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CUSTOMER SUCCESS MANAGEMENT IN THE INTERSECTION OF PHYSICAL AND DIGITAL

Case: A Global Manufacturing Company

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ABSTRACT

Riina Puhakka: Customer Success Management in the Intersection of Physical and Digital, Case: A Global Manufacturing Company
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Digitalization, servitization and rising customer expectations are shaping business markets, including the more traditional industries such as manufacturing. As software is increasingly involved in the offerings of manufacturing companies, the industry is also adopting practices and business models that have earlier been mostly associated with the software industry. For example, subscription- and outcome-based business models have become more common in manufacturing business. Due to rising customer expectations, the focus has shifted from products to services – and finally, to the outcomes. This has made Customer Success Management, proactive prioritization of maximal value in use, a highly relevant concept for companies in business markets.

This thesis focuses on Customer Success Management in the context of a digital service offering of a manufacturing company. This study aims to identify the critical factors of CSM when combining digital and physical offerings and as another objective, this study aims to understand how CSM processes can be applied to this context. As the data generation is conducted within a single case company, the scope of this study is limited to this specific case company that operates globally in the field of material handling machinery.

The theory review of this study presents the definitions of customer success and customer success management as well as discusses the existing literature on processes, drivers, customer perceptions, related concepts of CSM, and explains the characteristics of a Customer Success Manager role. Theoretical framework is focused on an existing framework of value-in-use management process and emphasises the concept of usage center as a definitive factor of business relationships.

This case study was conducted in an abductive manner, meaning that the data generation, analysis, and theory review were conducted as simultaneous processes instead of following a linear process. Qualitative methodologies were found most suitable for the study. Semi-structured interviews were utilized as the data generation method. Ten interviewees were selected among the customers and internal stakeholders of the case company. ATLAS.ti software was used in the content analysis for identifying themes from the transcribed interview material.

Based on the analysis, four critical factors for CSM in the presented context were identified: customer know-how and motivation, supplier know-how and motivation, involvement of customer usage center and seamless integration of digital and physical. The findings and the interview material were also reflected to the value-in-use management framework and the framework was found suitable for the context. Results indicated that the processes should be enhanced with systematic data collection and data sharing throughout the CSM process. Based on the research interviews, several practical CSM activities were identified to enhance the process.

This study provided new understanding of CSM as an emerging research topic by applying the concept in the context of a manufacturing company that provides digital services as a part of the total offering. Customer Success Management should be understood as a holistic concept and competence-intensive approach to managing customer relationships. The results of this study also provided practical guidance for manufacturing companies that are attempting to grow their business in terms of digital offerings.

Keywords: Customer Success Management, Manufacturing business, Value-in-use, Digital Services, Service Marketing, Product-Service Systems

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1 INTRODUCTION

1.1 Customer Success – The highest form of customer orientation in business markets

It has been said that we are living on *The Age of the Customer*. Every consumer can experience this as we have unlimited online resources to compare prices and quality factors of different products and services, while companies are also pressured to develop the customer experience they offer. Similarly, business customers have constantly rising expectations for their suppliers. Instead of just producing and selling goods, suppliers are expected to "show customers the money" (Ulaga, 2018, p. 81), meaning that business customers are constantly more interested in offerings where suppliers take responsibility over the outcomes. Outcomes-based measures in customer experience (Zolkiewski et al., 2017) and outcomes-based business models (e.g., Ulaga, 2018; Prohl & Kleinaltenkamp, 2020; Bond et al., 2020) are becoming the new ideal of being truly customer-oriented. This phenomenon is popularly called *customer success*.

Customer success (CS) refers to the maximal value in use realised for the customer when using a product or service, whereas customer success management (CSM) covers the proactive prioritisation of customer success in the supplier organisations (Hilton et al., 2020). Customer success and customer success management have been a hot topic among marketing practitioners for quite some time, and the interest towards the phenomenon has been growing during the recent years. Several consulting companies and software professionals have described customer success as "*the new growth engine*" for businesses (McKinsey&Company, Forbes, Gainsight). Customer success roles, such as customer success manager, are among the fastest growing marketing and business development roles in the 2020's. Customer success as a concept is often associated with Software as a Service business, but current trends in research and practice are indicating that the concept of CS is becoming just as relevant in other industries – including the manufacturing industry (e.g., Kleinaltenkamp et al., 2022; Hilton et al., 2020; Eggert et al., 2020).

Figure 1. Multiple overlapping trends in business markets are shaping customer management practices towards Customer Success Management

But what really makes customer success so relevant for the B2B companies of our time? Figure 1 illustrates how some of the biggest trends in business markets are driving the growth of CS phenomenon. *Customer equity* is a term used to describe "*the total of the discounted lifetime values of all customers of a firm*" (Rust et al., 2000, p. 13). Sometimes companies tend to overemphasise the role of new customers acquisition over securing and growing their existing customer base. Rust et al. presented already in the beginning of 2000's that marketers should see multiple shifts that make the customer equity the most important component of the value of the firm. These shifts included for example the shift from goods to services, the shift from transactions to relationships, and the shift from product focus to customer focus. Every customer lost would also decrease the value of the firm, which makes customer retention essential.

Following the lines of Rust et al. (2000), *servitization* has really changed the ways of making business in different industries. The tightened competition and smaller margins in product business have encouraged companies to rethink their business and shift the focus towards service business (Kucza & Gebauer, 2011). Servitization refers to adding services on top of the core products to add customer value, wider transformation from product business to service business, or the relative growth of services compared to product business - the service infusion (Raddats et al., 2019). Hybrid offerings can be defined as combinations of products and services (Ulaga & Reinartz, 2011). Services and

hybrid offerings offer interesting growth opportunities for established manufacturing companies that may have a great existing installed base around the world. In industrial settings, products and services are often greatly integrated and can form product-service systems (PSS). Product-service system can be defined as "*tangible products and intangible services designed and combined so that they jointly are capable of fulfilling specific customer needs*" (Tukker, 2004, p.1).

Solutions then again are the type of services that are based on business models that ensure specific outcomes for the customer and are built around customer's processes with end-to-end principle (Worm et al., 2017). Industrial marketing literature indicates that suppliers are increasingly putting their focus on solutions, as customers are interested in outcomes over products and services (e.g., Ulaga, 2018; Bond et al., 2020). One of the most famous examples of solutions is the "power-by-the-hour" model by Rolls-Royce: airlines pay only for the time they have used the engines and Rolls-Royce takes care of the availability of them (Porter & Heppelmann, 2015; Macdonald et al., 2016). Strengthening the service and solution business requires more than just bundling products and services – the value is no longer determined only by the quality of the supplier's processes and resources but also by those of the customer's and the joint integration (Storbacka, 2011). To highlight the significance of the supplier-customer relationship in value creation, Macdonald et al. (2016, p. 19) define business solutions as "*the combining of supplier and customer processes and resources through a joint resource integration process to create collective and individual value in use, which is monitored and optimised through value-auditing processes*". These characteristics of service and solution business call for greater emphasis on customer success management that can offer ways to not only manage internal resources but also customer resources and processes.

Digitalization is another major trend driving customer success management – and overall changing our way of living and doing business. *"Every company is a software company"* and *"data is the new oil"* are some of the popular quotes describing the growing importance of digitalization across different industry verticals. Improved information and communication technologies have been significantly deepening the customer relationships, and new data storage and computing capabilities are enabling extensive collection, storage, and analysis of customer data (Rust & Huang, 2014). Digitalization has also brought new value-adding services and product capabilities to the market – of

which connected products are a great example. Suppliers utilise the Internet of Things technologies to connect physical assets to the Internet, which gives the customer and the supplier an opportunity to access for example product usage data or analyse the product's maintenance needs. This kind of data is extremely useful in product-service systems. According to Porter and Heppelmann (2015), connected products have several implications for strategy and some of those are especially related to customer management. Customer relationships are becoming continuous instead of transactional, as the value is co-created together with the customer in longer relationships, where products are just means of creating value. Data collection enables full transparency between suppliers and customers and therefore, is also driving the development towards solution-based business (Porter & Heppelmann, 2015). Connected products are providing opportunities to proactively assist customers, ensure they are experiencing the full value of the offering and increase the sales of additional product capabilities and services. This requires efficient customer success management activities (Porter & Heppelmann, 2015).

Digitalization is not only enabling new ways of serving customers but also completely new business models. Customer success is often associated with the software industry and SaaS-services (Software as a Service) that utilise *subscription-based business models* (Eggert et al., 2020). The enormous growth in SaaS services is resulting from developments in cloud computing. Cloud computing enables offering software services in an easier and more scalable manner, but from the customer perspective it also lowers the costs of switching suppliers. Using a SaaS type of service does not typically require great one-time investments since the service fees are distributed for a longer time period, which reduces the sunk cost fallacy experienced with the more traditional investments (Hilton et al., 2020). According to Mehta (2016) Salesforce was one of the first companies to bump into this phenomenon in the beginning of the 2000's, when the growth of their CRM system sales suddenly started to decline – letting go of the system had become too easy for the customers. After understanding this, Salesforce started to invest in their customer success operations: by making sure the customers experience the value of their CRM system, the company could ensure the customers don't have the urge to quit their subscriptions. In addition to software companies, subscription-based business models are increasingly adopted in other industries as well.

To conclude the driving forces behind customer success phenomenon, CSM is answering to increasing customer demands and ensures that opportunities like new technologies are effectively used to create customer value, while customer relationships are transforming from transactions to long-term partnerships. Figure 2 sums up the business logic of CS and CSM: ensuring the value in use for customers comes back to the supplier in the form of customer retention.

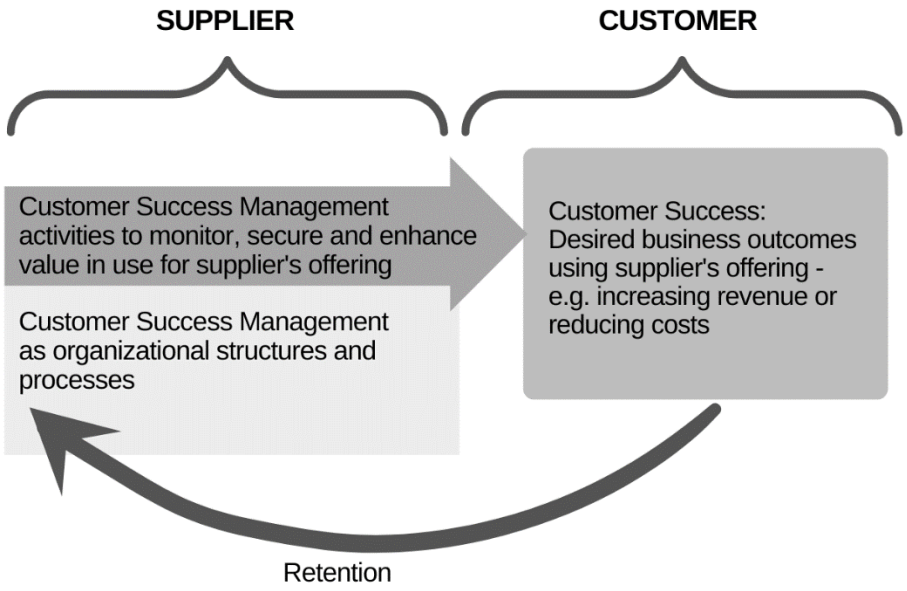

Figure 2. Business logic of Customer Success and Customer Success Management

1.2 Problem setting and research questions

Despite the managerial popularity of the concept, academic research of customer success management is still in its infancy. This has raised a question, whether customer success management really is a new concept or just a re-branding of some of the existing concepts (Hilton et al., 2020). However, the number of related articles published in acknowledged journals such as *Industrial Marketing Management* has recently been growing (Hilton et al., 2020; Prohl & Kleinaltenkamp, 2020; Prohl-Schwenke & Kleinaltenkamp, 2021; Kleinaltenkamp et al., 2022) – customer success as a concept has clearly caught the academic attention. For example, Ulaga (2018) and Bond et al. (2020) have identified CS and CSM as some of the most important research topics in the research area of services and solutions.

CSM literature has so far mostly focused on describing CSM as a generic customer relationship management practice (Eggert et al., 2020; Hilton et al., 2020; Hochstein et a., 2020). There is also initial research on customer judgements on CSM (Prohl-Schwenke & Kleinaltenkamp, 2021), and the antecedents of CSM (Kleinaltenkamp et al., 2022), and the role of Customer Success Managers (Hochstein et al., 2021). CSM has common ground with other relationship marketing concepts such as customer relationship management or customer experience (Hilton et al., 2020), and similarities to value management (Prohl & Kleinaltenkamp, 2020), which has inspired the academics to draw from these existing literature streams.

CSM has been connected with the servitization of manufacturing industries and the emerging emphasis on connected products (Porter & Heppelmann, 2015; Hochstein et al., 2020; Eggert et al., 2020). Manufacturing companies are putting a lot of emphasis in their digital offerings, as it is expected to grow their service revenue and deepen the customer relationships (Porter & Heppelmann, 2015). However, no empirical research on CSM exclusively in this context has yet been conducted. Customer perceptions related to CSM have been included only in few articles discussing CSM (Prohl-Schwenke & Kleinaltenkamp, 2021; Hochstein et al., 2021; Kleinaltenkamp et al., 2022), which forms another significant gap in the literature.

This thesis aims for understanding customer success management in the intersection of physical and digital service offering of a manufacturing company by identifying critical factors for customer success management and evaluating CSM processes in this context. The intersection of physical and digital refers to a digital service that is connecting physical products to the internet and is a part of a bigger product-service system combining different products and services. To achieve the purpose of this research, the following research questions are guiding this study:

1. *What are the critical factors of customer success management when combining digital and physical offerings?*
2. *How could customer success management processes be applied in the intersection of digital and physical offering?*

Existing literature on CSM creates the necessary theoretical base for answering these research questions. Thus, the concepts and frameworks presented earlier in the literature are first discussed and utilised in creating the theoretical framework for this study. Qualitative methodology was used to conduct the study within the selected case company that is operating in the manufacturing industry. The focus of this study is narrowed down to examine customer success management phenomenon in this single case company and more specifically, the data generation is focused on a digital service product that is only one part of the total offering. The focus of this study is solely on business-to-business relationships. Research is conducted by utilizing an abductive approach, meaning that the research is proceeding in an iterative manner and includes both inductive and deductive reasoning (Dubois & Gabbe, 2002).

Answering the research questions is considered beneficial for both theoretical and managerial discussion, as it creates more knowledge on applying CSM in the context of digital offerings of manufacturing companies. Both customer and supplier views are included in the study, which provides a holistic view on the research phenomenon. Theoretically this study is contributing to the CSM literature as well as the wider discussion on industrial servitization.

2 CUSTOMER SUCCESS MANAGEMENT

2.1 Customer Success

"What good are your customers if they are satisfied, but not successful?"
- Debra Amidon, 1997

2.1.1 The historical background of Customer Success

Although the software company Salesforce has been mentioned as the role model of customer success in multiple managerial books and articles (Mehta et al., 2016; Eggert et al., 2020), the history of the concept goes beyond the managerial awakening and development of SaaS services in the beginning of 2000s. The first mentions of CS can be found in literature already in 1997, when Amidon (p. 124-125) defined CS as *"a favourable result or outcome, realised goals; gains in wealth, fame and rank"*. In her book on innovation strategy for the knowledge economy, Amidon also states that the supplier's success is a function of the success of their customers and emphasises customer success over customer satisfaction – because "*what good are your customers if they are satisfied, but not successful?*" (p. 125). The more a supplier can enable customer goal realization, the more reliant customers become (Amidon, 1997). These ideas presented in the knowledge management literature are still 20 years later in the very heart of the customer success concept.

Customer success gained another mention in Fawcett's and Cooper's article on logistics performance measurement and customer success, published in 1998. The article presents a critique towards the earlier performance metrics of logistics: metrics are too focused on short term financial results and efficiency, whereas according to the authors, the competitive environment would require focusing on quality, customer satisfaction and collaboration between operations. The article lacks a proper definition of customer

success but concludes that achieving customer success in logistics requires continuous measurement and focusing on customer-oriented measures (Fawcett & Cooper, 1998). In the same decade also Lim and Jun deliberated customer success in their article *Key Determinants of Customer Success* (1999). This article is continuing the discussion Amidon (1997) started – and it is almost surprising how close the ideas of Lim and Jun are to the customer success discussion of 2020's. The authors define customer success as follows: *"Customer success means that as the result of the relationship with the supplier, client firms increase their competitiveness, achieve intended goals, overcome growth limits, or improve management performance" (p. 119).* The empirical study presented in the article suggests that customer success is positively dependent on the supplier's customer orientation, quality of the shared information and shared values. Similarly, Amidon (1997) encouraged companies to treat their customers as sources of knowledge instead of someone whom they only deliver products or services – the better the companies know their customer's business, the easier it is to enable customer success. Despite the early mentions of customer success, customer success management as a customer management practice was introduced in literature almost two decades later (Porter & Heppelmann, 2015; Hilton, 2020; Eggert et al., 2020). Although as a concept customer success is applicable both in business-to-consumer (B2C) and business-to-business settings (B2B), it has gained most interest in business-to-business marketing research (Eggert et al., 2020).

2.1.2 Defining Customer Success

Ulaga et al. (2020) define Customer Success as "*the customer-perceived achievement of desired outcomes by using the supplier's offering*" (p. 123). How are the positive outcomes – the value – created in business markets? Eggert et al. (2019) have proposed a following typology for value conceptualizations:

1. the value beneficiary
2. the value perspective
3. the reference object of value
4. the concreteness of the value assessment.

Eggert, Ulaga and Gehring (2020) discuss customer success concept by utilizing this typology. According to their definition, the customer company is the value beneficiary of customer success, but in business markets it must be noted that the customer firm may consist of multiple different actors. The value perspective on focus is the one of the customer's, since the customer forms value assessment when using the supplier's offering. Instead of focusing on value expectations, customer success is capturing the value in use experienced by the customer that can be very subjective. Finally, Eggert et al. (2020) compared the customer success concept to value in use that can be defined as customer-perceived consequences that are achieved through the usage of goods and services (Macdonald et al., 2011). Value in use and customer success share the same value typology and therefore, these two concepts are identified as equivalent.

As the customer success concept is mostly relevant within the context of complex offerings, it should be distinguished from value in exchange. Value in exchange refers to the service or product attributes that are promised for the customer at the time of the purchase (Grönroos & Voima, 2013). Customer success and the equivalent concept value in use are focused on the usage process since the value in exchange does not automatically translate into customer success. Customer usage process has been identified as a critical phase for the success of complex offerings – yet it is still under researched in value-related literature (Tuli et al., 2007). Value-related literature has been more focused on topics such as value propositions and selling value (e.g., Töytäri & Rajala, 2015; Eggert et al., 2019), which can be justified by the significant role of value propositions in selling solution-based offerings. Prohl and Kleinaltenkamp (2020) note that *"value propositions can only prepare the ground for entering into the value-creating relationships" (p. 564)*, meaning that value propositions do not guarantee the realisation of value.

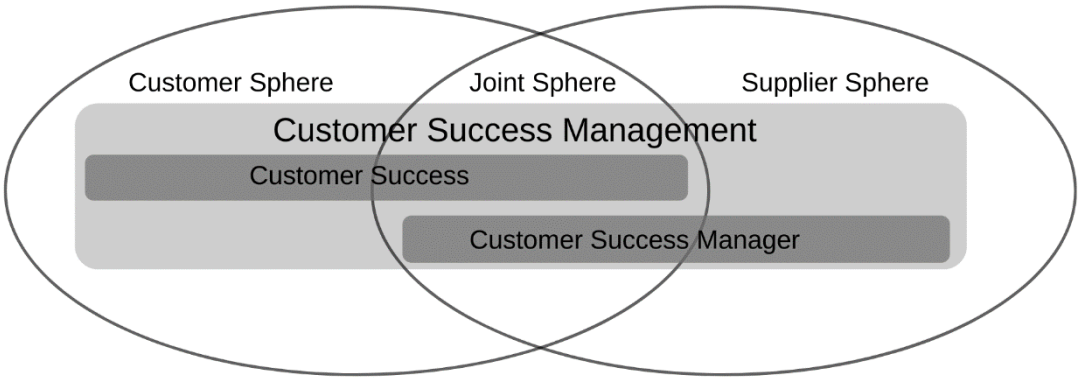

Figure 3. CS and CSM in value creation spheres according to Ulaga, Eggert & Gehring, 2020

Macdonald et al. (2016) explored the relationship between value in use and quality perceptions of the solution's components in the context of the solution business of manufacturing companies. The context, definitions set, and findings made are considered highly relevant for this thesis as well as for the customer success management literature in general. Macdonald et al. (2016) present that customers make quality assessments of solutions based on not only the quality of supplier resources but also on the quality of their own resources and the resource integration process. It is emphasized that in the solution context the customers do not simply just *use* the supplier's offering, but the solution itself is evolved through the joint resource integration process. Similarly, as presented on Figure 1, Ulaga et al. (2020) draw on Grönroos and Voima's (2013) value sphere concept, suggesting that customer success is constructed both in customer and joint spheres. This sets an implication that the customer success cannot be created only in transactions, but it is created as a result of a relationship between the customer and the supplier.

As Eggert et al. (2020) noted, the value beneficiary in business markets is most often not just a single actor, but a collective that consists of multiple actors. Macdonald et al. (2016) call this collective the usage center. According to them, the idea of value being a function of the firm's collective goals has been overrepresented in the literature – since the perceived value of business solutions is also based on the individual goals of the usage center members. Kleinaltenkamp et al. (2017) further develop the concept of usage center: they describe usage processes as *"multi-faceted, context related and dynamically changing over time" (p. 723)*, which limits the possibilities of objectively delineating the

boundaries of usage center. According to the goal theory (Woodruff, 1997) people have goals on different abstraction levels, and those can be either individual goals or shared collective goals (Hollmann et al., 2014). Due to the conflicting goals of usage center members, usage processes can be both co-creative and co-destructive (Kleinaltenkamp et al., 2017) – one member of the usage center may be concerned with sustainability measures, whereas the other has the most interest on productivity. Success can have different definitions within one organisation and usage center.

Customer satisfaction might be the best-known concept to assess customer reactions to firm offerings, which makes it also a natural comparison point for customer success. The concept has been in use since the 1970s and has been generally defined as the result of comparison between customer expectations and delivered performance (Lemon & Verhoef, 2016). There are several possible ways to operationalise customer satisfaction of which the simplest is to directly ask customers how satisfied they are (Lemon & Verhoef, 2016). Based on the early literature on customer success (Amidon, 1997; Lim & Jun, 1999), it seems that the concept of CS has been born partly as a critique on customer satisfaction. Customer satisfaction is generally considered as a lag indicator that reflects the relationship state only after an interaction (Hochstein et al., 2020), and satisfaction does not guarantee customer's reliance on the supplier in a similar manner as customer success does (Amidon, 1997). The goal for customer satisfaction is to exceed the customer expectations, whereas customer success attempts to measure the real benefit of the offering for the customer (Lim & Jun, 1999).

As a conclusion, customer success in business markets is defined as the customer-perceived positive outcomes that are achieved by using the supplier's offering and in relationship with the supplier. Customer success is affected by both the customer and supplier actions, and therefore is constructed in the intersection of customer and supplier spheres during the usage process. As the usage process often involves a usage center of multiple actors, the perception of customer success is subjective and context dependent. Customer success should be distinguished from customer satisfaction but can be identified as an equivalent concept to value in use.

2.2 Customer Success Management

2.2.1 Defining Customer Success Management

Customer success management has been referred to as a philosophy (Hilton et al., 2020), an organisation (Hilton et al., 2020; Porter & Heppelmann, 2015), a strategy (CSM Association, 2019) and a process (Eggert et al., 2020). While the organisational perspective sees CSM as a new functional unit, as a philosophy it refers to a shift in general mindset towards the customers in customer relationship management (Hilton et al., 2020). For example, Zoltners et al. (2019) state that instead of "*winning the customer*", the customer success mindset focuses on "*showing the customer the path to value*". Customer success management as a philosophy changes the narrative in the organisation: instead of the seller, the customer becomes the primary actor. For this to happen, also the metrics in customer relationship management should change from sales-focused to customer success focused metrics (Hilton et al., 2020).

Table 1. Definitions for Customer Success Management

Author	**Definition for Customer Success Management**
Porter & Heppelmann, 2015, p. 109	*"Responsible for managing the customer experience and ensuring that customers get the most from the product"* and *"takes charge of the ongoing customer relationship and ensures that customers gain maximum value from the product"*
Hochstein et al. 2020, p. 1	*"The proactive (versus reactive) relational engagement of customers to ensure the value potential of product offerings is realised by the customer"*
Eggert et al., 2020, p. 123	Customer management process that consists of "*all activities of the customer and the provider firm aiming at aligning their customer and supplier goal achievement"*
Customer Success Association, 2019, from Eggert et al., 2020, p. 121	*"A long-term, scientifically engineered, and professionally directed strategy for maximising customer and company sustainable proven value"*

Some popular definitions for CSM are presented on Table 1. Based on these definitions, several key characteristics of CSM can be identified. Firstly, CSM is based on proactive actions instead of reactive actions. Secondly, the main purpose of CSM is to ensure that the full value potential of a supplier's offering is realised by the customer. In addition to this, identifying and understanding customer goals is considered as an important part of CSM – because the desired outcomes might be different for each customer. Thirdly, the focus of CSM is mostly on the post-purchase phase and it is aiming for creating long-term relationships with the customers. Fourthly, CSM involves both customer and supplier perspectives on value creation.

The core tasks of Customer Success Management are monitoring the value in use and enhancing the customer value throughout the relationship (Prohl & Kleinaltenkamp, 2020; Kleinaltenkamp et al., 2022). In addition to value in use, CSM is also related to the concepts of expected value in use and relationship value (Eggert et al., 2019). Expectations are set in the sales phase and should be fulfilled in the usage phase, which is why one of the key responsibilities of CSM as a function is to ensure that the promises made to the customer will be kept, and the experienced value in use is matching with the expected value in use. Successful CSM activities should have positive effect on customer satisfaction and loyalty, which then again contributes to the relationship value.

2.2.2 Customer Success Management processes and activities

Although managerial books, blog posts and other types of business articles on CSM already exist in wider scale, the research-proven frameworks on CSM activities are still developing. The most extensive framework so far has been provided by Prohl & Kleinaltenkamp (2020), based on their research on value in use activities within 20 different suppliers. Based on this framework, *value in use monitoring* and *value in use enhancement* are identified as the main processes of CSM, and value-based selling is considered as a third process that should not be separated from CSM. In addition to the main processes of CSM, value in use monitoring and value in use enhancement, several sub-processes can be identified. As presented in Figure 4, *VIU identification* and *VIU reporting* are sub-processes placed under VIU monitoring, whereas *reflecting on opportunities for VIU enhancement* and *disseminating opportunities for VIU enhancement* are sub-processes under VIU enhancement. In the earlier literature on VIU

management, Macdonald et al. (2016) calls the main processes VIU monitoring and VIU optimizing, and places them under the concept of VIU auditing. It is noteworthy that according to Macdonald et al. (2016), both customers and suppliers conduct VIU auditing. Customer success management literature emphasises the growing role of suppliers in this process, as suppliers must be able to prove their solutions' value to the customers (e.g. Storbacka, 2011; Prohl & Kleinaltenkamp, 2020).

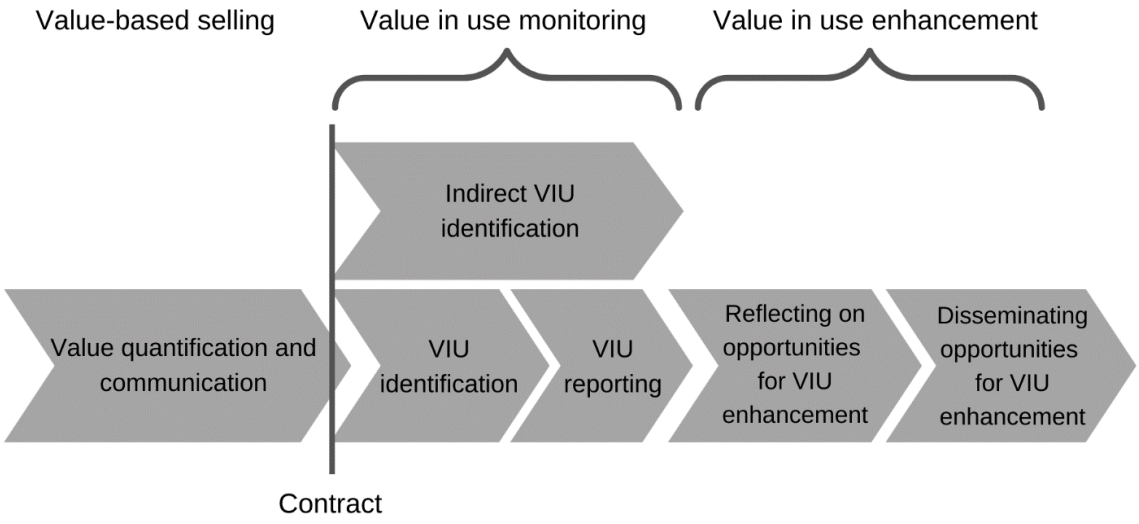

Figure 4. Value-in-use management process according to Prohl & Kleinaltenkamp (2020)

Value in use monitoring is particularly important in the case of solutions that include supplier's responsibility of outcomes, but beneficial for all types of complex offerings, as value is the main driver of purchasing decisions in business markets (e.g. Eggert et al., 2019). The first sub-process of VIU monitoring, *value in use identification* refers to *"supplier activities of measuring indicators that aim at reflecting the created VIU of the complex offering*" (Prohl & Kleinaltenkamp, 2020, p. 566). VIU identification is directly linked to another sub-process, *value in use reporting*, as the measurements gathered from VIU identification should be reported to the customers. VIU reporting activities can be defined as any activities of passing VIU related information to the customer (Prohl & Kleinaltenkamp, 2020). In practice, VIU reporting is often conducted in regular meetings that are held on both operational and strategic levels.

Understanding customer goals is critical in VIU identification. Prohl & Kleinaltenkamp (2020) identified three types of indicators for customer value in usage phase: low level customer goals, medium level customer goals and high-level customer goals. It is common for suppliers to neglect the high-level goals their customers have (Rugg et al., 2002; Prohl & Kleinaltenkamp, 2020). Lower level goals are often much easier to measure and some of the factors influencing the higher level goals may be out of the supplier's reach of influence. Another challenge for measuring the high-level goals is that customers may be hesitant to share information with the supplier. VIU identification can be either direct or indirect. Whereas direct VIU identification focuses on the direct success measures of customers using the supplier's offering, indirect VIU identification uses other types of measures to derive the experienced value (Prohl & Kleinaltenkamp, 2020). For example, customer satisfaction surveys, analysing customer complaints and customer's usage behaviour are possible methods for indirect VIU identification. (Prohl & Kleinaltenkamp, 2020)

Value in use enhancement process not only focuses on keeping the customers, but also growing the customer relationships and overall business by looking for new opportunities in the customer relationships and utilising the customer understanding gained from the CSM activities. VIU enhancement consists of two sub-processes: *reflecting on opportunities for VIU enhancement* and *disseminating opportunities for value enhancement*. New VIU opportunities can result from for example cause analysis, visiting fairs and conferences, visiting customers on site and internal meetings where information is shared. Suppliers can disseminate opportunities by training their employees and customers, supporting customers with for example e-mail support system or telephone hotline, allocating more resources for customer projects, organising workshops and putting emphasis on employee motivation. CSM activities can create significant win-win situations between the supplier and customer: value in use enhancement processes often create cross- and upselling opportunities that create value for both parties. Some suppliers are also eager to involve their customers in product development, which is another way to create common benefits. (Prohl & Kleinaltenkamp, 2020)

Value in use process has similarities with the concept of *value assessment* that is defined as "the process of evaluating and communicating the value created for (and with) customers" (e.g., Keränen & Jalkala, 2013). Some of the terms used in similar manner

are for example value evaluation (Woodruff, 1997), value judgement (Flint et al., 2002), and value analysis (Ulaga & Chacour, 2001). According to Keränen & Jalkala (2013), value assessment can be further fractioned to five processes: *value potential identification, baseline assessment, performance evaluation, long-term value realization and systematic data management*. Value potential identification and baseline assessment typically happen before the delivery, which makes it applicable to value-based selling process: during this phase the supplier should study customer processes to understand their explicated needs and specify goals based on the current performance and improvement potential. Post-delivery processes are then again focused on understanding and documenting the positive impacts of the solution, as presented with VIU monitoring.

Keränen and Jalkala (2013) also emphasize the importance of systematic data management that can only be achieved with effective data sharing across functions: lack of relevant data is one of the main challenges for value assessment. Even though customer success management is considered as "free service" that is part of ensuring the customer success for previous purchases, it should be noted that customer value assessment can provide service business opportunities. For example, companies that are highly skilled in performing baseline assessments, can develop a new feed service out of it instead of just providing this valuable service for free (Keränen & Jalkala, 2013).

Value-based selling is one of the concepts that is often very closely linked to customer success management. Terho et al. (2015) described value-based selling as a multidimensional concept that comprises the following dimensions: understanding the customer's business model, crafting the value proposition, and communicating the value. In solution business it is common to even quantify potential customer benefits in the sales phase. According to the study of Prohl & Kleinaltenkamp (2020), suppliers use lifecycle calculations, return-on-investment studies, simulations, and value calculations to convince their customers. It can be argued that even though sales and CSM are separate functions (e.g. Hochstein et al., 2021), value-based selling should be included as a part of the customer success management process. According to Terho et al. (2015), improved customer outcomes are a potential consequence of value-based selling, which connects it to CSM. Discussing value requires similar competences both in sales and delivery phases (Keränen & Jalkala, 2014).

2.2.3 Drivers for Implementing Customer Success Management

Developing CSM practices has been identified to relate to several growing trends in the business markets: e.g., servitization, the growth in solutions business, subscription-based business models and digitalization (Kleinaltenkamp et al., 2022; Prohl & Kleinaltenkamp, 2020). However, the drivers for CSM on the level of organisations and business relationships have not been widely discussed in the literature. Implementing CSM activities requires diverse skillsets in the company and is considered resource-intensive (Keränen & Liozu, 2020), which may lead to hesitation in implementing CSM. To fill this research gap and understand better why and when companies implement CSM, Kleinaltenkamp et al. (2022) conducted a study on CSM antecedents including both suppliers' and customers' perspectives. They identified eleven antecedents that were supported both by customer and supplier interviewees. The antecedents are presented in Figure 5, where they are placed within the three value concepts of CSM: expected VIU, experienced VIU and relationship value (Eggert et al., 2019; Eggert et al., 2020).

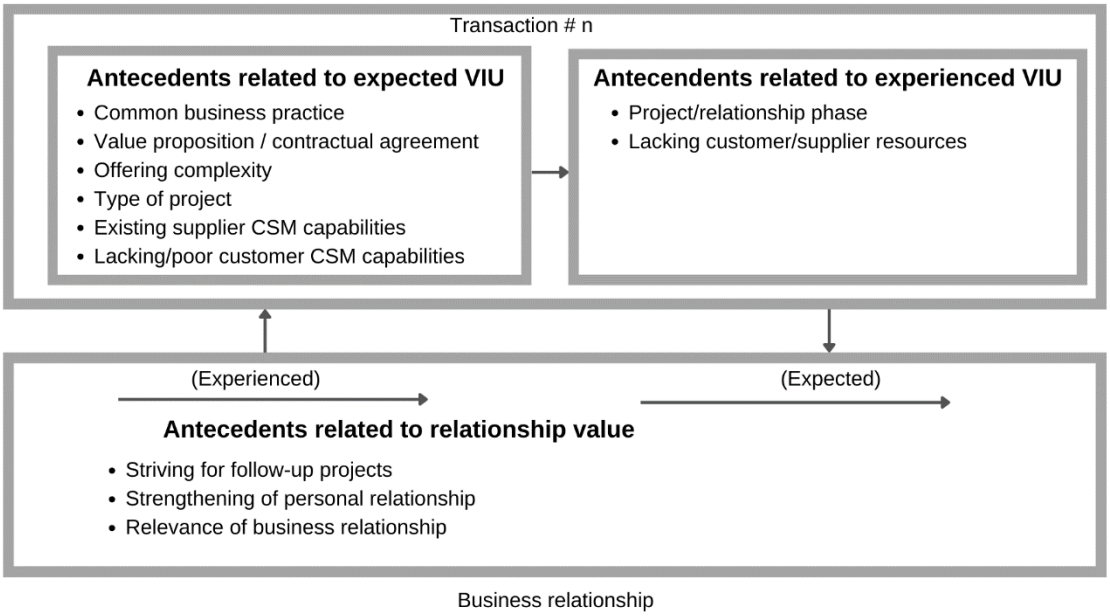

Figure 5. CSM antecedents (Kleinaltenkamp et al., 2022) and value concepts (Eggert et al., 2019) according to Kleinaltenkamp et al. (2022)

Most of the identified antecedents are related to expected VIU and thus, also have a connection to the sales phase. This seems natural considering that both customers and suppliers face uncertainties when moving towards solution-based business relationships where suppliers gain more responsibility of the business outcomes (Bond et al., 2020). In order to reduce the uncertainties for the customer, supplier must offer attractive value

propositions and, in some cases, even contractually agree on certain outcomes. In the case of complex offerings, customers are not often able to exploit the value independently (Eggert et al., 2020). *Value propositions* and *offering complexity* are therefore driving the CSM activities. In some cases, CSM is even considered as a *common business practice* that should be part of the offering. *Project type* is also one factor for defining whether the CSM activities are relevant and in what extent. (Kleinaltenkamp et al., 2022)

In the case of complex offerings, it is typical that the customer may not possess similar expertise and experience related to the offering as the supplier company possesses. Therefore, CSM activities are one way for supplier to bring additional value to the customer company and the relationship. Kleinaltenkamp et al. (2022) discovered in their study that both suppliers and customers find *existing supplier CSM capabilities* and *lacking or poor CSM capabilities* as antecedents for implementing CSM. Customers appreciate the complementary expertise their suppliers can offer for them. From the customer segmenting point of view, customers with poor capabilities for VIU monitoring and enhancement seem to be particularly attractive for supplier's CSM activities. If the supplier can conduct valuable activities that the customer is not able to conduct themselves, the customer becomes more reliant on the supplier. (Kleinaltenkamp et al., 2022)

From the eleven CSM antecedents two are classified to be related to experienced VIU: *lacking resources* and *the phase of the project or relationship*. From the supplier perspective it is challenging to implement CSM activities while the customer is not responsive enough, which often happens due to the lack of resources. On the other hand, some customers see similar challenges on the supplier side. The *phase of project or relationship* may also effect on the urgency of CSM activities: many complex offerings require more intensive support in the onboarding phase, but in later stages of the relationship CSM activities are not seen as urgent or relevant. (Kleinaltenkamp et al., 2022)

In addition to expected value in use and experienced value in use, relationship value is presented as the third key concept in customer success management (Eggert et al., 2020). *Striving for follow-up projects*, *strengthening of personal relationship* and *relevance of business relationship* are the CSM antecedents related to relationship value

(Kleinaltenkamp et al., 2022). From the supplier perspective, one of the key motivations for implementing CSM activities is the desire to gain follow-up projects with the customer. As many authors emphasise (e.g., Eggert et al., 2020; Prohl-Schwenke & Kleinaltenkamp, 2021), ensuring the continuation of customer relationship is one of the drivers for CSM from the supplier perspective. However, when it comes to resource-intensive CSM activities, suppliers might not want to invest equally to all of their customers. According to Kleinaltenkamp et al. (2022), both customers and suppliers consider relevance of business relationship as a significant antecedent for CSM activities: the more important the business relationship is, the more both parties are willing to invest to it. (Kleinaltenkamp et al., 2022) In business-to-business relationships, personal relationships can have a significant role (e.g., Wilson, 1995; Gansser et al., 2021) as creating, and maintaining close business relationships requires a lot of trust on both sides. In customer success management the significance of good interpersonal relationships might be even more important because instead of conducting transactions the focus is on value co-creation.

2.2.4 Customer Perceptions on Customer Success Management

Customers should be the main value beneficiary for CS (Eggert et al., 2020). Considering this, understanding customer perceptions and judgements on CSM activities is essential for successful implementations of CSM. Customer views on CSM are still underrepresented in the literature, but Prohl-Schwenke & Kleinaltenkamp (2021) have created initial understanding on the topic by linking CSM quality constructs to experienced value in use. Their study drew from earlier paper by Macdonald et al. (2016) that developed a framework for solution quality and value in use.

According to the definition by Macdonald et al. (2016, p. 100), quality refers to "*the perceived excellence or superiority of an entity*". CSM quality can be conceptualized into two different components: supplier's CSM resource quality and CSM resource integration process quality. According to Prohl-Schwenke & Kleinaltenkamp (2021), customers evaluate supplier resources based on three dimensions: organizational competence, employee competence and customer orientation. Similarly, resource integration process is evaluated in the dimensions of coordination effectiveness and asset management effectiveness. Resource quality dimensions emphasise the skills, attitude, and

organisational capabilities of the supplier, while resource integration process quality is constructed based on the processes in place. Prohl-Schwenke & Kleinaltenkamp (2021) present that these quality constructs lead to customer's experienced VIU as presented in Figure 6.

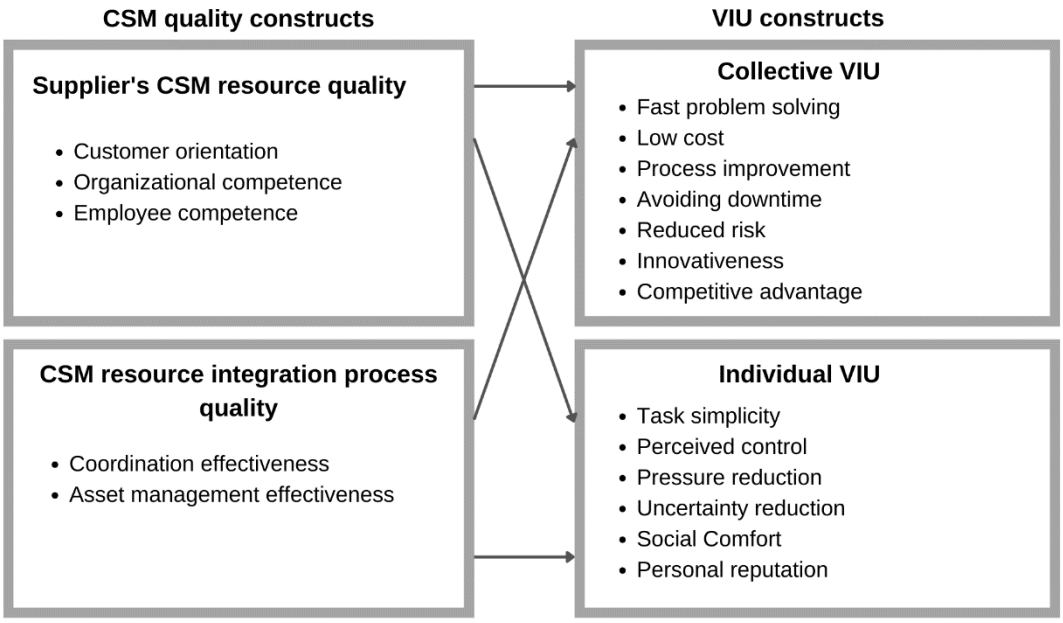

Figure 6. The relationship of CSM quality constructs and experienced value in use according to Prohl-Schwenke & Kleinaltenkamp (2021)

Customers expect that suppliers proactively demonstrate their understanding on customer's business and challenges and propose them solutions (Prohl-Schwenke & Kleinaltenkamp, 2021). This would be achieved as a result of skills and professionalism of individual employees but also the organizational capabilities and customer-oriented culture (Prohl-Schwenke & Kleinaltenkamp, 2021).

Partnership behaviour is considered particularly relevant, especially in the case of VIU enhancement efforts (Prohl-Schwenke & Kleinaltenkamp, 2021). Customers expect that the supplier is genuinely motivated to create win-win situations where both parties benefit equally. VIU enhancement tends to be the most sensitive process in CSM. If CSM activities are not implemented in a customer-oriented way, customers may lose their trust on the supplier or don't find the interactions valuable and therefore, are not willing to invest their time in supplier's CSM activities. Suppliers must be very careful with their

selling efforts since upsell attempts without value might do more harm for the relationship (Ansell et al., 2007).

Macdonald et al. (2016) and Prohl-Schwenke & Kleinaltenkamp (2021) emphasise that experienced VIU in solutions business is a combination of collective VIU and individual VIU: whereas collective VIU is shared for all the members of usage center, each individual has their own goals that would be perceived as individual VIU when fulfilled. VIU constructs of solutions identified by Macdonald et al. (2016) are presented in Figure 5. Value propositions often focus on improving customers' economic efficiency or effectiveness (Prohl & Kleinaltenkamp, 2020), which is also highly represented in VIU constructs identified. For example, low cost, fast problem solving and avoiding downtime are some of the important ways of increasing customers' operational performance.

Customers and suppliers in general have differing views regarding the customers' own role in CSM. Results achieved with the supplier's offering may be highly dependent on customer's own actions and customers not only assess the quality of the supplier's resources but also the quality of the joint resource integration process (Macdonald et al., 2016). However, the research conducted by Prohl-Schwenke & Kleinaltenkamp (2021) found that evaluating the CSM efforts, customers overemphasize the role of supplier resources. Prohl-Schwenke & Kleinaltenkamp suggest that suppliers should pay attention to educating customers on their role in the value creating process, and benefits such as discounts or additional free services can be considered to encourage desired customer behaviours. For example, conducting VIU monitoring or reflecting on opportunities for VIU enhancement might turn out to be challenging without the participation and relevant information from the customer side.

Overall, customer perceptions on CSM efforts seem to be very positive (Prohl-Schwenke & Kleinaltenkamp, 2021; Hochstein et al., 2021). Hochstein et al. (2021) reported that customers believe that customer success managers can increase their return on investment within their supplier's offering. Having CSM activities or roles in place may even be a significant factor for customers making purchase decisions (Hochstein et al., 2021). Prohl-Schwenke & Kleinaltenkamp present that based on their study, CSM activities have positive impacts on how customers perceive their supplier's offerings and their VIU. They highlight the role of perceived VIU in relational outcomes such as customer

satisfaction and trust, which can be expected to lead to renewals and repurchases (e.g., Lemke et al., 2011). However, the few studies including customer perceptions on CSM highlight that perceptions may differ based on the type of offering or perceived importance of the relationship (Kleinaltenkamp et al., 2022): in the case of very simple offerings, customers may perceive additional interactions negatively (Prohl-Schwenke & Kleinaltenkamp, 2021). As CSM activities require customer's time and attention to some extent, suppliers must ensure that their CSM efforts are truly bringing value to customers.

2.2.5 Customer Success Management as a part of Relationship Marketing paradigm

Customer success management literature is building on top of the relationship marketing paradigm that was originally developed in the 1980's (Grönroos & Ravald, 1996). Whereas earlier marketing literature was emphasizing transaction-based approach on marketing, relationship marketing focuses on maintaining customer relationships, growing customer loyalty and creating value to customers (Grönroos & Ravald, 1996). Customer success management has similarities with other relationship marketing concepts such as Customer Relationship Management (CRM), Customer Experience and Key Account Management (Eggert et al., 2020).

Customer Relationship Management paradigm was born along with the development of database technologies that allowed companies to track data related to customer demographics and transactions (Hilton et al., 2020). The availability of customer data was the prerequisite for understanding the customer relationships and lifetime as a continuum instead of pure transactions. Reinartz et al. (2004) define CRM as "*a systematic process to manage customer relationship initiation, maintenance, and termination across all customer contact points in order to maximise the value of the relationship portfolio*" (p. 294). CRM and CSM can be considered as holistic approaches to customer management and have clear similarities – such as the role of the concept of dual creation of value (Boulding et al., 2005). CRM sets the basis for utilising data in customer relationships, traditionally focusing on demographic and transactional data. CSM then again shifts the focus towards the usage data and other types of unstructured customer data that give insights on the customer outcomes and enables predicting customers' value in use (Hilton et al., 2020).

In literature there are multiple definitions on Customer Experience (CE), but most of them align with this synopsis presented by Lemon & Verhoef (2016): customer experience is "*holistic in nature, incorporates the customer's cognitive, emotional, sensory, social, and spiritual responses to all interactions with a firm*" (p. 70). Whereas CRM has led to better knowing customers based on the data, Customer Experience Management focuses on gaining data-based insights on how customers react and behave in their customer journeys (Meyer & Schwager, 2007), and attempts to reactively improve products and services based on the data (Hilton et al., 2020). Definitions of CE also vary between B2C and B2B contexts: compared to consumer business, in business markets the decision-making unit consists of multiple actors, whose experiences along the customer journey and its touchpoints may be different (Witell et al., 2020). Zolkiewski et al. (2017) highlight the importance of outcome-based measures in the B2B customer experience, which also resonates with the CSM practice. The key difference between CE and CS is that the latter focuses on prioritising customers' goals and outcomes during the usage process (e.g. Hilton et al., 2020; Eggert et al., 2020), whereas the former covers all sensory, cognitive, emotional and social responses of customer throughout the customer journey from pre-purchase phase to the end of customer relationship (e.g. Lemon & Verhoef, 2016). It can be assumed that customer success is one highly relevant factor in building positive customer experience in business markets (Zolkiewski et al., 2017).

Similarly as CSM, Key Account Management is focusing on the post-purchase phase of customer relationships and maintaining long-term relationships over transactional exchanges. KAM has been recognized as an important concept regarding the customer relationships that are strategically important to the supplier. Key account managers may perform activities to tailor the offering for the needs of a particular customer and to improve relationship quality as well as performance outcomes (e.g., Gounaris & Tzempelikos, 2014). However, compared to the CSM, KAM is still more sales-oriented paradigm or organizational function.

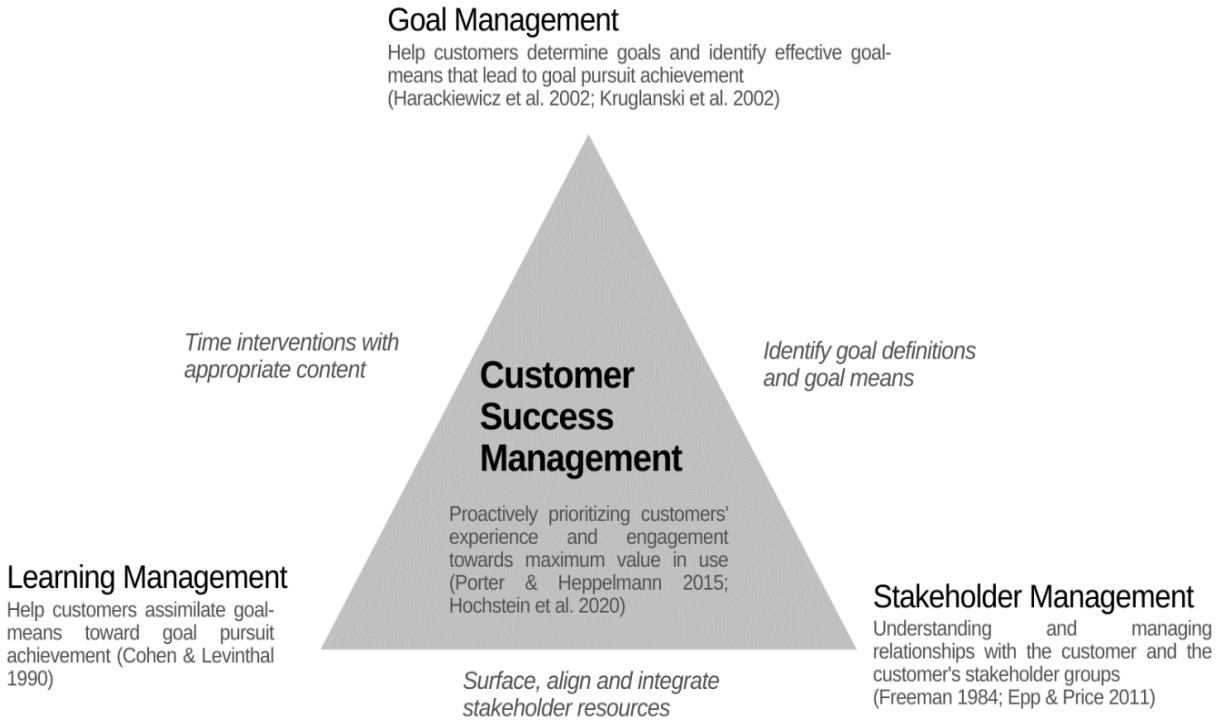

Figure 7. Research stream relevant to customer success management according to Hilton et al. (2020)

The concept of CSM has gained popularity among marketing practitioners, but in academia there has still been scepticism whether it should really be considered as a new evolution in customer management practice (Hilton et al., 2020). Hilton et al. (2020) argue that practical examples from companies like Microsoft, ADP and IBM prove that CSM can offer some unique contribution to business outcomes. Similarly, Hochstein et al. (2020) present an example from GE Digital: the company was having retention problems within their Internet of Things business, but by implementing CSM practises it was able to reduce churn and improve other aspects of customer operations. Hilton et al. (2020) also suggested that CSM has its own foundational research streams that are goal management, stakeholder management and learning management. Those three streams set the base for CSM activities as presented in Figure 7.

2.2.6 The role of Customer Success Manager

Customer success management as an organisational unit, and customer success managers as an emerging role are providing new options to organise customer relationship

management throughout the customer lifecycle. For successful implementation of customer success management, it is important to understand the special characteristics of customer success roles compared to the more traditional customer management roles. So far it seems that there are misconceptions and great variety related to the use of "customer success" in professional roles as the term is sometimes used for sales or reactive customer support roles instead of roles that are truly proactively focusing on customer outcomes (Zoltners et al., 2019). Research on the role of customer success managers and implementing CSM as an organisational unit has been requested as one of the key priorities in CSM research, as so far only Hochstein et al. (2021) have provided empirical results on the topic. However, similar questions have been discussed within the value management literature, where for example, Keränen & Jalkala (2014), and Keränen & Liozu (2020) have contributed to discussion on value-related roles.

The subscription-based business models have changed the way service providers organise their customer interface and assist customers throughout their customer journeys. According to Hochstein et al. (2021), service providers are moving away from cross-functional ambidexterity towards structural ambidexterity – meaning that different roles have clear responsibilities, and each role is focusing on their assigned aspects of the customer journey. Service-sales ambidexterity has been one of the key topics related to the ongoing servitization in different industries. Frontline employees in service provider organizations have had to pursue the twin goals of high service quality and achieving sales targets (Hochstein et al., 2021). Structural ambidexterity can be considered as an optional way to arrange service frontlines.

Based on the literature reviewed in this study, value assessment activities are an essential part of customer success management. However, the organisational division of responsibility related to these activities still seems to be unclear. The earlier literature assumes that sales unit is the main responsible for value assessment (e.g. Payne & Holt, 2001; Lindgreen et al., 2012), but Keränen and Jalkala (2014) present all together three strategies for customer value assessment: *emergent value sales strategy*, *life-cycle value management strategy and dedicated value specialist strategy*. Two first mentioned strategies emphasize the role of sales unit and service organisation, whereas in the third strategy there is a separate value specialist involved. In the case of emergent value sales strategy, value assessments are done based on skills and motivation of individual

salespersons. Due to lack of time, the sales people are typically not able to conduct long-term assessments. Life-cycle management strategy then again emphasises the coordination skills of the supplier: sales and service staff are taking care of different phases of the lifecycle, which requires advanced data and knowledge sharing practices. Based on their study, Keränen and Jalkala suggest that value assessment should be "*a company-wide strategic process, which involves several organizational units and/or dedicated teams*" (p. 93). This view supports the idea of separate customer success roles.

Customer success managers are not sales people. However, they may participate to customer acquisition to demonstrate the additional value they can bring to the customer relationship, and work closely with up- and cross sales and retention (Hochstein et al., 2021). Zoltners et al. (2019) suggest that instead of direct revenue responsibility, CSM metrics could include for example, customer usage and satisfaction. Similarly, Hochstein et al. (2021) highlight the role as the key driver of retention and customer advocacy as presented in Figure 8. Customer success managers build consultative relationships with the customers and ensure that the whole service frontline operates "like a consulting team" (Hochstein et al., 2021). Also, Zoltners et al. (2019) state that CSM is more of a consultant than a sales person, which is also supported by the study by Keränen and Jalkala (2014) stating that industry expertise and consulting skills are the most important characteristics for value-managing roles. Overall, customer success manager is a highly multifaceted role that is operating not only with customers but also with internal stakeholders. CSMs work with for e.g., marketing, sales, product development and service delivery, which can make their contribution to consistent customer experience extremely significant (Hochstein et al., 2021).

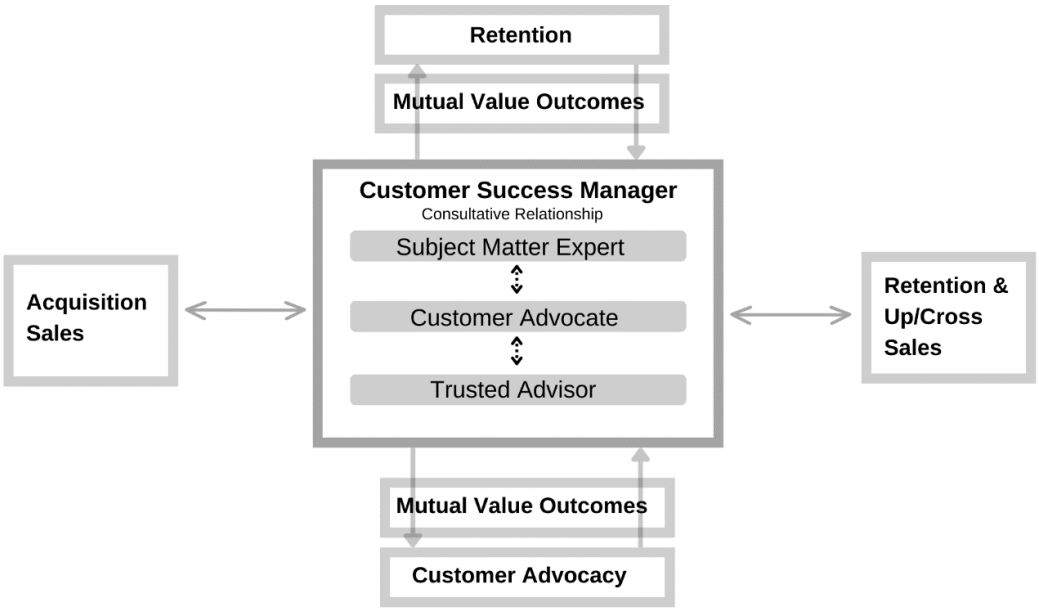

Figure 8. The role of Customer Success Manager according to Hochstein et al. (2021)

So far research and practical experiences support implementing CSM within its own organisational unit including its own roles that are focused on building the long-term relationship with customers and operating the main interface for the customers in post-purchase phase (Hochstein et al., 2021). From the supplier perspective, the modularity provided by separate CSM role provides several benefits: employee specialization ensures efficiency and keeps the power positions of different functions in balance (Hochstein et al., 2021). CSM enable improving customer-orientation inside the company, as one of the tasks of customer success managers is to operate as an internal customer advocate. This can be expected to lead to higher customer satisfaction, but also products and services that serve the customer needs even better. Even though CSM roles don't have direct sales responsibility, they can be extremely efficient asset for uncovering new sales opportunities that provide mutual value – and therefore, can be considered to also drive growth in up- and cross selling initiatives. (Hochstein et al., 2021)

According to Hochstein et al. (2021), the modularity of frontline roles is appreciated by the customers as well. Customers see their customer success managers as trusted advisors that have no ulterior motives when helping them – whereas sales people should be also motivated by their sales quotas. Another benefit discovered by Hochstein et al., 2021, is having a "single face" for customer's service needs and advocacy inside the supplier company. Customers believe that customer success managers can enable their return on

investment regarding the supplier offering (Hochstein et al., 2021). Zoltners et al. (2019) suggest that companies should be very consistent and transparent regarding their customer success roles: without purposefully changing the narrative and metrics from sales-oriented to truly customer-oriented, customer success managers will be viewed just as another sales role. This can be a challenge for building an adequate trust in the relationship (Prohl-Schwenke & Kleinaltenkamp, 2021).

Even though the existing CSM literature promotes having separate customer success roles, roles and organisational choices related to CSM seem to vary significantly between organisations and industries. Understanding the options for organising CSM requires more research across different industries. Existing studies on CSM indirectly indicate that sales, account management, project management and customer service functions and roles are some of the most common ones to be involved in CSM in established companies, as these roles are the most represented in these studies as informants (e.g., Prohl & Kleinaltenkamp, 2020).

2.3 Synthesis of the theoretical framework

The literature review presented in this chapter unveiled the current state of the customer success management research that has been identified as one of the most important topics for services and solutions research (e.g., Ulaga, 2018; Bond et al., 2020). While CSM has a lot in common with previously introduced relationship marketing concepts, it has raised interest among especially scholars focused on value-related concepts. As the ways of creating value in business markets are shifting from product-focused to service- and solution-focused, also customer management practices require new approaches.

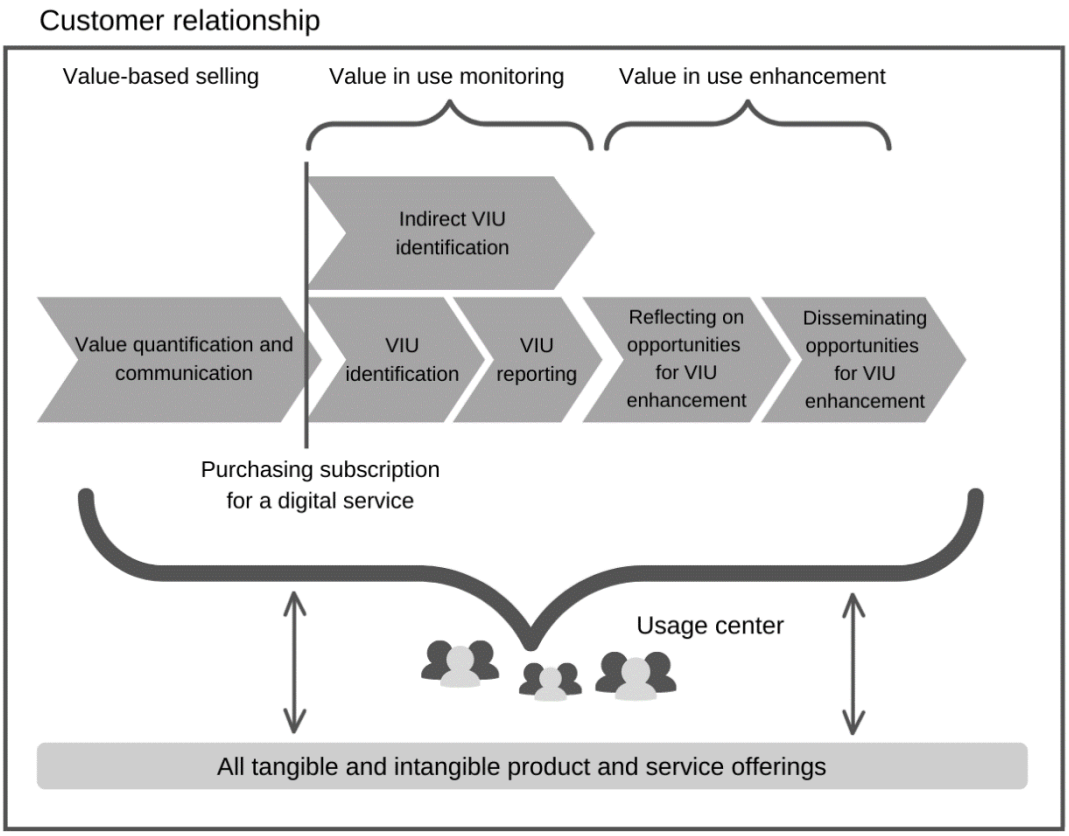

Figure 9. The theoretical framework of the study is built around the value-in-use management process defined by Prohl & Kleinaltenkamp (2020)

The theoretical framework for this study is presented in Figure 9. The framework is built around the value-in-use management process defined by Prohl & Kleinaltenkamp (2020) that presents value-based selling, VIU monitoring and VIU enhancement as the main processes for managing value-in-use – or in other terms, customer success. Figure 9 is also highlighting how CSM aims to influence multiple actors of a customer, the usage center.

3 CONDUCTING THE RESEARCH

3.1 Research philosophy

Before presenting the research strategy, the research philosophy of this thesis is discussed to better understand what kind of assumptions are underpinning the research. Philosophical assumptions are always present in research, defining the choices the researcher makes. In social sciences the key concepts related to philosophy of science are ontology, epistemology, methodology, methods and paradigm (Eriksson & Kovalainen, 2008). Ontological assumptions form the perception that individuals have about the world and the truth, whereas epistemological assumptions define how we view knowledge and its limits. Methodology and methods are built as an output of ontology and epistemology, as these concepts refer to ways of producing knowledge, and collecting and analysing data (Eriksson & Kovalainen, 2008). Ontological and epistemological assumptions, and methodological premises can form a framework, or paradigm – a set of beliefs – to guide research in a certain field of study (Eriksson & Kovalainen, 2008).

The common paradigms in marketing science can be presented on a continuum ranging from naïve realism to naïve relativism (Järvensivu & Törnroos, 2010; Lincoln & Guba, 2000; Easton et al., 2000). Naïve realism is considered as an extreme form of positivism – a world view that emphasizes the existence of one, true reality that can be objectively observed with empirical methods. On the other end of the continuum there is naïve relativism, which is based on the beliefs of multiple viewpoints to truth and knowledge about truth. In research settings, naïve relativism means that different claims about truth are considered equally good and the research should put focus on studying the creation processes of knowledge. (Järvensivu & Törnroos, 2010; Lincoln & Guba, 2000; Easton et al., 2000)

The leading paradigm for this thesis, social constructivism, is placed in between of the two extreme standpoints, closer to relativism than realism. Constructivist paradigm has

its roots in sociology and is often considered as a part of an interpretivist approach to thinking – although there are different forms and definitions of constructivism and interpretivism (Andrews, 2012). For example, social constructivism and constructivism are terms that are often used interchangeably but might have slightly different overtones. Young & Colin (2004) distinguish between these two terms by proposing that in constructivist paradigm each individual constructs their reality through cognitive processes, whereas social constructivism has greater focus on social processes constructing the reality. According to the assumptions of social constructivism our way of understanding the world is affected by the social and historical premises prevailing at that certain point of time, and we are sustaining knowledge through social processes and language (Burr, 2003).

Customer success management is understood as a social phenomenon and in this study, it is researched in a limited context where all informants have their own views on the phenomenon. Thus, it is acknowledged that multiple viewpoints on the reality can exist. In addition to emphasizing different viewpoints of individuals, the research philosophy also emphasizes the role of active participation and interpretations of the researcher (Carson et al. 2001). Instead of acting as an objective bystander collecting information, the research is involved in the process of creating the reality and views it through their own subjective experiences and history.

3.2 Research methodology

3.2.1 Case study

Case study is a traditional research method in industrial marketing. It is considered as a suitable method for understanding especially business-to-business relationships and networks, because the case studies can provide the needed multidimensional view of a phenomenon in a specific context (Järvensivu & Törnroos, 2010). According to Eisenhardt (1989), case studies are used to provide description, test theory or generate theory. Using multiple data collection or data generation methods is typical for case studies – also using both qualitative and quantitative methods simultaneously can be considered (Eisenhardt, 1989). Case studies often enable data triangulation, which means that the research topic can be studied from multiple perspectives within the case

organisations (Yin, 2018). In many research settings as well as in this study, single-case study is used as a strategy to understand a phenomenon in a specific business context rather than aiming to generate generally held theories (Halinen & Törnroos, 2005).

Despite the popularity of the case study, as a method strategy it has raised some controversy. Case studies are viewed to provide little basis for scientific generalisation, which is considered as a challenge for theory building within the case study research (Yin, 2018). Thus, case studies are not intended to be used in hypothesis testing, but to build the ground for future research. As the research questions of this study are attempting to find answers to questions "what", this study is considered as an exploratory case study.

The case study can be designed as a single case study, or as a multiple case study (Eisenhardt, 1989). A single-case study was selected as the suitable research strategy to explore customer success management as there is limited theory available around the topic: including multiple sources of information in a real-life context was considered important (Dul & Hak, 2008). One characteristic for case studies is that often multiple units of analysis is included within a single unit of analysis, which is how this research is conducted. The main analysis unit is the case company, but multiple units of analysis (internal and external interviewees) are included to achieve triangulation.

3.2.2 Case Organisation

Selection of cases plays an important role in conducting a case study (Eisenhardt, 1989). The main criteria for the case in this study was that the case organisation must possess an established digital service as a part of their total offering of tangible and intangible products, meaning that the service is already delivered to multiple customers. The case organisation selected is a business area within a global manufacturing company that offers products and services for material handling and logistics. Ports and terminals are identified as the most significant customer segment for the business area. Sustainability, becoming a service-driven solutions provider and being preferred business partner of customers are some of the cornerstones of the business area strategy. This case study is focused on a digital service provided by the company, but due to the nature of the business, the digital service is also put on a product-service system context to better acknowledge the interconnectedness of the whole offering of the case organisation. The

offering of case company includes e.g., material handling machines, spare parts, maintenance contracts and other services. The Case Company was found suitable for this study as (1) it is a good example of traditional manufacturing company utilizing digital offerings to transform their business more towards service- and solution-based models and (2) The Case Company provided access to both internal and external informants to achieve triangulation and more holistic view on the topic of customer success management.

The case organisation has developed a cloud-based digital service that collects data from their products and third-party products that are used in a similar manner. The service is usually purchased together with the machines and is sold as a software as a service – the customers pay annual subscription fees to use the service. The digital service product provides different types of information on the physical machines such as energy consumption, CO2 emissions and usage data. Regarding the customer management practices, the company is currently lying heavily on sales-led approach in customer management, but also several support roles are included.

3.2.3 Qualitative methodology in this case study

Customer Success and Customer Success Management are rather new concepts that are still being defined. An emerging common understanding of CSM can be already identified in industrial marketing management literature (Kleinaltenkamp et al., 2021; Eggert et al., 2020), but the concept has still been systematically applied to only a few different contexts. The goal of this thesis is to identify and understand critical factors of CSM in the context of an industrial product-service system and theoretically evaluate CSM process in this context. Drawing from these goals, using qualitative method is well justified: whereas quantitative methodology can be used to establish causal relationships between variables, the aim of qualitative research is to create a holistic understanding of the subject of the study in a context-sensitive manner (Eriksson & Kovalainen, 2008, 5).

In general, three different research approaches are acknowledged in qualitative research: inductive, deductive, and abductive reasoning logics. Deductive reasoning is focusing on hypotheses and theories to explain phenomena, whereas inductive reasoning is used to draw general claims from observation (Eriksson & Kovalainen, 21). Abductive approach

then again utilises both inductive and deductive reasoning: abduction can be described as a process of creating and evaluating plausible explanations (Saetre & Van De Ven, 2021). This study is relying on the abductive approach as it is considered suitable for case studies that are actively combining the empirical world, research framework, theory, and the case (Dubois & Gadde, 2002). The research strategy is based on the systematic combining method introduced by Dubois and Gadde (2002) that supports the exploratory nature of the thesis: instead of emphasising a linear research process with separate phases, systematic combining method allows moving "back and forth" from one phase to another in iterative manner. Thus, systematic combining is effective method for finding new dimensions of the research problems and refining the emerging theories of the topic (Dubois & Gadde, 2002).

Qualitative data gathering methods have been the dominating methodology in CSM research: literature so far has been utilising for example, semi-structured interviews (e.g. Hochstein et al., 2021; Kleinaltenkamp et al., 2022) and interviews with repertory grid technique (e.g. Prohl-Schwenke & Kleinaltenkamp, 2021; Kleinaltenkamp et al., 2022). Semi-structured interview was selected to be the qualitative method used in this thesis. This method sets between the structured and open interview: the themes are defined beforehand, but the order of questions can be changed in the interview situation. In semi-structured interviews, the researcher and informant are constructing knowledge on the research topic together in the interaction situation (Eriksson & Kovalainen, 2008). According to Hammersley (2012), the goal of semi-structured research interview is to let the informant talk about the research topic widely in their own words so that the role of the researcher is to encourage more detailed descriptions when needed.

Unveiling the unconscious or repressed thoughts in an interview setting are a typical challenge in qualitative research in social sciences. Projective techniques are a tool to facilitate the informant's articulation of these kind of hidden thoughts: with these techniques, the interviewee is projecting their thoughts onto something other than themselves (Boddy, 2005). Projection can be defined as "to project subjective ideas and contents onto an object" (Dichter, 1964) and as a term it has its roots in psychology and psychoanalysis (Boddy, 2005). Projection makes it easier for the interviewee to share expressed opinions and feelings. Instead of asking the informant open questions, the researcher can for example, ask responses for pictures or incomplete sentences (Boddy,

2005). In this study, the challenges related to unveiling the unconscious thoughts of informants were taken into account and projective approach was used to understand the desirable state of customer success management. Instead of asking the interviewees directly about the CSM activities they are expecting from the Case Company, they were asked to imagine a perfect experience with the service.

3.2.4 Data generation

In qualitative research relying on social constructivism, it is typical to say that data is generated and not just collected, as the researcher is a part of data generation that is happening as a result of the social interaction between the researcher and the informant (Eriksson & Kovalainen, 2008). Case studies are recommended to aim for "converging lines of inquiry" (Yardley 2008), meaning that the researcher should gather as many types of data as possible. In addition to data generation carried out through semi-structured interviews among internal stakeholders and the customers of the case company, the researcher got access to supporting materials from the case company, including a knowledge page on the digital service product and internal questionnaires regarding the use of the digital service product. As relying on single-source data is considered a bad practice in qualitative research (Crick, 2021), the emphasis in data generation phase was in creating triangulation.

Selection process of interviewees was conducted in collaboration with the case company. The selection criteria for internal stakeholders were that the interviewee should be (1) either working in the customer interface with customers that use the digital service offering or (2) closely working with the digital service offering in an expert role – interviewees that fulfil both criteria were preferred in the selection. Interviewees from the customer company were selected among the active users of the digital service offering with the help of the service frontline employees of the company. Overall, five different country organisations were represented in this study. Table 5 presents the interviews that were conducted in data generation phase. Interviewees are presented as letters in alphabetical order to protect the anonymity.

Table 2. Interviews conducted in this study

Interviewee	**The role**	**Duration of the interview**	**Language**
A	Sales Coordinator	49 minutes	English
B	Technical Support	42 minutes	English
C	Customer	42 minutes	English
D	Customer	42 minutes	Finnish
E	Country Manager	43 minutes	Finnish
F	Spare Parts Sales	35 minutes	English
G	Customer	56 minutes	English
H	Delivery Manager	60 minutes	English
I	Customer	32 minutes	English
J	Customer	Interview conducted via email	German

For three of the customers interviewed, also their counterpart (frontline representative from local country organisation) was interviewed, which provided two different viewpoints to the same customer relationship. Both main customer industries of the case company, logistics services and manufacturing, were represented in these interviews. All the individuals interviewed from the customer companies were working with similar job description that could be described with a title of "Fleet Manager". Maintenance planning for the machine fleet, investment decisions, productivity reporting and development, machine safety and quality matters were some of the responsibilities of the informants. Regarding the internal interviews, informants were representing several different roles such as sales, customer support, and project management.

Informants were contacted and invited to interviews by e-mail. They were provided with instructions including the estimated length of the interview (no longer than one hour), preparation (no preparations needed from the informants) and required tools (possibility to attend the meeting either virtually or by phone). The topic of the study was also shortly

described to the informants in the invitation message. Interviews were mostly conducted remotely by using Google Meet software and one interview was conducted in person in customer premises. One of the customers also answered to the interview questions via email in written format. The questions were translated to their native language, as they were hesitant to participate to the interview in English.

Semi-structured interview was found to be a suitable method for the study. The knowledge and experience related to the themes varied a lot among the interviewees, and semi-structured interview offers the needed freedom to adjust the interview questions along the way. It was also identified that the interviewees may experience lack of confidence related to the topic and therefore, it was important to create a comfortable atmosphere and present the interview as more of an open discussion. The case company was involved in facilitating the study by for example helping in arranging the interviews, which may have influenced the interviewees and their perceptions on the interview situation. However, in all interviews the researcher aimed to emphasise the idea of having "no right or wrong answers" and encouraged the informants to share their own subjective views and experiences.

Semi-structured interviews for internal and external informants followed one general structure that was adjusted based on the background and extent of the informant's experience with the digital service product. The interview structure had five main themes: background information, customer usage, value co-creation, stakeholder management and value assessment. The interview structure for internal and external interviewees is presented in attachment 1. Internal interviewees had two contributions to data generation: they provided second-hand information of customers' experiences with the digital service product, and on the other hand, they provided views on internal aspects of customer success management.

According to Guest et al. (2006), the researcher should aim for saturation in data generation, meaning that new interviews are conducted until no new information or themes can be observed in the data. Although only five customers were interviewed in this study, most of the interviews were high in quality and saturation started to occur. In addition to customer interviews, the data generated through internal interviews was

constantly supporting the customer interviews. Altogether ten interviews are considered suitable sample size to represent the case.

Interviews were recorded and transcribed verbatim – excluding interviews with informants D and F where technical errors led to losing parts of the interview recordings. However, extensive notes were written of both interviews, which allowed reliably including this data in analysis. Consent for recording the interview was confirmed in the beginning of each interview. Data generation resulted in 102 pages of transcribed material for data analysis.

3.3 Data analysis

It is common for qualitative research that data generation, analysis and interpretation can take place simultaneously (Gummesson 2005). This is the case for this study as well: during the research interviews, the researcher is adjusting the questions based on the interpretations done and after each interview, preliminary conclusions were drawn from the interview notes. As systematic combining method (Dubois & Gadde, 2002) recommends, also literature review was assessed according to the themes and topics occurred in the interviews.

In addition to the researcher, two employees from the Case Company were participating in the research process by attending the customer interviews. Debriefing sessions to discuss the interview and related interpretations were organised throughout the data generation period with these two individuals. Debriefing discussions were found useful to process the data before conducting systematic analysis as they are an effective way of reducing biases that individuals may have. After all the interviews had taken place, the final analysis was conducted by using ATLAS.ti software that is a computer-assisted qualitative data analysis software. 102 pages of textual data were downloaded to the software to enable efficient and systematic coding of the data. ATLAS.ti software was found helpful in finding common themes in the data and storing related quotations.

According to Spiggle (1994), researchers face two fundamental activities in analysing qualitative data: analysis and interpretation. Whereas analytical operations are used to dissect, sort, reduce and reconstitute, interpretation refers to operations of understanding

meanings and identifying patterns of the meanings. Spiggle (1994) presents several characteristics of a good analysis process such as systematic proceeding, recording, and reporting. Systematic analysis ensures that all possible leads of the data are covered and minimizes the risk of selective use of data. However, interpretation activities are more challenging to present as a systematic process. Interpretation is intuitive and subjective in nature, which obligates the researcher to describe how they have ended up with certain interpretations (Spiggle, 1994). Also comparing data to existing theories and research is a crucial part of analysis in qualitative research (Gummesson, 2005; Shaw, 1999).

Content analysis is a general term for classifying qualitative data (e.g., Spiggle, 1994; Shaw, 1999). Content analysis covers techniques of classification, typification and theme identification. Next, the phases of content analysis conducted in this study will be discussed in more detail.

In the first phase of analysis the interview transcriptions were read through multiple times, while coding manager -tool in ATLAS.ti software was used to highlight quotations that were found interesting regarding the research objectives. The two types of informants, the Case Company and customer representatives, were treated as equally valuable sources of information and thus, in this phase all interviews were coded with the same technique and codes. For example, quotations describing what kind of reasons there are for customers to use or not use the digital service product were highlighted with descriptive codes. In total 207 quotations were coded in this phase. By iterating through these quotations, similarities between the quotations were identified, leading to bundling the codes into themes. For instance, mentions of customers' interest to save fuel or reduce the wear of machines as motivational factors to use the service, were bundled into "expected value in use" theme. The formation of themes involved researcher's interpretation, as concepts such as expected value in use were not discussed with the interviewees by using the exact terms – instead the interviewees have described their thoughts and experiences in spoken language.

In the second phase of the analysis, 16 themes formed in the first phase were iterated further. Again, similarities between these themes could be identified, which allowed bundling the initial themes into higher-level classes such as "customer know-how and motivation". As the first research question was concerning the critical factors of CSM, it

was important to identify which factors can be considered critical. The final classes were considered to represent the critical factors well, as all of them were represented in both customer and internal interviews to an adequate extent. Some of the themes were more strongly supported by only one informant group – for example, "tailored communications" was mostly mentioned by internal informants – and thus, those were kept as lower-level themes or sub-factors under the critical factors such as "involvement of customer usage center". Another demonstration of analysis is presented in Figure 10: several kinds of expectations for the digital service product were identified in processing the interview data. Those were interpreted to represent theme "expected value in use", which later was placed under a critical factor of customer know-how and motivation, as expected value in use is representing a motivational factor for customers to use the service.

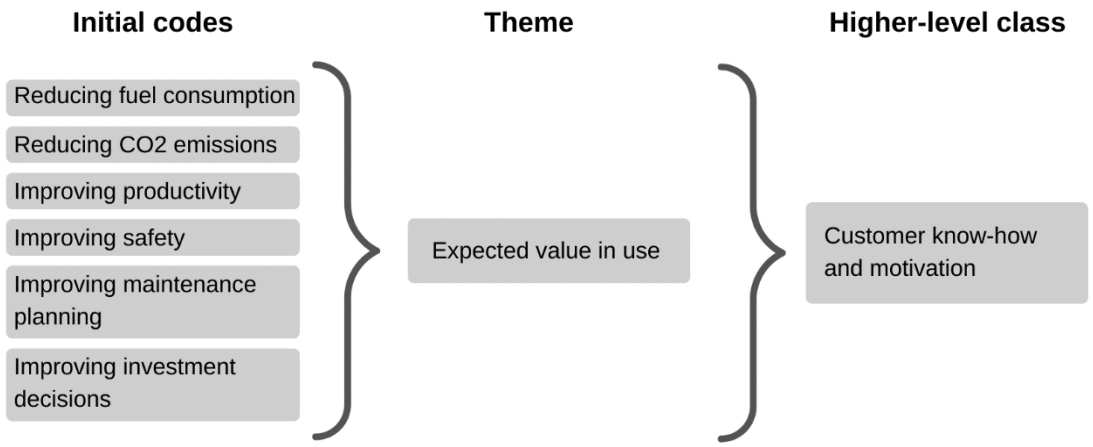

Figure 10. Example of how analysis proceeded from initial codes to the higher-level class

While first and second phase of the analysis were representing inductive, data-led approach, the third phase was focusing on the theoretical framework. The value-in-use management process framework was reflected in in the light of empirical findings of this study. The interview data was analysed again with focus on identifying mentions of needs and activities that would provide more understanding on how the value-in-use management process could be applied to the context of this study in practice – if it could be applied. The interview structure also had specific questions to reveal these needs and activities as described by the interviewees, which made the analysis more straight-forward as mentions of e.g., training materials or product development could be picked from the data.

4 CUSTOMER SUCCESS MANAGEMENT IN THE INTERSECTION OF DIGITAL AND PHYSICAL

4.1 Critical Factors for Customer Success Management

This section presents the findings regarding the first research question:
What are the critical factors of customer success management when combining digital and physical offerings?

Customer success is co-created, meaning that the outcomes of using the supplier's offering are resulting from actions in the customer's sphere, supplier's sphere, and the shared sphere (Ulaga et al., 2020). Drawing from this definition, the critical factors should include both customer- and supplier-related factors. In total 16 important factors of customer success management were identified in the analysis and bundled into the four critical factors: *customer know-how and motivation, supplier know-how and motivation, involvement of customer usage center* and *seamless integration between digital and physical products*.

4.1.1 Customer know-how and motivation

The Case Company's digital service product provides information on the customer's operators' use of machines in customer's sites. Consequently, the customer actions and management practices are crucial for reaching the desired outcomes such as high productivity and safety measures, and low fuel consumption and reduced CO2 emissions. *Customer know-how and motivation* were identified as critical factors in formation of customer success. Know-how refers to customer's technical and process-related capabilities that help them to utilise the collected data, whereas motivation refers to

customer's willingness to put effort and use their time to utilize the collected data. Customer know-how and motivation can be further divided to a few sub-factors that are discussed in this chapter.

Expected value in use is one of the key concepts in customer success management, as it defines the expected outcomes of the service. Based on the interviews, *expected value in use* is of the main factors involved in formation of customer motivation regarding the digital service product. For example, high expected potential for cost savings or reduced CO2 emissions motivates the customers to first purchase the service and then actively use it. Expectations are constructed in many ways: customers identify saving potential in their own operations and start looking for suitable tools, or the Case Company promotes their service product, and its benefits to the customer. For most of the customers, it is a combination of both. For example, Customer D explained that he had discussed the digital service product with his colleague and the Case Company had promoted it – the customer decided to purchase it for some of their machines operating on a new work site where they expected to find possibilities to operate more efficiently.

Overall, all customers interviewed had very similar expectations regarding the value in use of the digital service product. They had started to use the service to improve their productivity and sustainability metrics.

> *"Yeah, more or less, to be able to see how we use the machines. So now we have a lot of idling problems. We are not using the machines as we maybe should be. We have about 30 to 40% idling, and we want to reduce that to reduce CO2 emissions, but also to reduce the wear of the machines and as well as optimize the use, because some [Products] that are being used, maybe they are on a limit on what we can get out of them, but all but others are maybe only 50% of the time. So yeah. To optimize the use at the site." (C, Customer)*

> *"Because what we're looking at is, is productivity of the machines and, you know, with the click of the mouse. I'm getting sort of what the machine is doing in production time. And, you know, and I can convey that back to the business, you know, with the click of a mouse to say, I can see what this fuel burn is and how*

many moves put out what he's doing. I mean, we've got two of the busiest and hardest working machines on our fleet. -- They work very, very hard for what we know to work at our machines quite hard. We get every penny from them, what we spend on them." (G, Customer)

The interviews indicate that expected VIU and consequently, customer motivation is greater when the Case Company's machines are somehow significant part of customers operations, or the customer owns significant number of machines. The amount of machines was mentioned in all internal interviews. This can be seen as a natural characteristic for a digital service product that is connected to physical products: the digital product itself is not interesting unless the physical products are important to the customer.

"There are customers who also use every day and get really angry if something is not working. Those are usually the big customers who have 20+ machines. To be honest, I don't see the point of having [The Digital Service Product] for only 1 or 2 machines." (F, Internal)

"But like it's very different from customer to customer. I think it's most interesting for big customers. They have persons who are always sitting in the office and have as a target to save money or fuel or order new machines and plan service for machines. So, I think for small customers with one or two or three machines, I don't think it is so much for them to save costs. But big customers, I think it's big customers with many machines and employees that are always in the office and have the total overview is the customers that are most interested and are most excited to use it. I think they have the most to earn of using it. Because they got the overview of all machines." (A, Internal)

"But we have customers who own, whatever, 20, 50 or 70 machines who really desperately need this data from day one. And they are looking for it and they immediately complain even when there's one day delay." (H, Internal)

Perceived importance of the physical products is something that drives the service adoption but can also be a challenge. Customers often have machines and similar

monitoring services from multiple different manufacturers, which can also reduce their engagement to one manufacturer's digital service product. Similarly, it is a challenge for ensuring customer success as all operations and all machines are not visible in one system.

> *"But most of our customers, they have different brands of machines, so it's not always [The Case Company's]. And if everyone has a system like this, then they have to log on to five or six different systems. So, they only generally go to look at it when there's an issue or they want something that's come up like the cost of fuel or we'll go and look at it. They don't religiously look at it every day." (B, Internal)*

Interviewees emphasised that the customer motivation is highest when they can see "the total overview" of their machines in the system. The Case Company provides an option to connect machines from other manufacturers to the digital service product, which is identified as an important opportunity to increase customer motivation and the overall outcomes of the product. In the following quotation Customer G describes their need to gain data from another brand's machine:

> *"But as it stands as a standalone system at the minute, it's everything that we needed to and more. Almost so that even with the guys in the UK at the minute I've actually talked to them this week to do a trial fitment to another machine of ours is a different make, so it's not a [Case Company] machine, but they're confident that they can get the system to read what this other machine is doing. And that will be invaluable to us then, because the other companies just haven't got this kind of this kind of information available to us, and we're running blind on those machines. But you see the information that we can get back from the [Case Company] and then compare it to the other machines, which we don't get anything back from them. It's just. It's operating blind. We just don't know what to do. So, we're going to be doing a trial settlement in the next couple of weeks to see how that goes and see how it operates on a different brand." (G, Customer)*

Who are the ideal customers of digital services? Some characteristics of individuals were raised into discussion in interviews. Both internal and customer informants perceived know-how and motivation as partially age-related characteristics of individuals. For

example, informant A viewed younger individuals as more potential customers for the service product as they are more likely to possess skills that are helping them to succeed in data utilization. Similarly, customer I described the service product adoption inside their company:

> *"I think it's a generational thing. Older people, they are, I don't know, three, four, five before retirement. They are not so interested in the system like myself. And there are other users, they are quite happy with the system. They're quite likely to get their reports done and all these things. So mainly they like to work with it, especially the younger generation. So up to 40 years, everyone above it, their computer skills in general not there. You know, you can't say it about everyone, obviously, but this is what we experienced. It is also with the other telematics systems. So yeah, some of them like to work on the machines with the tools more than sitting in front of the screen and have a look at the data." (I, Customer)*

In addition to *individual characteristics*, *company culture and resources* were perceived as important for gaining successful outcomes from the service product. This was particularly visible in the interview with customer G, who described his employer company as "*very forward-thinking*". They viewed the Case Company's digital service product as "*invaluable*" with "*endless benefits*". The informant explained that their company culture is very development-oriented and supports knowledge management initiatives, meaning that they are constantly looking for new ways to utilise data for improving their business outcomes.

> *"A lot of people are doing things because it's always been done that way in our industry, whereas we don't, we're very forward thinking. When people say to you, why do you have to do it that way? Or why are you doing it that way? I say, well, why not? You know, it's kind of reinventing the wheel, making things, just looking at the efficiencies all the time, looking where we can make it matter to people, make it efficient, and trying to save people money at the same time. So, we're renowned for that." (G, Customer)*

Most of the informants agreed that getting the most out of the service product requires time, meaning that they need to dedicate working hours to look at the data and analyze

the patterns. All the interviewed customers mentioned time or resources in some format. When asked to describe their usage, most of the informants were interested in following the data on a weekly or monthly basis, but also daily usage patterns were described. Internal communications and reporting to stakeholders such as machine operators and management were mentioned as time-consuming activities, as well. Customer J explained that they have had the digital service product in use for months but have not yet used it as they have not been able to dedicate resources for that. Customer C mentioned that they had begun to use the system less frequently due to lack of time. Thus, interviews indicate that the resource situation on customer's organization is a significant factor regarding the motivation of customers.

> *"I send out the regular monthly report to the management and get an overview of the idling and running hours and fuel consumption and so on. And so now I use it a couple of times a month, but because I'm on a lot of other projects that I need to focus on, I don't have that much time to use that as now. But, but before that, I used it I think every week at least looking at idling time and maintenance and so on." (C, Customer)*

> *"I have done employee comparison in the system, but by hand it is quite laborious. It would require more work hours to get the most out of the system." (D, Customer)*

4.1.2 Supplier know-how and motivation

Behind the concept of customer success management, there is an assumption that customers are not independently able to derive full value of the supplier's offering. The interviews indicate that even in the case of a "*self-explanatory*" digital service product, the supplier organisation's employees have a significant role in enabling the customer success as they can motivate users to utilise the product in greater variety of use cases and take advantage of the data for providing better overall customer experience. Thus, supplier know-how and motivation were identified as one of the critical factors for customer success.

Some of the frontline employees interviewed perceived their know-how related to the digital service product limited, which also impacts on their confidence and motivation to promote the service and assist customers with it. In terms of know-how, several types of expertise were discussed in the interviews: know-how on technical use of the digital service product, understanding of customer needs and processes and ability to set value expectations together with customers and assess the value in use.

Some of the internal interviewees viewed the digital service product from the technology-perspective. In their mind the service was associated with information technology and technical knowledge. To be able to support the customers properly, they would require knowledge on the technical use of the product. *Technical know-how* was commonly referred as knowledge on "where to find something in the system" and how to use different functionalities. Interviewees also found important that they had expertise to explain the technology behind the service product to some extent. Lack of knowledge or interest on information technology can be a challenge for both supplier know-how and motivation, as informant A describes:

> *"Not very familiar with that, but I have had two presentations now for customers. It's a bit easier for me to present it for customers that don't know anything about [the Digital Service Product], but it is a bit problem for some that already have used it or a customer that I know or are more familiar with all their IT and are very interested in all computer things because I'm not." (A, Internal)*

Understanding of customer needs and processes was identified as critical knowledge for helping customers to reach their desired outcomes. Internal interviewees viewed their lack of understanding on customer needs as a challenge. Interviewees explained that they don't necessarily know how the customers use the service and what they are trying to achieve with it. This is in line with the literature on customer success management that suggests that CSM is really all about consulting customers in their business challenges (e.g., Hochstein et al., 2021) – and it is difficult to provide this kind of consultancy without understanding of customer needs. When asked that what does it require from customers to get the full benefit out of the digital service product, interviewee F answered directly that they don't know at all.

"I don't really know what customers are doing with the service. I don't know what they are following there, maybe comparing different machines.." (F, Internal)

"I don't know about the benefits.. That is what makes selling the service very hard." (F, Internal)

Company culture, compensation and resourcing were mentioned as some of the things affecting on the motivation of frontline employees regarding promoting the digital service product and assisting customers with it. One of the internal interviewees explained that in his country it is rather typical to make sales deals based on personal relationships, which reduces the motivation for sales people to derive insights from data to solve customer problems or offer better solutions. As this becomes a common practice, moving towards consultative sales and proactively disseminating opportunities to enhance customer value requires more encouragement from the organisation.

"How is your family? How's your motorcycle? How's your whatever? And by the way, do you need a new machine? I saw this so many times that this is from the from the private relation. They sell the machine just as a second or third step after personal conversation, which is a nice way. But in case you have a new customer or a new sales for a customer, then of course you are a bit stuck in this scene as well because they don't have this private relation to the customer. Of course, we do good sales in this way, but. Is it a way forward? I'm not sure." (H, Internal)

"And these are, of course, items where the sales can highlight something without saying they need to do a complete analysis about it. But I think they have a chance to be better prepared. But it in my opinion, it's a motivation of our company. What do they really want to do? How they like to operate. It's a mindset." (H, Internal)

Compared to big and valuable machines, the price of the digital service product is small and thus, does not bring huge additional earning opportunities for employees with sales responsibility and commission-based salary. In addition to customer purchasing the base subscription of the digital service product, they could be offered additional modules. These additional modules could be beneficial for the customers, but without proactive approach from frontline employees, customers don't know about them. Frontline

employees with sales roles perceived the learning opportunities related to the digital service product as a positive change to their job, but on the other hand, had experienced selling the product uneasy – unless it was combined in a bigger deal together with machines or in a service contract. As the digital service product is only one part of their role, other responsibilities are competing for their time and resources.

> *"I know we have discussion now, my boss, our country manager, and go talk what we are going to invoice and what we are going to pay for it. But because it's okay that we also are getting as good, getting paid for the work we are doing. So, it's also okay that we can see that we have sold something and we also earn some money. And that's also important for The Case Company, I think." (A, Internal)*

> *It is exciting yes, but it is a lot of effort for little money... Honestly don't know... A lot of emails to get customer to say yes, a lot of questions to answer." (F, Internal)*

> *"My service guys, they try to implement [the Digital Service Product] in the service contracts. So, if they do an agreement with customer to get a service contract for about three years or five years, if they put in [the Digital Service Product] for three years, it's not so it's a very small amount for the big contract. So that is the plan for the future to get more licenses included in the service agreements." (A, Internal)*

In some of the country organizations, The Case Company has employees that are more dedicated to work with the digital service product without direct sales responsibility. For example, informant B is working in technical support and has agreed to have the digital service product as one of their responsibilities. Based on the interview, B has great motivation to work with the service product and has grown their knowledge on it for many years. They also receive positive feedback from their counterparty customer G, who finds it valuable that they have great knowledge on the system in their local frontline of The Case Company. This gives a minor indication that in addition to have sales personnel responsible for the digital service product, it is valuable to have other types of roles involved as well. This is also following the suggestions of CSM literature that emphasizes the importance of separating CSM from sales function, as the latter may not always have the time to support customers in post-purchase phase.

Possibility to influence and operate independently was also mentioned in the internal interviews. As the digital service product is developed in Finland where the headquarters of the Case Company is located, the frontline employees in other countries don't always have direct access to fix technical issues or participate in development. For example, interviewee H hoped that the Case Company would be more customer-oriented in the development and make sure the local customers would receive proper communications on any changes on the digital service product. Interviewee B then again described more of a technical challenge that they find frustrating due to the lack of possibility to influence:

> *"And I enjoy doing it. I've taken it on. It's part of my PvP internally. So, what frustrates me is that I have so little influence on fixing the problem myself because we have so many we're talking about SAP and then we're talking about Salesforce and one contact is in Poland. Two contacts are in Finland. Before it used to be on my desk. Yeah, no problem. Click, click, click, done. And now it's so it's such a massive organization and everything is interlinked. So, it's frustrating. It takes a long time sometimes." (B, Internal)*

4.1.3 Involvement of customer usage center

Customer success is defined in a subjective manner since organizations as customers form usage centers of multiple individuals that may have different goals. According to Hilton et al. (2020) stakeholder management is one of the cornerstones of CSM and includes surfacing diverse stakeholder goals and aligning or prioritising those while also integrating resources for goal fulfilment. Involvement of customer usage center was also brought up in the interviews as one critical factor in constructing the customer success. Having multiple actors in one customer or usage center is considered as one key characteristic that sets business to business relationships apart from consumer customers (Kleinaltenkamp et al., 2017; Zolkiewski et al., 2017).

According to informant B, it can be challenging to *influence the manager level* in customer company – "*the man with the money*". This is of course particularly important in the sales phase of the digital service product, but also significant challenge in renewing subscriptions. Poor management buy-in can also have an impact on customer's resourcing

for utilising the digital service product, which then again reduces the motivation of customer's employees to improve their outcomes with the data. Without management buy-in, it is not possible to even get the opportunity to deliver positive outcomes with digital services.

> *"See the people who spend the money - they normally have a lot of people underneath them that do all the work. So, it's hard to influence the man with the money. It's like we have one dealer. They buy 30, 40 machines a year, but they don't have [The Digital Service Product] at all. And I keep telling them, you need to have this system because it would save you so much time, it would cut down your call out rates. And you know what you're going to straight away, you could see what the customers are doing. And I sent one of their engineers some samples of some error codes and said, this is what's happening with your machines still there. They think it's too expensive. They think they should have a big discount because they're a dealer. In fact, they think they should have it for free." (B, Internal)*

Interest in the machine operators' behaviour was one of the biggest themes throughout the interviews, as it was mentioned in all the customer interviews. One of the key characteristics of the Case Company's digital service product is that the outcomes related to the service are very dependent on the machine operator's behaviour. Based on the interviews, machine operators are not direct users of the service, but they are indirectly involved in the usage. From customer success point of view, it is important to understand this group of stakeholders as they have big impact on the final outcomes of the customer.

> *"It would be good if the work site management would understand the shock data and could inquire the drivers what has happened." (D, Customer, translated)*

In an ideal situation, there are *multiple roles and stakeholders gaining value from the service*. They share ideas with each other and offer training inside the company, which also ensures that the subscription renewal is not dependent on one individual in the customer organisation. Some of them are interested in maintenance, some in sustainability measures and some wish to use data for the investment decisions. Some, then again, use the data for training purposes and aim to improve the productivity together

with the machine operators. Engaged users in usage group work as advocates inside their organization and may be more effective in providing others consultation in the specific context of their organization, as customer G described in the interview.

> *"And I think sometimes some of the some of the [Case Company] guys do say that we probably use this system better than they do because we're looking at it all the time and we're pushing it and seeing what information we can extract from it. So already we've got myself and Brad that's looking at it from an overall view in what the machines are doing in performance and obviously maintenance. We've now got John and these guys that are used now looking at it from a training perspective. So, they're looking at it from a completely different angle. And that's why we've decided now that we're going to bring some of the terminal managers so that they can* now *look at it and then again use it from their perspective, which is what the machines are doing out on the terminal lifts to be improved fuel, but so on and so forth. Well, we all meet as managers. We've got the information to back it up. ... we can get together and have a look and see if there's anything we can do differently." (G, Customer)*

Also, another active customer, represented by interviewee I, told that they have multiple people utilizing the system on a regular basis.

> *"But we have on our four or five plants for using [the digital service product], we have in every site three persons. They are working actually quite often with the system also on 2 to 3 days basis on a working week the also look [the digital service product] if they have any issues with the machines or look how they drive and they are also they are mainly in the base in the garage so in the maintenance of the vehicles and also based in the logistics and production, if they see what the machines are doing, how long they are running, and all the other information to get from the vehicle. So, they up to 15, 15 people including myself now working with the program in [Customer Company]." (I, Customer)*

Understanding the variety of customer's own stakeholders and their needs can create new opportunities to improve their business outcomes. In the end, customer success means simply either reducing customer's costs or increasing their revenue. The Case Company

operates in industries where sustainability is valued, and there is regulation that must be followed. Currently the digital service product provides data on fuel consumptions and emissions that make a good example of data that can be also beneficial for the customer's own customer relationships or help them fulfil some of their regulatory responsibilities.

> *"We have to report all the CO2 emissions that we cause... For the products that we produce, we need to kind of measure how much CO2 we emit. So, so that's, that's one of the key parameters that we are looking at. That's also why we want to reduce the idling and also the fuel consumption overall. To have a lower CO2 footprint." (C, Customer)*

> *"And when you put that into account with using the [eco-friendly products] as well with the reduced fuel burn that they have, you do need it for the environment as well, and you're able to say that you can demonstrate that to your customers and say, you know, we do take this seriously. We do take this responsibly. We can see what our sales is from the software as well, or how many tonnes of CO2 we get out into the atmosphere. We can actually reduce that. We can say we're doing something about it, we're looking to do something about it, you know? And again, it's having that data available to you and it's there and readily in front of you." (G, Customer)*

Understanding how the usage center is formed and what roles or stakeholders are involved is also critical from the *communications* point of view since different roles require different levels of information. For example, marketing communications can be used to drive service adoption and customer success only if there is clear understanding of customer roles and their needs. According to internal informant H, the current communications related to the digital service product are too general in nature and therefore, not serving the full usage center in customer organisations.

> *"But the trouble is to identify the relevant user role in the customer case because I strongly believe that every customer that every business can benefit from, from the services we offer, but many in different ways. And the customer may not know about it. And the trouble, like I said before, as we don't know what the key driver for the customer is. We cannot really do specific campaigns for specific customers*

or something or users in that one to identify and promote to. And we do it, of course, only widely all over the world. ... We do 100% marketing, but at the end only reach 2% of interest or something. Because it's specific enough, I would say, if you don't understand what the customer really needs and this is like in Microsoft Office or something, do you have such a wide portfolio of possibilities in office? And how much do you really use of it?" (H, Internal)

4.1.4 Seamless integration between digital and physical products

In product-service systems, the desired outcomes are achieved with a combination of products and services. Adding digital service products makes no difference to this. However, digital products are often developed in separate teams or functions from other services and products and have their own responsible employees. From customer success perspective, this may form a challenge for the integration, as the data provided by digital service products is not utilized in other services. The interviews indicate that improving this integration between the digital service product and other services or products is critical for enhancing the potential of digital service product in creating customer success. In this context integration refers to all data, knowledge and resource sharing between the digital service product and other types of offerings, and creating business models and services that utilise the digital service product's capabilities effectively.

One example of seamless integration with the physical products is that the customers are expecting that in the future the same information and functionalities that are present in the digital service product would be also embedded to the physical product. For example, the machine would have information available on the screens of the cabin.

"I don't recall if there are any in the [Case Company Products] that have these screens in the [Product] as well, if it had shown every day your fuel consumption is this and your idling time or your idling percentage is this, then of course, the driver could monitor it itself and see okay now and have over 20% idling. I need to try to reduce it. Maybe I should shut the machine off more often when I'm standing still. So yeah, maybe. Maybe more on the [Product] side than the system side." (C, Customer)

From sales and business development perspective it is important to understand how customers are also using the data provided by the digital service product for their *investment decisions and planning their machine fleet* as customer C described in the interview. Thus, the digital service product is not an isolated service but can also be a big enabler for sales of physical products and other services.

> *"Maybe compare between if you have a [Competitor's product] and [the Case Company's product], you can compare those two over the lifetime of the machine. So, it could be for investment decision, but also to kind of see patterns over longer periods. Regarding idle time, fuel usage, fuel consumption. Just to compare different types of machines." (C, Customer)*

This can provide competitive advantage for the supplier in case they are able to use the data to prove the benefits of their data or set guarantees for a certain performance level. The Case Company is putting a lot of emphasis on sustainability, and they even provide fuel saving guarantee for their eco-friendly machine model. Customer G explained in the interview that they are actively comparing these new eco-friendly products to the other machines and are noticing the difference in fuel consumption, which will most likely influence their upcoming investment decisions.

> *"And obviously we take it on now some of the new machines, [the eco-friendly product], we're noticing a huge difference, a huge difference in fuel consumption and things like that, which is, again, I use that tool to feed it back to the board and it's just part of everyday life for us now." (G, Customer)*

Customers are also interested in reducing the size of their machine fleet and can use the data provided by the digital service product to do so. For example, customer C explains that one of their main interests regarding the service is to have all machines fully utilised so that they can have fewer machines. However, this might be conflicting with the short-term business goals of the case company as internal interviewee B points out.

> *"It's the idling time. Of course, I wanted to reduce that below 20% for all the [machines] that we have at least, and also that the usage should be optimized so*

that we can maybe have fewer [machines] in the future. We can reduce the amount of [machines] if possible..” (C, Customer)

“I was involved with a recent training where I went with a salesman and I showed [the digital service product] and some questions came from the customer. He was interested in reducing his fleet size. He was interested in productivity versus idle time. And he could calculate from the figures from his sister site because in Germany they are using [the digital service]. In England they are not using [The Case Company’s] machines. But he could calculate from the production output that how many machines he had. So, he had ten machines. He could do the same work with four. So, in that way, he was looking at it from a purchasing point of view. So that can be dangerous for us if we show we're so efficient. They don't buy so many machines.” (B, Internal)

This kind of conflict between the product sales and customer success can set a challenge for the customer success philosophy, but it can also be seen as an opportunity to discover *different business models* that are less product-focused and more outcome-focused and thus, also more sustainable.

In addition to investment decisions, customers are interested to hear how they can improve their operations based on the data collected with the digital service product as the interviewee G describes when asked about the support they have got from the Case Company.

"I liaise a lot with the guys in the UK with our sales manager, we have a really good relationship with we can bounce ideas off one another then into the service side of things, the, the service manager and the head of UK service, you know we're constantly sort of looking at things and we used I use this to review how the machines are going or how they're performing. And we have we have conversations about where we can perhaps maybe improve things or in fact need to improve things. Or would it be better if we left things as they were in terms of which mould we put the machines into? So again, it just it takes having that kind of information available to you when you start having a meeting with these guys is just it's invaluable because you can make informed decisions. You're not you're

not going on sale anymore. You can see what the machine is doing. You can see how it's performing. You can see if it's underperforming. And that sometimes you can sort of investigate things further." (G, Customer)

Another example comes from an internal interviewee, B, if money or resourcing was no issue, he would develop the software to proactively suggest the right spare parts based on the data. Even though the digital service product is sold with its own subscription as a separate product, the overall value-in-use is created combining it with other offerings of the Case Company. It can also provide transparency regarding the products and services of the supplier. In addition to spare parts sales, possibility to improve maintenance services was mentioned in the interviews.

"I think to some degree we would put part numbers against error codes, so when the machine reports it has a problem, we could associate that with a part and inform them, by the way, you need to buy one of these because this is broken that that would have been a nice code, but that's a massive task to do that. If money was no object, that's what I'd be doing. So, we could be more proactive. We could inform them that it's failing. And this is what you need to do to fix it. Or send the [The Case Company] engineer because it's better for us in that respect." (B, Internal)

"One thing I was thinking about just, just now was because we are ordering most of the parts for the [machines] from [Case Company], of course. So, kind of like cost per hour or cost per month or if that could be included, at least for the parts that we buy for each [machine]. I don't know if that's kind of hard to do, but that that could be of interest. Of course. Then you can also see the maintenance costs and the cost of parts for each [machine] use that for." (C, Customer)

4.2 Process for Customer Success Management

In this section the critical factors identified as well as other findings of the study are analyzed in comparison to the theoretical framework of value-in-use (customer success) management process (Prohl & Kleinaltenkamp, 2020). Based on this study, the process presented by Prohl & Kleinaltenkamp (2020) is applicable to the context of digital

offerings of manufacturing companies. To provide more concrete guidelines for CSM practices, several potential activities for the Case Company were identified when answering to the research question *How could customer success management processes be applied in the intersection of digital and physical offering?* Whereas CSM process as a framework provides high-level ideas of how to approach CSM, identified activities aim to be more context-specific tools for implementing the processes.

4.2.1 Value-based selling

Even though the focus of the interviews was in uncovering the post-purchase phase of the digital service product, sales aspects were also widely discussed. One explanation for this is that many of the interviewees were responsible for some type of sales activities, and other explanation might be that they experienced that some of the customers using the digital service product never truly "bought" it. For example, internal interviewees A, B and F described that renewing the subscription for some customers can be really challenging as they don't even recall having access to the service or for some reason have not used it at all. As the digital service product is very inexpensive compared to the machines, some customers may agree to include it in the deal without further discussion. However, if the Case Company wishes to make them active users, the service needs to be sold as an idea again and again after the initial purchase.

In the sales phase, *customer segmentation* based on the expected value-in-use could improve outcomes from both the supplier's and customer's perspective. While the relationship between customer success and sales is not yet widely discussed in academic literature, business literature on CSM (Mehta et al., 2016) points out that the success or failure is often already set up in the sales phase. No CSM efforts can save customer relationships that are based on false expectations or are created with customers that are not suitable for the offering. In terms of customer segmentation, customers with more than 15-20 machines were considered most suitable for the Case Company's digital service product as described in section 4.1.1. Customer segmentation should lead to *customer prioritization*. The internal interviews described the challenges related to selling the digital service product of the Case Company: the amount of work required to get "the yes" from customer might not be in line with the gained revenue and other benefits. Therefore, customer prioritization is identified as another important activity for the value-

based selling process. These activities are also acknowledged in the value-based selling literature: for example, Terho et al. (2015) identified prioritization as a key enabler for salesperson performance in VBS. In the quantitative study of Terho et al. (2015), segmentation did not gain statistical significance as a variable effecting on value-based selling. However, customer segmentation can be considered as a prerequisite for customer prioritization.

Understanding of customer needs and processes was identified as one construct for supplier know-how and motivation. The importance of this kind of understanding is considered extremely high throughout the customer success management process, including the value-based selling phase. The value-based selling sub-processes presented in the literature, *value quantification* and *value communications* can not be conducted without proper customer understanding. Therefore, all processes of CSM should be integrated so that there is systematic data collection throughout all customer interactions and on the other hand, systematic data sharing between sales and other roles and functions. These suggestions are also in line with the existing literature on value-based selling: Terho et al. (2015) found that customer orientation translated into better salesperson performance, whereas the research results by Keränen and Jalkala (2014) indicate that knowledge sharing practices are critical for value management.

According to the interviewees of this study, value communications require improvement towards highlighting the relevant customer benefits as informant E described. In terms of value quantification, VIU monitoring processes could provide new opportunities to make accurate estimations for expected VIU in the the sales phase.

> *"In general customers are explained in a bit more detail that what can be done (with the digital service product). There are certainly many things in place already – such as the scheduling of machine maintenance, which is something that probably not all customers know. That may be our weakness that we have not actively promoted all these things that make their everyday lives easier. Those are the things that should be communicated to the customers." (E, Internal, translated)*

4.2.2 Value-in-use monitoring

While challenges in renewing subscriptions and customers not gaining the full value of the digital service product they have purchased was one of the main concerns of the internal interviewees, no consistent activities for value identification are currently conducted. Compared to solutions that promise certain outcomes for customers, the outcomes of the digital service discussed in this case study are greatly dependent on customers' own actions. Consequently, both internal employees and customers found measuring the benefits of the digital service product quite challenging. Customer I described that they had experienced value in use in the form of reduced manual work and time, but they are not actively calculating these benefits.

> *"Well, it's hardly to hardly to measure them. It's very good that we have always up to date operating hours because of the automatic data transfer via the API. That's one of the of the good points because in the past it was always that the person responsible for the vehicles on site had to walk around and write down the operating order from any vehicles and type them type by hand into the system. So, this was a lot of a lot of work on every site, every end of the month. So that's a very good figure also that we see the shocks. But there is no special benchmark or figure that we say, okay, we reduced this in this issue or less or less time on site because of [the digital service product]. So, we can't identify this figure that we have so, so much turnover more because of using it. It's a very helpful tool. This is how I would describe it. But hard to put evaluation figure on it." (I, Customer)*

Some of the customers were able to identify direct cost savings that the machine data provides for them. Especially cost savings in fuel were mentioned as a direct way to identify value in use, as customers C and G described.

> *"And so now we only kind of measure the idling time and usage. So of course, if you reduce the idle, we also reduce the fuel consumption and the CO2 emissions. So that's kind of the things that we can reduce and that be the cost, cost of the fuel. Of course, now the fuel is quite costly, so more and more interest to reduce that. That's the only thing that we try to reduce the cost on us. So now, but of course if*

we can use the [products] more efficiently and of course the tire wear could be less." (C, Customer)

"Benefits are endless. -- We get almost real time information back or certainly very recent information back on the machines, on the performance. Again, with the price of fuel at the minute in the UK, we've just gone through the change in the UK. I don't know whether you are aware that we used to have a used to use a tax-free fuel on the machines which has now been abolished. So, we have to use road fuel in the machines. That's put a 40% increase on our running costs overnight. So obviously our costs have gone up 40% overnight. So, we need to understand what's going on with that and being able to see what your machines are doing in terms of your fuel against productivity now is more important than ever because if you've got a machine that's underperforming, it is burning 28, 20 to 25 liters of fuel an hour, then doing 1414 lifts an hour. That's a really poor-performing machine, whereas we can see that straight away on [the digital service product]." (G, Customer)

The interviews indicate that the direct VIU identification is mostly conducted by the customers in their daily operations, as the supplier lacks the correct information to collect such customer-specific measures. However, the case company could provide comparison reports that highlight how measures have developed through time. According to the interviews, customers are interested to follow changes for example, on a monthly level.

"Or as it were, we are comparing it to the last month and also to the last year. So to see are we doing better this this year than last year or better this month and last month?" (C, Customer)

In addition to direct VIU identification, Prohl's and Kleinaltenkamp's VIU management framework (2020) presents indirect VIU identification as a simultaneous process. The case company is not actively using methods for indirect VIU identification but has sent emails for feedback collecting and receives customer feedback through different channels. According to Prohl-Schwenke & Kleinaltenkamp (2020, 2021), analyzing customer behavior provides another method for indirect VIU identification. This was also brought up in the interviews as a possibility for the Case Company to gain more accurate

customer data. Especially internal informant H pointed out that customers don't always tell the truth about their usage of the digital service product. Customers may have different motivations, or they are not particularly aware of their own usage patterns. This sets up a challenge for the supplier that is trying to monitor the customer's VIU and understand how customers use the product. For this reason, suppliers should utilise multiple data sources and formats to extract knowledge. As a software-based product, the digital service could provide accurate data on customers actions, which is currently not actively utilised.

> *"Because when you when you speak to a customer, then of course, you hear mostly his opinion, and you never know what is the motivation for that specific person to answer the question and to vote for four options or something in the software. I think there are many, many ways to do analyses, for example, how users are operating in software. So, to monitor what kind of clicks they really do and I hope that we have this statistic, but I have never seen it. But I think it would have made sense to discuss this kind of statistics upfront with the with users often dealing with in the front line with the customers and verify does this click rate or however to call it make sense and somehow paint a bigger picture?" (H, Internal)*

> *"We need to know who has the best knowledge of our customers. At the end, it should be Salesforce, in my opinion, our customer relationship tool. And in this tool, we should request our sales. Key communication points to the customer to document as well. How the digital products are used and by whom they are used at this point. Because often what we should not underestimate is that there's maybe one account, but several users using the same account." (H, Internal)*

> *"Because when you do an interview with the customer, you will have only one. One point of contact. And you never know if this one point of contact really tells you the truth about the operation, how they daily operate with this software. And I think only about documenting this, let's say, with every visit and ask the specific questions in this direction, how they use the software, how they get benefits from using the software in what their benefits are." (H, Internal)*

Informant H also suggested that the Case Company should collect more systematically qualitative customer data such as data on the benefits customers are expecting and

experiencing. Prohl and Kleinaltenkamp (2020) emphasize that understanding customer's goals is particularly important for VIU identification. As the involvement of customer usage center was identified as a critical factor, it is important to understand both collective and individual goals and VIU. The importance of understanding also individual VIU – which is often neglected in the business markets – is supported by the existing CSM literature (Macdonald et al., 2016; Prohl-Schwenke & Kleinaltenkamp, 2021).

The interviews indicate that not all frontline employees have sufficient understanding on goals of their customers. Having a standardized way to address customer goals from the beginning of the digital service usage could improve the chances to conduct VIU identification and reporting. As interviewee H presents, employees conducting training or other customer onboarding activities could have a list of questions to map the customer's goals. For more low-touch customers the same could be implemented with for example, digital surveying. The case company could use this information for VIU enhancement activities or reporting how their key performance indicators seem to be developing. Similarly, the experienced VIU should be documented and highlighted for the customer for example, by organizing regular meetings to go through the experiences. The need for systematic data collection and management is in line with findings of Keränen and Jalkala (2013), who have identified lack of relevant data as one of the main challenges in assessing customer value.

4.2.3 Value in use enhancement

Especially customer G provided good feedback for the Case Company regarding their activities on reflecting on opportunities for value enhancement. Meetings where the data provided by the digital service product is used to discuss customer's operations, create upselling opportunities, and develop collaboration in maintenance activities are considered extremely helpful in ensuring VIU for the customers. Internal interviewees found the digital service product useful for maintenance staff as it provides opportunities for active value enhancement. However, many interviewees described lack of expertise regarding the digital service and internal service employee survey conducted by the Case Company indicated similar results. As supplier's know-how and motivation was identified as a critical factor for customer success, improving this factor might increase proactiveness on VIU enhancement in everyday customer interactions.

According to the interviews, customer onboarding and training are the most important way for the supplier to enhance VIU. Internal interviewees emphasized also needs to improve technical onboarding activities such as seamless creation of customer user accounts. The informants described that from the customer experience perspective, having even small delays or uncertainty in the access activation process can cause frustration in customers. Bad customer experience, for example having to ask about the access rights or wait for a long time, may also affect on the customer's motivation to actively start using the system, as customers mentioned lack of time being one of their main challenges in using the system. Support in the beginning of an active subscription has been identified important in earlier research as well – for example, Kleinaltenkamp et al. (2022) presented that project or relationship phase is often relevant antecedent for CSM activities.

Based on the experiences of the interviewees, having one training session or meeting to go through the service is not enough for effective customer onboarding. As motivation is critical for customer success, it is important to encourage the users' good habits that feed the motivation to use the system. Thus, there should always be a follow-up activity for the first training session.

> *"I think also when they have had the access for some for a while and they have used it, it's many things that we can see in daily work. Also, if we have worked with a project or a program, when we have used it for a while and you have learned some things, it can be okay to have a repetition [of training]. So, because it's easier to see all the opportunities when you know a little about the system." (A, Internal)*

> *"First basics – for example, an hour – then user should reserve time for using the system. Another hour later so that the user has learned the basic things and can ask questions." (D, Internal)*

When the interviewees were asked what it requires from them to get the full benefits from the system, the main findings were knowledge on what they can do with it and time to use the system. These constructs of customer know-how and motivation were discussed

earlier in section 4.1.1. In addition to technical training, the interviewees wished that there would be more training and material available to explain different use cases and benefits of the service. As customer success management literature presents (Hochstein et al., 2021; Zoltners et al., 2019), customers are expecting that their supplier has consultative approach to collaboration that goes beyond sales and product presentations.

> *"I think that the system is kind of self-explanatory, as I mentioned before. So, it's easy to get to know it. But of course, some kind of training, it could be good to understand how to use it and which benefits we could get from it. So, of course, if you just get introduced it and start working with it, you will find more or less out of it by yourself. But to have some kind of training from [The Case Company] to get the most out of the system - that will be the best, of course." (C, Customer)*

Regarding the lack of time and resources as a challenge, different options for training were discussed. E-learning was suggested in interviews as an option to conduct training or complement live training sessions. E-learning was also considered beneficial for effectively onboarding new users in customer organizations, which might increase the involvement of the usage center. Both customer and internal interviews indicated directly and indirectly that providing training and training materials is a critical activity for CSM. As lack of know-how related to the digital service product was identified as the main challenge for wider product adoption and customer success both in internal and external interviews, training materials and programs should cover both supplier's employees and customer's employees.

> *"If you have some e-learning kind of system that just shows picture where to find things in [The Digital Service Product] and good examples on how to utilize it to get the benefits from the system. That would be great. And then it's easier for people to attend, kind of you can just send it to us and then we could share it with the people in our organization that that needs that kind of training. So, it's kind of difficult to find a date or a time timing that fits all our people. An e-learning training system that would be very, very good." (C, Customer)*

"For training, if they could train themselves, if we could give them a link to a website or like the Learn platform, a lot of them would be interested in that to improve how they use the system. I think that would be a good idea." (B, Internal)

In terms of customer support, customers preferred as direct support as possible. Some interviews indicated that lack of knowledge in the service frontlines or technical complexity caused by system integrations can cause delays in supporting customers, as discussed in more detail in section 4.1.2. Improving the know-how in local country organisations could increase the amount of support requests that can be handled locally.

"It's always the short way of information is the best. It doesn't matter if it's if it's producing boards or buying a machine or have a service done with the machine or with the telematic systems. So, the short ways are always the quickest, always the best. If there is anything new or be having troubles like I don't have the contacts with the correct person, then they should help me. So that's the preferred way of doing it. Instead of sending email to someone and they have to look at it and then they have to send it to another department, they have to look at it and then it's. Three or four or five days or two weeks are gone quite quickly. So, the quickest way is the best way." (I, Customer)

Whereas training activities are important especially when starting a new subscription for the digital service, proactive communications are required throughout the customer relationship. User interface change – that happened before this study was conducted – was used as an example with the interviewees to discuss what kind of communications and support are expected by the users and other stakeholders. According to internal interviewee H, there is still room for improvement regarding the product communications. Especially in the case of more engaged users, it is important to inform them about any bigger changes beforehand. Overall, the interviewees considered email communications as a sufficient channel for sharing product updates.

"But when somebody is changing something in your function, what your day to day use in these tools, then you get a bit angry about it. And you would like to know this up front and prepare and change it and so on. And afterwards you can be happier about it. Of the change. No worries about it. But when you don't know about the

change, and you search for a new function or whatever in you're in the first place got confused." (H, Internal)

"For example, a newsletter to present the new things or video clips that compare old and new could be beneficial. Email would be enough as a communication channel." (D, Customer, translated)

Customer-oriented product development and product development together with customers was identified as an important activity for VIU enhancement.

"That customers are listened in what they want to do with the system. In many times our product development goes so that we'll think for months and months what we assume the customer wants and then we'll offer that. The reality can be completely different. So, in the very beginning when we start developing something new, there would be some customers involved from a bit different sectors. They would tell what they want to see from the system and how to use it. And how much it can cost." (E, Internal, translated)

Customers are expecting the Case Company to take their development ideas into account in product development. This is especially the case with the bigger and more active customers that may have more development initiatives themselves. From CSM perspective, it is important that the digital service product is serving real customer needs but also including customer wishes has a significant role in relationship building. The findings support earlier research conducted by Prohl-Schwenke and Kleinaltenkamp (2021): customers are expecting partnership behavior from their suppliers. They are willing to share their ideas with the supplier that is responsive and aims for win-win situations. For example, informant I describes that they are happy with the current responsiveness for requests:

"But if like we said with [a software feature], we are already in discussions with the programmer from [the Digital Service Product] -- But everything else is someone is coming up with an idea and then we ask if this is possible. If it is possible, they show us how it works. If not, the programmer discussed this internally, if it is worth to change the mindset for every customer you have, or

they can then see the point of they can do it or they can do it. But that's okay. It's always, always hard to know something that you want, something that is not already existing. So, it's quite tricky to describe it, but we are fairly happy with the system, how it is right now." (I, Customer)

4.3 Summary of the results

Four main themes identified as the critical factors for customer success management in the intersection of digital and physical offerings are presented in Figure 11. Digital services are providing new opportunities to enhance customer value for physical products and other intangible services, but they also require variety of different competences. In this case study customer's know-how and motivation were found critical for customer success and supplier's know-how and motivation are a prerequisite for that. Also, involvement of customer usage center was found critical. Combining variety of tangible and intangible offerings is a key characteristic for product-service systems, which makes the seamless integration of digital and physical offerings critical regarding CSM.

Customer know-how and motivation	**Supplier know-how and motivation**	**Involvement of customer usage center**	**Seamless integration of digital and physical**
Expected value in use	Technical know-how	Influence on the manager level	Support for investment decisions
Individual characteristics	Understanding of customer needs and processes	Multiple roles and stakeholders gaining value	Outcome-based business models or outcome guarantees
Perceived importance of the physical products	Company culture, resourcing & compensation	Understanding the variety of needs of stakeholders	Support for overall collaboration and operations
Company culture and resources	Possibility to influence	Tailored communications	
Technical know-how			

Figure 11. Critical factors for CSM in the intersection of digital and physical

Both customer and internal views were included in this study. In contrary to earlier literature stating that customers tend to overemphasize the role of supplier and supplier's resources in value creation (Macdonald et al., 2016; Prohl-Schwenke & Kleinaltenkamp, 2021), the customers interviewed in this study were aware of the importance of their own contributions in value creation. This might be related to the nature of the Case Company's offering: the digital service product is primarily a tool for customer's use and not a solution with supplier responsibility on outcomes. Overall, customers and internal

interviewees had similar thoughts on the themes discussed. In terms of CSM processes, internal interviewees tended to emphasize activities and needs related to sales, whereas customers were most interested in VIU enhancement activities such as training and other forms of support.

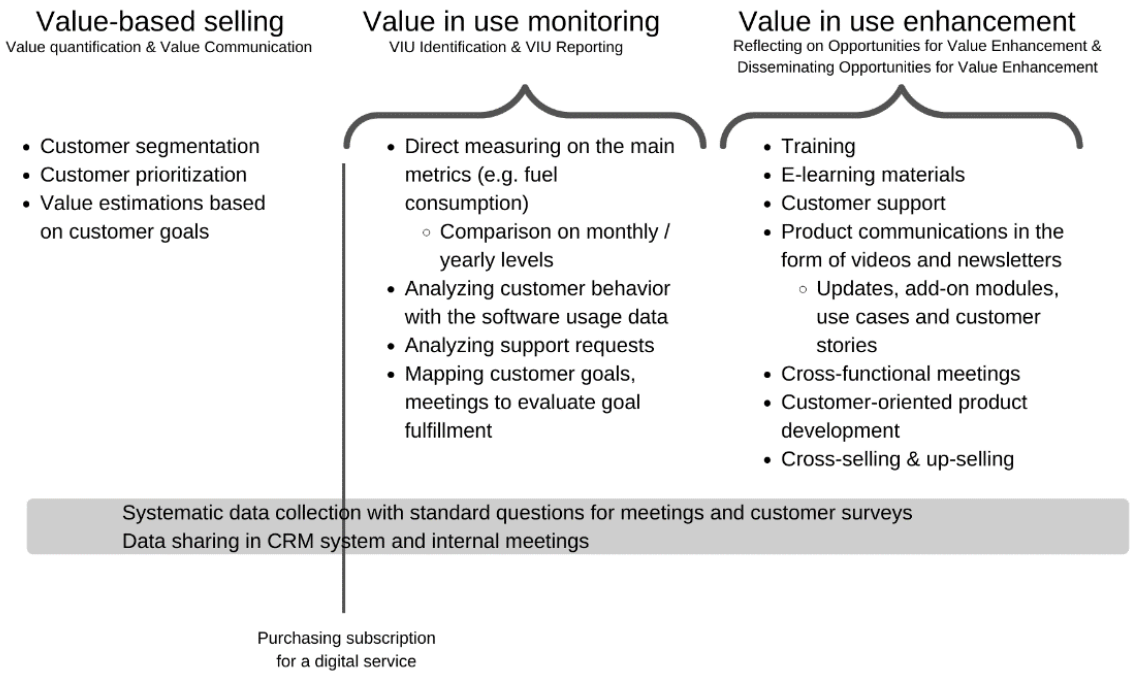

Figure 12. Customer-related activities presented in the VIU management process framework

The findings of this study were reflected with the existing literature and the value-in-use management process by Prohl and Kleinaltenkamp (2020) was used as the main framework. To understand ways to implement CSM in the Case Company's context, the customer-related activities were mapped in three processes: value-based selling, VIU monitoring and VIU enhancement as presented in Figure 12. One of the main findings to enhance the process was the importance of systematic customer data collection and sharing throughout the CSM process. Especially needs for qualitative data on customer goals, usage center, expectations and experienced value in use was highlighted in this study. In terms of VIU enhancement activities, cross-functional activities should be emphasized in the product-service system context as the final customer outcomes are constructed with wider offering than just one digital service.

5 CONCLUSIONS

5.1 Summary of the research and results

Phenomena like digitalization and servitization have been identified to drive the importance of customer success management, the proactive prioritization of customer goals and outcomes. CSM has its origins in software industry but is gaining growing attention in more traditional industries such as manufacturing. This study aimed to answer the growing need to understand how customer outcomes could be better managed in the intersection of digital and physical offerings, while subscription-based digital services are becoming a common part of the offerings of manufacturing companies.

The final research objectives were formed in an abductive process. Drawing from the method of systematic combining by Dubois and Gadde (2002), data generation, literature review and analysis were overlapping to combine existing theory and the framework of value-in-use (customer success) management process with the empirical world and the case. After a few interviews and extensive reviewing of the related literature, the study was refocused to (1) identify critical factors for CSM in the intersection of digital and physical offerings and (2) to describe how VIU management process could be applied to the presented context.

The theoretical background of this study is in relationship and services marketing literature where customer success management is a relatively new and emerging research topic. To gain better understanding of this concept, customer success and customer success management were defined. It was concluded that customer success, equivalent to value in use, is defined as the customer-perceived positive outcomes that are achieved by using the supplier's offering and in relationship with the supplier – as value is co-created. Customer success management then again refers to the proactive prioritization of customer goals and outcomes, which includes concrete activities such as organizational

functions, roles, and processes as well as the general mindset – "philosophy" in the company.

The case in this study was designed within a globally operating Finnish manufacturing company that offers a digital service product as a part of their offering. The Case Company provided access for data generation among the internal stakeholders and customers of the digital service product. Overall, 10 semi-structured interviews were conducted. Based on these interviews, four critical factors regarding CSM in this context were identified: customer know-how and motivation, supplier know-how and motivation, involvement of customer usage center, and seamless integration of digital and physical. These results indicated that CSM should be understood as a highly competence-intensive approach to managing customer relationships. In addition to the critical factors identified, the customer success management process proposed by Prohl & Kleinaltenkamp (2020) was applied to this context by evaluating the relevance of the process and identifying potential activities in the given case. The framework was found applicable to the case and several activities were identified to enhance the processes and bring concrete guidelines for implementing CSM.

5.2 Theoretical contribution of the research

According to Ladik and Stewart (2008), studies can contribute to marketing science in three ways: by building theory, applying theory to a new context, or utilising new methodology. Customer success management is an emerging research topic that is covered in only few empirically supported articles. Based on the recent research, it is most associated with research on business solutions.

Firstly, this study applied customer success management concept to the context of industrial product-service system, where both digital and physical offerings are involved. This kind of setting has been mentioned in customer success literature several times: for example, Porter and Heppelmann predicted already in 2015 that manufacturing companies are moving towards customer success management, as they develop products that are connected to the Internet. Despite considering IoT-enabled services as one of the main application areas for customer success management, the field of industrial marketing still lacks specialised research regarding this context. In this study, CS and

CSM were studied in the product-service setting, and several new contributions were made. In addition to better understanding which CSM activities are relevant in this context, this study created understanding on the critical factors related to CSM in the intersection of digital and physical. As an extension to existing theories, the critical factors found emphasize the need to develop knowledge management competences in manufacturing companies to enable the realization of value expectations of digital services. On the other hand, the results indicate that especially in this context the adoption of CSM philosophy has implications for also developing new business models.

This study also provided methodological contribution to the topic of CSM. As Kleinaltenkamp et al. (2022), CSM comprises two fields of endeavor: securing the customer's value in use related to the supplier's offering and organizing internal processes and structures to achieve this goal. However, there are still only few studies including both customer and supplier views. Considering this, one of the main contributions of this study is the coverage of both customers and internal informants in data generation.

The contribution continuum model of Ladik and Stewart (2008) presents that contribution to research can take eight different forms: on one end of the continuum being identical replication and on the other end, developing a new theory to predict a completely new phenomenon. The contribution of this study goes beyond replication as new theoretical extensions were provided in a new context of theory application: even though the relationship between service quality and CSM provided by the supplier has been covered in earlier research (Macdonald et al., 2016; Prohl-Schwenke & Kleinaltenkamp, 2021), critical factors have not been identified before. The critical factors identified are complementing the earlier definitions of CSM by emphasizing the holistic and knowledge-intensive nature of CSM. Regarding the value-in-use management process (Prohl & Kleinaltenkamp, 2020), this study suggests that systematic data collection and sharing should be included in implementations of VIU (CSM) processes.

5.3 Managerial relevance of the research

One of the goals of marketing research is to provide new information and knowledge to help business leaders improve their business and reach their goals – this is referred to as the managerial relevance of research (Jaworski, 2011).

Customer success management is relatively new, emerging topic in business management. The term has been used rather inconsistently, which can also lead to confusion regarding this concept. This study provides guidance for companies that are aiming to grow their service business or even move towards solely solution-based business. Including digital technology in service offerings is constantly gaining more and more popularity, which has made it critical for companies to understand how to make their customers truly adopt these technology-based offerings.

First practical implication of this thesis is understanding the importance of developing new competences such as knowledge management in the established manufacturing companies. Without sufficient know-how in the organization, customer success management will most likely be just a rebranding for reactive customer support or sales, lacking the proactive and consultative approach that is at the heart of the CSM concept. Customer success management should also go beyond specific functions or roles because organizational culture and compensation are considered critical.

As the second implication, it is important for business practitioners to understand how the driving trends of customer success management are also changing the business models and improving the customer-centricity in product development. This study revealed that adopting the customer success philosophy in manufacturing industry might conflict with the more traditional business such as selling tangible products. Customer success management should be used as an opportunity to create customer understanding to use for business development such as creating new business models that are focused on the customer outcomes or by involving customer insights in product development.

The third managerial implication of this study was a concrete customer success process that is presented in Figure 12. Activities placed in the process are concluded from the results of this study and the existing literature on CSM. On top of different customer interaction points presented, practices for systematic data collection and sharing should be adopted. Data related to the digital offerings should be understood in more general sense instead of restricting it to quantitative data, as in fact, the qualitative customer data is found extremely beneficial.

5.4 Limitations of the study

Reliability and validity are terms that are often used to evaluate and describe how trustworthy a research study is. However, in the case of social constructivism and qualitative methodology these terms are not considered relevant for evaluating the research – as social constructivism acknowledges possibility of multiple truths and sees the researcher as an active participant in constructing the knowledge (Carson et al., 2001). One framework for evaluating qualitative research is provided by Lincoln and Guba, who suggest utilizing four viewpoints: credibility, transferability, dependability, and conformability (Eriksson & Kovalainen, 2008).

Credibility of this study is achieved by a throughout literature review that ensures that the researcher has a proper understanding on the research topic in terms of theories. The interviewees were selected from two pools: customers and internal stakeholders, which developed triangulation in the material and provided versatile views on the research topic. Even though saturation started to occur in the interview data, wider material could have provided even more throughout results. Especially in the case of internal interviews, all interviewees were representing different roles, which may impact on the consistency of the interviews and interpretations made. It is also noteworthy that the interviews are representing subjective experiences of these individuals. Interviewees may also have barriers to share their experiences truthfully.

Regarding the dependability of the study, the process of analysis is described to the reader, and observations and interpretations made on the data are presented so that the reader can observe how the researcher has come to their conclusions. Conformability refers to the way the findings and interpretations are linked in order to justify the results found (Eriksson & Kovalainen, 2008). In this study conformability is ensured by for example, providing quotations from the interview data as a part of presenting the results.

Transferability refers to the connection between the research results and the previous research on the topic (Eriksson & Kovalainen, 2008). The results of this study align with existing literature on CSM but manage to also provide new knowledge on the research topic. This thesis was conducted as a single-case study, which means that the empirical data represents only one company and its customers. Case studies rely on analytical

inference and do not aim for statistical inference (Dubois & Gadde, 2002). Thus, the findings of this study can not be generalised to all manufacturing companies offering digital services as a part of their product-service system.

5.5 Further research directions

Customer success management is an emerging business phenomenon and a research topic that provides multiple research opportunities for the future. According to Kleinaltenkamp et al. (2022), CSM refers to securing the customer's value in use related to the supplier's offering but also to organizing internal processes and structures to achieve this goal. In this study the focus was on customer-facing activities and therefore, this study does not provide answers on how to organize customer success in an organization or what kind of roles should be involved. In future research, organizing customer success management in different contexts should be prioritized.

As this study presented several improvement ideas for customer success management in the Case Company, this would set a fruitful ground for conducting more experimental case study where impacts of the improvement ideas would be measured and validated through a longer period of time. Also extending the research to a multiple-case study would be beneficial in identifying how the findings apply to a wider sample of manufacturing companies with digital and physical offerings.

The aim of this study was to gain high-level understanding of customer success management in the context of manufacturing companies and product-service systems. It can be assumed that the requirements for CSM may vary based on the industry and offering in question. It is advisable, that other studies linking CSM in more specific contexts are appearing in the future. Also, narrower research questions in topics such as CSM metrics and roles are recommended for gaining detailed insights that would support the practical development.

Involvement of customer usage center was identified as one of the critical factors for customer success in this case study. The concept of usage center would provide many fruitful research questions for industrial marketing management. From the perspective of

this study, understanding how to identify usage centers and their varying motivational factors would be some of the interesting topics for further research.

One of the main findings of this study is the importance of employees' motivation and know-how in CSM. This provides several opportunities for further research: for example, creating more throughout understanding of the competences required and how to acquire them would be beneficial for both theory and practise. Also, employee motivation could be research with more inclusive data – for example, by utilizing quantitative research methodology.

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APPENDICES

Appendix 1: Interview structure (Internal interview)

Background information

- What is your role at the Case Company and how would you describe your regular workday: what do you do and who do you interact with?
- Is your work measured in some way?
- How is The Digital Service related to your work?
    - How familiar are you with the service?

Customer usage

- Have you been involved in onboarding customers to The Digital Service?
    - Describe the process of Onboarding a new customer to the service
- Based on your experience, how do the customers use this service?

Value co-creation

- What kind of interactions you have with customers regarding The Digital Service?
    - Describe the customer contacts
    - Do you or your colleagues contact customers regarding The Digital Service? Why?
- Imagine a perfect scenario of assisting customers with The Digital Service. What kind of activities The Case Company would do to help customers in this perfect scenario?
- Do you feel like there is something preventing you from assisting customers with The Digital Service?

Stakeholder management:

- What kind of different roles on the customer side are involved in using the service?

Value assessment

- What kind of benefits have customers gained from the service?
    - Would it be possible to measure those benefits somehow?
- What does it require from the customer that they get the full benefit of this service?

Appendix 2: Interview structure (Customer interview)

Background information and value expectations

- What is your role and how would you describe your regular workday: what do you do and who do you interact with?
- How did you first learn about The Digital Service?

Customer usage

- Tell us about the last time you used The Digital Service?
    - How often do you usually use the service and in what kind of situations?
    - What other information systems are you using in your work and how does The Digital Service compare to those?
- What are the main reasons for you to continue using this service?
- Do you have some kind of goals in your job?
    - Do you feel like the Digital Service is helping you to reach your goals?

Value co-creation

- How has The Case Company helped you in utilizing The Digital Service?
- Can you recall any examples of situations where The Case Company could have supported you better?
- The Case Company recently launched the new user interface, the new look of the Digital service. Have you already been using this version of the service?
    - Taking this change as an example, what kind of activities from the Case Company would have been helpful for you in getting to know this new version?
- Imagine a perfect service experience with this service. What kind of activities The Case Company would do to help you in this perfect scenario?
- What is your preferred way and channel of receiving communications from the Case Company related to the digital service?

Stakeholder management:

- In addition to yourself, who else in your organization is involved in using the digital service - either directly or indirectly?
    - What kind of goals do these people have?

Value assessment

- What kind of benefits have you gained from the service?
    - Do you measure the gained benefits of this service?
- Do you think there are some benefits that have not been realized for you yet? Why?
- What does it require from your organization that you get the full benefit of this service?