing messages it should be also highlighted that the system reduces the complexity of the site, not the other way around. Green standards should not be over-done, since although green standards must be taken into account, they are not seen to have strong importance as a value factor in the purchasing process. "Improved utilization of current equipment" is seen as the most important value of the system and this should be used as a key element in marketing. Users of the system also narrated that the case company's system is easy to use and maintain and economical aspects of the system should be emphasized more.

Case company's angle in marketing should be all in all in patiently educating the potential customers, since the industry is very change resistant. All the deficiencies of information should be efficiently blocked and the customers with good experiences embraced. The company should try to find and encourage so-called brand ambassadors to share their thoughts about the system. In the interview phase, a lot of positive comments about the system were heard, so the potential brand ambassadors should exist and the case company should keep up the good work they are doing. The sharing of content should in general be encouraged, since according to the interviews as people see the system, the first thing they do is to take videos and photos of it. In the interaction it is also important to have different messages to different stakeholder groups.

In addition to different stakeholder groups, marketing messages should be targeted and customized to different decision makers in the buying organizations. In the information exchange episodes senior engineer and the lower level engineer were interested in very different information. Chief engineer is usually the one, who defines the need and is interested in monetary aspects of an investment. Lower engineers in turn are interested in how an investment can improve their processes. Lower engineers have also more power in the selection of a product/brand. Purchasing processes of potential customers are usually long, which requires a lot of patience from the seller. It is important to keep the product on top of customers' minds, despite the long time span. As one interviewee well said: the role of the seller is to actively communicate the solutions, in order to fulfill the need, that customer might not even fully recognize.

At the moment, the business logic of the case company is mainly CAPEX (capital expenses) oriented and goods dominant. Although the current economic situation offers opportunities for the case company, it is relevant to consider less CAPEX oriented business models. The case company system could offer to its customers not just a product but the whole service to move tracked equipment. The focus of the company would be in delivering the full service of transportation of tracked equipment instead of just selling the tangible product itself.

Applying a service business model would have a huge impact on the whole business strategy of the case company, so the transformation to service business model must be carefully considered. However, based on the

interviews and previous research, increasing the service business type transactions would benefit the case company financially, since service business smoothens over the impact of the industry cycles and purchases from services sector do not need to be approved in the capital book. Expenses of services are seen as OPEX (operational expenses) instead of CAPEX or investments, which changes the nature of customers' investment decision process. Moreover, although all respondents in the interviews did not see service business as an interesting strategic direction for the case company, they gave many suggestions for development that are very service business like (for example a person in the site tracking the usage and transportation of big machines).

Service business related transactions could indeed include for example different tracking and maintenance services. The case company would have the opportunity to be constantly involved in customer's operations and deliver better quality and customer satisfaction. Besides selling technology, they could "help customer to use it in a most efficient manner". To sum up, service dominant logic as least as a mindset is recommended.

5.3 Trustworthiness of the Study Results

In social sciences and and business research concepts of reliability, validity and generalizability provide a basic framework for judging the quality and trustworthiness of a research (Eriksson & Kovalainen 2008, 291). Criteria for reliability and validity are used in evaluation of the trustworthiness of the study results both in quantitative and qualitative studies.

However, these evaluation criteria are not as suitable for studies concerning with subjective meanings of data as in this research. The trustworthiness of study results in the case of qualitative content analysis depends from data that is obtained from the interviews. Rich, appropriate and well-saturated data can be achieved when interviews are well prepared, executed and analyzed (Elo et al. 2014.) The amount of interviews and the data collected from them was in this research large, which ameliorates the reliability of the study (Hirsjärvi & Hurme 2001, 173). The data collected from the semi-structured interviews was also very information-rich, which makes it useful for the purposes of this study.

The most widely used criteria for evaluating the qualitative content analysis are the ones developed by Lincoln & Guba (1985, cited in Elo et al. 2014). The criteria includes five different elements: credibility, dependability, conformability, authenticity and transferability. Credibility is achieved, when participants of the research are identified and described accurately (Lincoln & Guba 1985, cited in Elo et al. 2014). Credibility can be seen achieved in this research since there were 13 respondents in total and they were selected from multiple different countries and positions.

Dependability refers to the stability of the research over time and different conditions (Lincoln & Guba 1985, cited in Elo et al. 2014). In this research, all the phases of the study were carefully documented, which improves

the dependability and trustworthiness of the research in matter. Readers of the study should also be able to follow the analysis and conclusions resulting from it, which is important from the perspective of validity (Elo et al. 2014). The development of trustworthy and valid study results requires careful documentation of procedures by researchers also according to Perry (1998).

Conformability factor of Lincoln and Guba (1985, cited in Elo et al. 2014) refers to the objectivity of a researcher. In the implementation of a case study research method, as in the research in question, objectivity becomes an important factor since a case study is based on researchers interpretation. The research method requires skilled clinical judgements from the researcher about what to watch and what it means (Bonoma 1985). As the interviewee in this case did not have years of experience in conducting semi-structured interviews, this factor should be considered when evaluating the trustworthiness of the study results. In qualitative data collection it is often challenging to control the interviewer bias and diversity of experiences. However, as the interviews were transcribed into verbatim written form, the interviewer was evaluating the credibility of the interviews so that she did not for example lead the respondents questions. (Elo et al. 2014.)

The themes brought up from the interviews are based on the researchers own interpretation of the content of interviews, since respondents rarely answer to the questions in the same words. Also, in the more conversation like semi-structured interviews, the layout of the question may affect to respondents answer. (Hirsjärvi & Hurme 2001, 173.) Summarized, conformability of the study is hard to prove 100% but the aspiration towards conformability was powerful on the researcher's side. In addition, in the results quotations from the interviews were broadly postponed which improves not only the conformability of the research but also the authenticity. Authenticity refers to the extent to which researchers show realities truthfully and it can be seen achieved since the results were presented extensively and from many perspectives.

Transferability refers to transfer into other research settings or generalizability (Lincoln and Guba 1985, cited in Elo et al. 2014). Due to the case study research approach, no broad generalizations about emerging relationships in industrial markets or other research topics are meant to be made based on this research and its results. In this sense, the study is non-transferable, which heightens the trustworthiness criteria of Lincoln & Guba (1985, cited in Elo et al. 2014). However, results offer broad insights for the case company and other industrial equipment manufacturers and ideas for further research.

5.4 Study Limitations and Ideas for Further Research

As said, due to the qualitative case study research strategy, the results of the study can not be generalized in to industrial B2B setting as a whole. The thesis acknowledges that the results are considered trustworthy only in the instance of

the case study of the research. Findings of this study provide, however, a good foundation for further research. It is suggested that theories of emerging relationships should be tested also with deductive theory testing and quantitative research. Even though the sample of 13 respondents in multiple countries is considered decent, more research data is needed from different parts of the world. As the term "global" was many times used in the study the results should reflect the whole world, not just few parts of it.

Due to the rapidly changing nature of internet marketing, the results of the study should also be interpreted with caution over time. As new technologies and pricing models are constantly introduced in the market of digital media, the area of digital marketing is very time sensitive and the results of today may not be true tomorrow. Moreover, the governmental initiatives and regulations in the fields of e-commerce may change the dynamics of internet marketing rapidly.

However, as for now, the finding of Adamson et al (2012) was strongly supported by this research. Customers spend a lot of effort in research about the potential business partners and their offerings before ever initiating the contact to them. Therefore, this study argues the role of awareness phase to be bigger than it is now in the Relationship Emerging Flow of Madjak et al. (2015) and as an idea for further research, this study suggests a more detailed dive into the information seeking activities of customers.

Moreover, as based on this research the role of information seeking activities have grown and the meaning of information exchange episodes in the actual interaction process has diminished, the study also suggests researching further the social episodes in the interaction process. As a big part of the information is obtained already before the actual interaction process, what are the social elements that could contribute or impede the birth of a business relationship. B2B companies are believed to be extremely rational in decision making but as long as humans are involved in it, we can expect emotional factors created by social interaction to take part in the process as well (De Pelsmacker 2007, 533-549).

In addition, when potential customers are seeking information from the internet, the need is usually already there. From the answers it can be reasoned that the internet is not always the producer of a need, but the need for information seeking has generated from somewhere else. For many of the respondents it was also troublesome to define afterwards, how and where they did become aware of the case company's system in the first place. Therefore, as further research, this study suggests exploring the emergence of needs in industrial B2B context.

As a limitation for this study, it should be also noted that the research companies, in which informants worked, had actually bought the system. It is unclear, if there is possibly some information lacking in the sales that are left undone. Therefore, an exit research for the potential business partners who initiated the contact but did not transform into a business relationship is recommended.

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