The complex service field-

Is it possible to standardize?

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Abstracts

The field of complex services contains several actors. First it is the complex service company that supply a professional service supplier. The professional service provider acts in many cases as a consultant. Secondly, the professional service provider works together with the client to reach a more efficient marketing. That marketing is then directed towards the customer. The customer is the client's client and the end result.

The purpose with this dissertation is to investigate if it is possible to standardize the working procedure in order to make it as efficient as possible. We choose to investigate this based on interviews with two firms: Marklyss, a domestically operating firm, and GFK, an internationally operating firm. Our limitation is due to the ability to find participating firms.

Based on the interviews, we analysed the collected information through different theories such as 7K and standardization versus adaptation model. This was done to find similarities and differences between the companies. We found that there were some similarities that could be used to create a standardized platform for the working procedure. Also we found some differences that could be investigated further if there is any possibility to find out why and if it is possible to transform it into a similarity.

Key Words

- Complex services
- Professional service provider
- Efficient working process
- Knowledge Value Chain
- Standardization versus adoption
- Transactional versus relational
- 7K
- PSP - the Problem-Solution-Plan Model

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1. Introduction

The first chapter presents the background of the dissertation and the problem. Furthermore the purpose, limitations, research questions are defined.

1.1 Background

Today marketing is a great force in gaining competitive advantage over other companies. How good your marketing skills are and how an execution of an idea is performed can be the difference between success and failure for the company. Companies strive to decrease the marketing costs but also to increase the profit. How to make this possible is an ordinary issue of a company's daily work. Nowadays companies act on a more globalised market. This brings another aspect to the field. Is the targeted market acting as homogenous or heterorganic market? Therefore the need for efficient marketing is essential for each business to achieve economies of scale. This kind of aspects makes one wonder if it is possible to standardize marketing as a tool to reach the target group. Perhaps in theory a certain approach would work, but in reality; how would a company act to reach its targeted group? In theory by having standardized marketing, you might assume it would lower the barriers to entry. Despite the size of a company, the company would have the same opportunities in marketing as the global ones.

We are interested in finding similar backgrounds within complex services companies in order to see if it is possible to standardize the working process. We will also investigate if it is more successful to standardize compared to adaptation. If it were possible to standardize the strategic choices it would improve the ability for companies to stretch their services to an international level.

1.2 Problem

To emphasize and highlight the core of the problem a case study of two firms will be performed. One operates domestically (in Sweden only) and the other agency conducted internationally. A research will be made in order to explore the efficiency in complex service marketing. One of the two firms, Marklyss organizes marketing plans mainly for companies in the complex service field, as for instance consulting. One can ask in what part and what way of conducting this service to its customer, will Marklyss encounter obstacles in obtaining a suitable marketing plan, to guarantee satisfaction and create more value for the customer? The customer will not know the real value of the service being bought from Marklyss nor GFK, until in a later stage.

Due to the fact that the professional service provider is unique and the result only can be evaluated after executed service, it is a problem for the client to know that the result will be satisfying. Complex businesses rely upon trust between the company and the client. The business operates based on long-term relations and maintains satisfaction for the already existing clients. It is time-consuming to build up a relationship based on trust therefore it is easier for a company to keep current customer than seeking new ones.

1.3 Purpose

The purpose of this dissertation is to find out if it is possible to standardize the working process in complex service field. This would result in lowered cost of marketing and make it easier to enter the market for new entrants. If the working process is standardize the companies are able to compete on the same conditions whether they are large or small organisations.

1.4 Limitations

Due to the time limit the focus will be on the main theories in the field and to the interviews in order to analyse the collected data and reach a conclusion. The investigation is limited and based on two firms, Marklyss and GFK, because it was very difficult too engage firms to participate.

1.5 Research question and objectives

In doing this research, we hope to find out if standardize working procedures is possible not only in theory but also in practice. Therefore are we investigating the following questions:

- To what extent or in what ways is a firm that is offering complex services standardizing their work approach?
- Which specific factors during the process create more value for the customer?
- How can professional service provider guarantee a satisfactory result before the implementation of the service?

1.6 PSP- model

To answer our research questions we are going to use our own model, the Problem-Solution-Plan- Model (PSP-Model). The model evolved as we tried to understand how the two companies Markalyss and GFK function. The model works as of it first is trying to analyze what problems there might be in the company and thereafter is trying to find a proper solution to that problem. The model will be explained in greater detail in chapter 2 where it will be applied to the two companies Marklyss and GFK.

1.7 Outline of the dissertation

- Chapter 2: Choice of methods and empirical data are collected and presented.
- Chapter 3: The research model is presented, as is the connection between the research question theories. The connection between the model and question are described and defined.
- Chapter 4: The literary framework. This is the theoretical part of the dissertation. Here the theories are presented.
- Chapter 5: Case study. The both companies, GFK and Marklyss are presented and analysed.
- Chapter 6: An analysis of the data is made and answers are presented and connected with the theories.
- Chapter 7: Conclusions and discussions of the dissertation.

Appendix and references are presented at the end of the dissertation.

1.8 Definitions

In this dissertation we are using four terms that need to be defined. These are: Complex services, professional service provider, the client and the customer. The supply chain of services are shown in this figure and further explained.

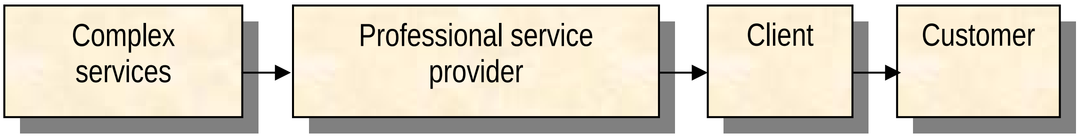

Figure 1.1 A supply chain of services.

- *Complex services*- Companies that offer complex services are knowledge companies such as consultants, accountant, analysts, architects, lawyers, doctors and real estate brokers. These types are basing their work on the knowledge they are providing the client. They are solely dedicated to problem solving.

- *Professional service provider*- A professional service provider is a consultant that works with problem solving within a complex service company.

- *The client*- The complex service company’s customer. The customer has turned too the complex service company for problem solving for an area where they lack competence and knowledge.

- *The customer*- The client’s customer. The customer in this dissertation is the final step of the service value chain. The result from the professional service provider is supposed too lead to better customer satisfaction for the customer basing on the clients products. It is also a measurement of how well the professional service provider executed the mission and resolved the client’s needs.

2. Literature framework

In chapter two the literature framework is presented.

2.1 Introduction

This chapter is about understanding the process that complex service companies are working with to help their clients to be more efficient in their marketing. Initially, general definitions of the term service, its value for businesses will be presented and different models and concepts will be explained. The chapter will also enlighten different areas of standardization, adaptation and specialization. The purpose is to create an understanding about the client and the client surrounding and by having further information about the client it is easier to deliver a solution for the complex service company. A firm in the complex service field is in this context a firm which helps its customers to perform better and its aim is to change and to achieve a better result in any form through providing its knowledge within a certain field. The 'tool' is knowledge delivered as services through different methods or approaches and sometimes even in a form as a physical product. The pure service is to create a convenience for the customer so the customer does not have to do it himself. The customer seeking to buy a business service will be involved himself. Contrary the offering of the pure service, the business service is demanding for the customer. The firm offering the business service or the knowledge manager selling the complex service is not 'taking over the responsibility for the problem' that the customer has. The knowledge manager is assignment is to initiate and implement a long lasting change for the customer, through acting as a researcher, coach or teacher (Ahrnell, Nicou, 1989).

2.2 The nature of complex services – a preunderstanding

2.2.1 The service society

Throughout the modern time of human history the society has encountered different phases of development. The society has emerged from an agricultural society to an Industrial one. Due to the Industrial revolution machines and equipments as steam engines and measuring equipments etc entered the arena. The new inventions enabled mass production and resulted in specialization within and among companies. Simple structured business developed into industrial organizations, which now were specialized with advanced production lines. As the industrial revolution flourished the material welfare increased. The infrastructure of the society developed such as buildings and roads. Social organization and the public sector established as well along the way (Axelsson/Wynstra, 2002).

However, today it is discussed about that we are on the verge of a new era. From being a pure industrial society we now are moving towards the service society and transforming into an information and knowledge society (Axelsson/Wynstra, 2002). We have developed and used new technology, which has resulted in dealing with large amount of information. Nowadays the focus is on how to use the information and transform it into knowledge. The purpose for companies is to obtain competitive advantages through exploiting and produce positive results out of knowledge (Axelsson/Wynstra 2002).

The trend of service economies can be detected in many Western societies over the past decades. The service sector has grown significantly. Depending on what sector such as wholesale & retail trade or transport or business services or producers of government services it differs between countries regarding what sectors have high number of providing services. This is shown in table 2.1 on the next page.

Country	1987	1997	Change %
France	62,2	69,9	7,7
Germany[1]	55,4	60,2	4,8
Japan	57,9	61,6	3,7
Netherlands	68,3	74,1	5,8
Sweden	66,3	71,3	5
United Kingdom	64,8	71,3	6,5
United States	69,9	73,4	3,5
G7	63,9	68,2	4,3
EU-15	59	65,2	6,2

[1]Former Federal Republic of Germany only. *Based on*: OECD, 1999.

Table 2.1 Civil employments in services as a share of total civilian employment, for a selection of OECD countries, 1987 and 1997 (percentages).

The development towards the service economy forces the companies to restructure their internal resources. More and more businesses have now the focal point on their core businesses. A common situation for certain companies is to outsource some activities to special supplier firms within the companies that use to be considered as a part of the company's activity, like for instance sanitary services, technical maintenance, catering or security (Axelsson/Wynstra, 2002).

2.2.2 Services defined

Since the topic about the service society is quite fresh, there are debates and discussions about the defining services. In the literature Buying Business Services by Axelsson (2002) several definitions are discussed. One common definition is as follows:

> A service is a process consisting of a series of more or less intangible *activities* that normally, but not necessarily always, takes place in *interactions* between the customer and the service employees and /or physical resources or goods and /or systems of service provider, which are provided as *solutions* to customer *problems* (Grönroos 2000, p.46).

The listed criteria’s below are emphasized to increase the understanding to define services:

- Activities are involved.
- Interaction or a meeting between customer and supplier takes place. The meeting can be in forms of physical, virtual or machine-to-machine.
- A functional purpose exists. Precisely as goods the service should provide solution for a problem or satisfy a need.

Majority of services fulfil the mentioned criteria’s, however borderlines and exceptions cases are to be found. Another alternative definition is:

> A service is something that can be bought and sold but is not possible to lay your hand on (Gummeson, 1987).

Then there is a slightly different kind of service, the business service. Grönroos (1979) describes business services as:

> Business services are performed by qualified personnel, are often advisory and /or problem solving, and are also an *assignment* given to the seller buy the buyer

The term assignment means in this context that the customer determines the nature of the service. To be able to execute this type of service it requires commitment in future activities. (Grönroos, 1979)

2.2.3 Similarities between goods and services

The most important aspects between goods and services both should satisfy a need and have a function for the customer. See fig. 2 the different aspects or elements an offering consists of. Further, both goods and services should be competitive and provide the customer a certain value. Goods and services have even more similarities when consider them as product, meaning ‘anything that can be offered to the market to satisfy a need’ (Kotler, 2000, p.394).

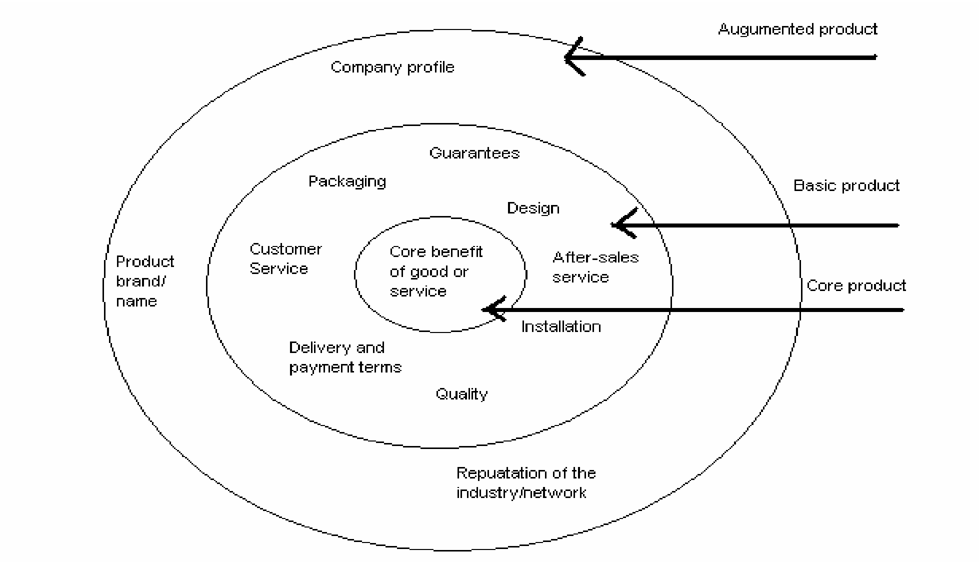

Figure 2.2 The elements of an offering: core product, basic product, augmented product. *Adapted from*: Kotler, 2000, p.394.

'Augmented product' in figure 2.2 is what is referred to, as 'meta-value' which is the value included in the company name or brand without specifically having a tangible function. In annual reports it is valued under the topic "Immaterial Property" and is in the business reality often the image and reliability of the company. For instance shoes with 'Caterpilar', 'Cartier' watches or 'Coca-Cola' soft-drinks have a certain image for the customer, which these companies have put amount of resources to maintain and create. Meta-value is important for services too, for example in the field of auditing. Whether PricewaterhouseCoopers, Arthur Andersen or other well-known accountancy firm compared to less known accountancy firm haves audited annual reports, the well-known accountancy firms create more value. Even though the quality of the work is exactly the same for the well-know and less well known firms it is true that the for example Arthur Andersen's recommendations and conclusions will be valued more because it has higher meta-value.

2.2.4 Buying business services

The suppliers can be public or private service providers. The customers are different type's manufacturers or even public or private service providers. As earlier mentioned business services: "services delivered by firms and other organizations and bought by other firms and organizations" (Axelsson/Wynstra p19, 2002)

2.2.5 Why companies buy business services

There are various reasons and needs why companies buy business services. Often the buying firm lacks:

- Capabilities to perform the service effectively with the right quality or
- Scale or ability to perform the service effectively or
- Capacity to perform the service (completely or at all)
- Therefore it is more convenient to buy and even though the buying firm can produce the service by itself another reason can be not being able to produce the service in a competitive way (Axelsson & Wynstra, 2002).

2.2.6 Reasons for buying business services

As showed on table 3.1 there has been an increasing growth in business services. Axelsson is mentioning several forces for growth in general in service production:

- Specialization and increased division of labour
- Outsourcing of former activities within established firms
- Firms are seeking greater flexibility
- The rise of the knowledge-based economy
- An increasing growth of smaller production units and firms use external services as a supplement to their internal resources.

These mentioned aspects play a role in making decisions on whether or not to buy business services.

2.2.7 Issues to be considered in buying business services

Purchasing of services is in several aspects different compared to ordinary goods. One problem with services is that it does not yet exist when the customer buys it. Compared to a good it cannot be looked at or played around with. For clients it is difficult to evaluate and define the content of service offerings. Furthermore, a service cannot be stored as goods. The buying company needs to evaluate and assure that it can meet the standards of what the service requires. For the supplier they need to match their own needs with the clients' ability to adapt concerning time of delivery of the services.

The production of services occurs in close interaction with the client. If initial service delivery is not satisfactory, it is important that the supplier learns from his mistakes, to prevent it from happening in the future.Pricing issues are different compared to goods, since it is hard to see the connection between price and the value of a service. Regarding personnel, about 80% of service providers have direct customer contact. The physical environment for the service production, normally takes place in interaction between suppliers and customers.

2.2.8 Forms of business services

Since a service is perceived as an abstract area there are different existing classifications to distinguish the elements of business services according to Axelsson (2002). These are:

- A long-term versus short-term business services.
- Standardized versus non-standardized business services.
- Simple versus complex business services.
- Creative versus non-creative services.
- Fluctuating versus non-fluctuating business services.
- Business services targeted at the individuals versus business services targeted at organizations.

Long-term services fundament is the contract. The agreement of the contract regarding payment terms on the basis on annual agreements with fixed price and within certain performance limits. A combination of premium based and how often and how intensively the service is being used is another form.

The short-term service can also take place in the long-term contract or relation. The short-term service will be discussed later in the routine service provider's part. A short-term service can though have effects over a long period of time i.e. the financial advice a client can get in a bank, can effect the clients economy for a long period of time.

School transports and cleaning are highly standardized in their production processes. The creative process (non-standardised) may involve either long-term or short-term services.

Furthermore, there are services, which fluctuate over time: weekly, monthly, seasonally or annually for example tourist information centres or outdoors painting. Irregular fluctuations exist and also some services have no fluctuations.

Real life cases of business services targeted at individuals is for example medical services as physiotherapeutic treatments for all employees. Theses services are consumed and directed and consumed by individuals in the company. Services for organizations can be for instance auditing services or advertising services

Services are much differentiated and have varied group of products and characteristics. Therefore, it is often hard to define as a result urges Axelsson (2002). The previously listed classifications can assist when descriptions of services are conducted or analyse and evaluate the type of service being offered.

2.2.9 The difference between simple and complex business service

A firm in the complex service field is in this context a firm that helps it customers to perform better and whose aim is to change and to achieve a better result in any form through providing its knowledge within a certain field. The ‘tool’ is knowledge delivered as services through different methods or approaches and sometimes even in a form as a physical product. The pure service is to create a convenience for the customer so the customer does not have to do it himself. The customer seeking to buy a business service will be involved himself. Contrary the offering of the pure service, the business service is demanding for the customer. The firm offering the business service or the knowledge manager selling the complex service is not ‘taking over the responsibility for the problem’ that the customer has. The knowledge manager assignment is to initiate and implement a long lasting change for the customer, through acting as a researcher, coach or teacher etc (Ahrnell & Nicou, 1989). This is shown in table 2.3.

Ordinary service:	**Business service by a knowledge provider**
Conduct for a client	Develop, achieve a change, new creating
The customer is “relaxing”	The customer is taking part
Can be re-bought	Same knowledge will not re-bought several times

Table 2.3 Differences between ordinary service and business services offered by firms in complex service field.

2.2.10 Types of business service providers

Companies that are classified as goods-producing businesses have a form of service element in them. IBM for example generates more than half of its revenues through services, even though it is perceived as goods manufacturers (OECD, 2000). In this dissertation the focus is mainly on companies perceived as service providers. Advertisement and marketing agencies, insurance providers, banks and attorneys are some examples of service providers. According to Axelsson (2002) two types of providers can be distinguished, *the routine service provider* and *the professional service provider*.

2.2.11 Routine service providers

The routine service provider is characterised by solving problems for its customer of relative simple type. ‘Simple’ in this context does not imply that the service is simple to conduct. The simple type of business is i.e. cleaning, travel, security, mail, transportation, administration or basic banking services and insurance. During the ‘creative moment’ meaning the direct contact with the customer, the time spent is short but can be frequent. Simple can be partly explained through the service can in general be standardized, because the service is of homogenic nature. But there are combinations of services being both simple but at the same time complex standardized. The simple service can be executed with same working process regardless which specific customer that demands the service. For instance the cleaning company uses in general the same equipment and personnel no matter what client they will clean for. If the cleaning company chooses for example to use equipment it is considered internally in the cleaning company. This situation is different from the complex service field, which will be discussed in the next part. Initially, buying firms have identified the need and know what kind of service production required fulfilling this need. The firms have the knowledge to execute the service themselves but of different reasons they prefer not. The simple services are as mentioned often the ones being outsourced and are characterised of not being the core business of a company's daily business (Axelsson & Wynstra, 2002).

2.2.12 Professional service providers

According to Axelsson (Axelsson & Wynstra, 2002) a professional service provider – or a knowledge provider – is characterized by ability to solve complex problems. Each separate transaction or contact is substantial and involves considerable creative moments in the direct contact with the supplier. People from both parties are involved in the problem solving process (see Riesling and Sveiby, 1986). The specific individuals are the 'professional' within a certain field rather than whole organizations. They have the competencies and the abilities to solve problems that concern companies. However, the solutions are developed in a process (Axelsson & Wynstra, 2002). Step by step supplier and customer interact to understand the real need and forge appropriate solutions. These solutions often enable the customer in its turn, to deliver better value to its own customers. The complex service firm has a non-standardized production process compared to (simple) service companies. For instance universities, consultancy firms, engineering firms, architects are examples of firms in the complex service field. Often the customer has vaguely defined needs, so the knowledge provider is oriented towards creative problem solutions. Table 2.4 shows the differences between ordinary service and business services offered by firms in complex service field.

Ordinary service:	Business service by a knowledge provider:
conduct for a client	develop, achieve a change, new creating,
	provide help for 'self-help'
The customer is 'relaxing'	customer is taking part
Can be rebought	same knowledge will not be rebought several times

Table 2.4 Differences between ordinary service and business services offered by firms in complex service field.

2.2.13 The Knowledge Value Chain (KVC)

The Knowledge Value Chain or KVC consists of activities, *knowledge acquisition* or knowledge development and *knowledge application*. This is due to the fact knowledge work has developed into complex organizations. The knowledge workers primary task is knowledge acquisition and development. The decision-makers in the company apply the gained knowledge in order to make proper business decisions, plan and execute actions to result in improved business results. (Tim Powell, 2001) Value-adding transformation of data to information and secondly to knowledge is a well-debated problem among academics and consultants specialized on the area. The process on how the value adding occurs is often not well defined (Powell, 2001) or understood. Many experts consider the productivity of the knowledge worker as the single most important factor of competitiveness of the modern organization (Peter Drucker, 1999). The consultant and managing director Tim Powell has presented in his empirical article *The Knowledge Value Chain (KVC): How to Fix It When It Breaks* how the value-adding process occurs, how knowledge develops from information in the model KVC. The model KVC is derived from Michael Porter’s traditional model the *value chain*. It is essential to understand the process of knowledge before there is any attempt to improve it. The Porter’s value chain illustrates a series of related activities that together produce end-user benefits. The Value Chain is used in manufacturing. There are specific steps as raw materials are transformed into working-process and finally into ready goods to packed and shipped. At each stage of processing both costs and value are added.

The knowledge value model is the application of knowledge into the value chain. The model emphasizes how data become ‘knowledge’ and becomes part of business or benefit, se figure 2.5 below.

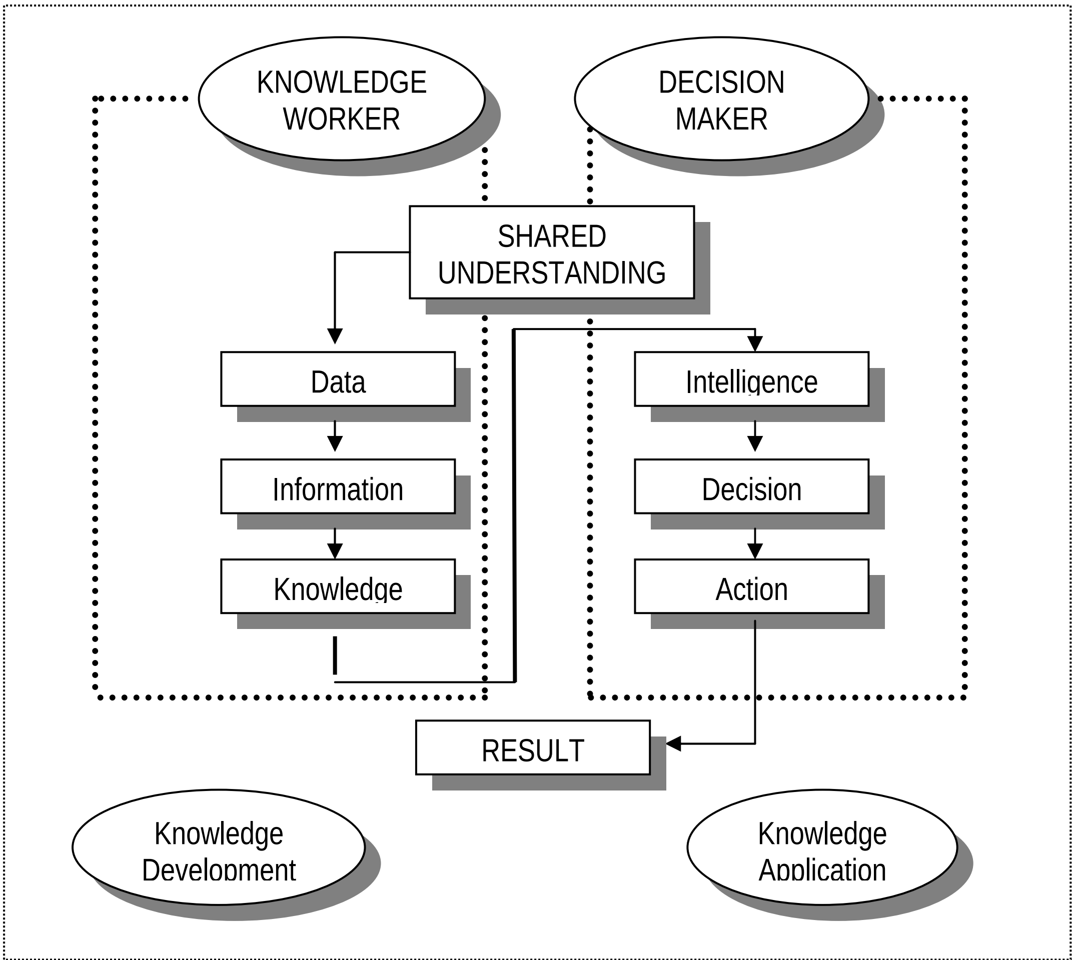

Figure 2.5 The Knowledge Value Chain

The KVC Model consists of several phases, where each step is an opportunity to add value. The knowledge worker focus mainly on knowledge development and it is the decision maker who applies the knowledge, see bottom of figure 2.5.

The Model starts off with, *shared understanding* between the professional service provider and the service receiver or decision makers. The shared understanding is a crucial fundament to build the continuous work on. There has to be a shared understanding in the sense that the knowledge worker and the decision marker agree upon what needs to be done, solved or obtained.

First phase

The first phase of the work is up to the professional service provider to process the gathered *data* or acquire data, like for instance fact and figures through speaking to people on the phone, going online, looking on printed sources and so on.

Second phase

In the *Information* part see figure 3.3 in order to increase value the data or information will be processed, preparing it so the data can be analyzed properly. Often these steps are to organize and structure the data into the computer.

Third phase

The third phase is named *information.* Now the data is ready to be analyzed. In this part the analysis is transformed into knowledge in the following procedures according to Powell, 2001:

- By giving it *context* - what are the circumstances surrounding it?
- By assessing its *relevance* to our organization – what does it mean *for us*?
- By drawing *implications* for action – what do we recommend to be done about it?
- By outlining *options* and alternatives and
- By *reducing* the amount of information to an amount able to be understood and acted on by decision-maker. It is the 'knowledge manager' or professional service provider's task to put *focus* on the relevant aspects of the work.

Fourth phase

The fourth phase is to *communicate knowledge*. The information and the knowledge in the mind of the professional service provider will be transmitted to the decision maker. In real life it could be for instance combinations of e-mails, formal written reports, slide presentations and personal briefings. This is a step of knowledge building process. An essential factor is to have a successful communication. The communication gives the right amount of material and should be summarized and organized well. Conclusions, recommendations, data sources or additional qualifications are needed to obtain quality in the data. If communication is successful it produces *insight* in the decision makers and *credibility* for the knowledge worker (Powell, 2001).

Knowledge being transferred is now *intelligence*, meaning knowledge in the hands of someone with the capability to act on it. Often at this stage professional service providers consider their job to be done. Due to value-creation, the process at this point has not created measurable business value such as revenues. Since the information has not accomplish anything yet (Powell, 2001).

The effectiveness of the professional service provider can not be improved if the customers do not know what happens after the knowledge transfer. Only if the professional service provider is conscious of what has been done with the knowledge given to decision makers, are the service suppliers able to improve their work product and processes. It is the same principal as when market researchers find out what happens to products once they are available on the market. The professional service provider needs to understand the process directly after he or she has been directly involved (Powell, 2001).

Fifth Phase

The intelligence will now be applied by the decision makers. They make use of the intelligence and make decisions based on it. It often involves resource allocation such as where to invest or where to restrain and so on. The described process is a typical formal decision making process.

Sixth phase

The process is getting closer to the end result. To embody the decision it requires plans on how to execute some actions. Powell emphasizes the several examples in the business world how a good decision can be totally ineffective by poor actions on how to implement it.

Seventh phase

At the seventh phase the actual implementation of decision and resulting action plan starts. Right resources need to be matched with what is required and goals and timetables need to be set. It is now it will be possible to obtain business results from the original knowledge work.

In this stage it can be useful to gather complementary data. As the implementation continues it requires higher quality on the data. To get the feedback this newly gained data needs to be out at the top of the data process see figure 3.3 and follow the ordinary steps.

2.3 Relationships as a way to reduce complexity

The purpose of relationships has several functions. One is according to Ford, that a relationship could be seen is a way of reducing complexity. From the managerial point of view there are different advantages of relationships:

- Relationships can be used in different settings. For a manager he can learn in all settings in his life, which often called the experience.
- To access and describe a company's activity the relationship is a suitable forum.
- Relationships can be used as an analytical device since it is made up of thinking and acting.
- Another feature of the relationships is that it can involve the thinking and acting of several parties.

Relationships are valuable in the sense creating efficiency and innovativeness and can also be utilised for gaining information and influencing others (Ford, et. al., 1998)

2.3.1 Strategic management in business relationships

Strategy in business is about survival and development which depend on the economical performance of a company over time. A company has desired performance so the strategy is what the company carries out to obtain the desired performance. The process of strategy development changes in the direction of choices that are made about a company's operation. Strategic management is about influencing this process:

- Companies set new goals and change its way of doing business, due to the process they find new solutions in their approach to suppliers and customers
- Due to the above, companies consider it important to adapt to aspects they see as important
- A company reacting to the behaviour of other companies will in turn expect that surrounding companies will react to what they are doing

Strategy development is about a company adapting to changes occurring in its environment (Ford, 1998).

2.3.2 Heterogeneity and differentiation

A striking characteristic for the business markets is extreme heterogeneity That exists in several aspects such as various companies whether they are clients or supplier or differ in size, technology, history, organization and culture. Another aspect is that no two suppliers offer the same combination of products, services, production skills and technical knowledge even though they try. Additionally, no customers demand identical offerings, even if the product being bought could be considered the same (Ford, 1998).

Relationships in business markets vary due to past history, experiences and attitudes of people involved. Strategist in business markets must take into consideration a wider view of the idea of differentiation since it is extremely heterogenic. Thus, because of the importance of heterogeneity in business markets many companies often try to standardize, the technologies in usage, products or service they buy and sell to obtain economies in its operations (Ford, 1998).

2.3.3 Satisfactions for customers?

One can ask in what part and what way of conducting this service to its customer, will the marketing agency encounter obstacles in obtaining a suitable marketing plan, to guarantee satisfaction and create more value for the customer? The service should be conducted in a way that the customer feels the money spent on the service is worthwhile. From the customer’s point of view, it will not know the real value of the service being bought from the marketing agency or Marklyss and GFK in this case, until in the later stage. The customer can measure the effects from external customer, like in for instance profits or revenues as a result from the marketing plan being bought from Marklyss and GFK. The business service is implemented in the prior stage, so the marketing agencies need to work that reinsures satisfaction for its customers.

2.4 7K Model

According to Peter Drucker (Arnell & Nicou, 1989, p.9), the basic financial resource is not capital anymore nor is it nature assets and labour.

The 7K is a well-known model in complex service management business. It is the centre of how to do business. The model contains seven steps and guides the processional service provider in the direction of knowledge about both the client but most of all the clients surrounding and environment. The 7K model helps the consultant to understand the needs of the clients and how to target the problem areas in order to gain advantage on the market. Foberg always uses the 7K model when he works with his customers. By going through the model with his customers step by step he understands the customers and what they need help with to hopefully achieve a positive result. The seven steps the model contains are:

1. Client choice

2. Client knowledge
3. Client value
4. Client network
5. Knowledge spread
6. Communication
7. Competence development

2.4.1 Client choice

The first step, client choice is all about how to choose target group and clients, in contrast to order receiving. To choose clients and missions are specific processes that are linked together with business idea and strategy. This is due to the fact that knowledge businesses are connected to their clients and missions in their image. It is important to evolve over time to be able to meet the client's expectations and to be able to solve the client's problem.

According to the book "Kunskapsföretagens marknadsföring" by Ahrnell and Nicou, (1989) there are several good reasons to pick market and clients. The first reason is to develop a specific client knowledge and competence. Companies have to be able to provide a competent leader and by that knowledge the leader posses will lead them to endurance within the business area. Second are to create a synergism effect for both client and for the consultant. Some knowledge packages have transformed into a partner packages that involve a commitment between non-competitive companies that are acing as guiding counsels and information desks within specific areas (Ahrnell et al. 1989).

Third is to develop what nobody has asked for. Many times complex service companies have seen a common problem and if the client does not know how to solve it the complex service companies step up and do it for them. Furthermore, to survive on a changeable market the professional service provider has to consistently update its management and competence in the area of crisis. Another reason is to gain clients with large needs. This might trigger both the professional services provider to develop its own need for new information in order to be able to solve the problem for the clients.

Clients with large need are usually bigger corporations that are updating and restoring their internal competence. The fifth reason for choosing clients and markets are to spread your risks. An old rule is not to have all the eggs in one basket. If you drop the basket only a selected number will crash. Additionally the company needs to be able to handle new situations. Market demands sometimes make it hard to keep old clients and search new target areas and clients. The sixth reason is to develop new methods and systems. A client that is developing can contribute by trying out new methods that can be introduced to business areas. Furthermore it is important to strengthen the complex service company's image (Ahrnell et al. 1989).

The most important step; satisfying the client is crucial for the company's survival. If you do succeed in satisfying the client, the client might tell another potential client. On the other hand if the complex service company fails, the client tells even more potential clients.

2.4.2 Client knowledge

The knowledge company has to create deeper understanding and knowledge about its clients in order to define and identify their problem. The knowledge and the service have to grow after the different client categories and their specific needs and demands in order to be able to solve their problems. Client knowledge is a work that goes on systematically and methodical over time. Therefore, it should be a system and routines on how the information on the market, company and the human resources are collected. The needed information is; client company, client group/ niche and individuals (Ahrnell et al. 1989).

Questions about the environment and market around the client are needed to form an equal understanding between the client and the consultant. Furthermore, data about the company and organisation are collected and answered such as strategies and plans. The client base consists of a four-step model:

- Analyse
- Plan
- Execute
- Follow up

Complex service companies need to clarify their services in order to create client value. First, the need and client value needs to be clear so that trust is created to the working steps and methods. Afterwards a so-called package is set up so the offers are more understandable. The packages can be everything from methods and systems to videos. Furthermore, the client can be offered to buy the knowledge through seminars, courses or counselling (Ahrnell et al. 1989).

2.4.3 Client Value

"Most people know what they cost, but not what they are working for" says Lena Wästfelt, Consultant (Ahrnell & Nicou, 1989, p. 42). Complex service companies transfer their knowledge in form of advice or trough pedagogical methods with the purpose of increasing the client's competitive advantage. Even though it is the professional service provider that is introduces the problem solving actions it is still the client that has to decide how successful the results are going to be trough the participation and execution of the actions.

To describe client value based on the problem is sometimes easier said then done. It is sometimes difficult to describe the problem using your own words and your own description. By having the client to describe the products and services, makes it easier to get to the core problem and working the way out from it. Professional service providers usually say that they are selling increasing result as a description to client value. To measure the end result and to really se if the result is satisfying for the client knowledge companies usually brings in an extern inspector. The inspector starts with the qualitative work such as making deeper interviews with important client. Afterwards the inspector gives the participating clients feedback on the results (Ahrnell et al. 1989).

2.4.4 Client Network

According to Elisabet Ahrnell, the faster changes occur in the company, the more important the stable relationship gets (Ahrnell et al. 1989, p.55*)*. A good client network is therefore necessary and fills several functions for the complex service company. One of the contributions is new clients and good reputation if the company provides satisfaction to the already existing clients. A figure about how the client network can occur and in what order it happens is shown below.

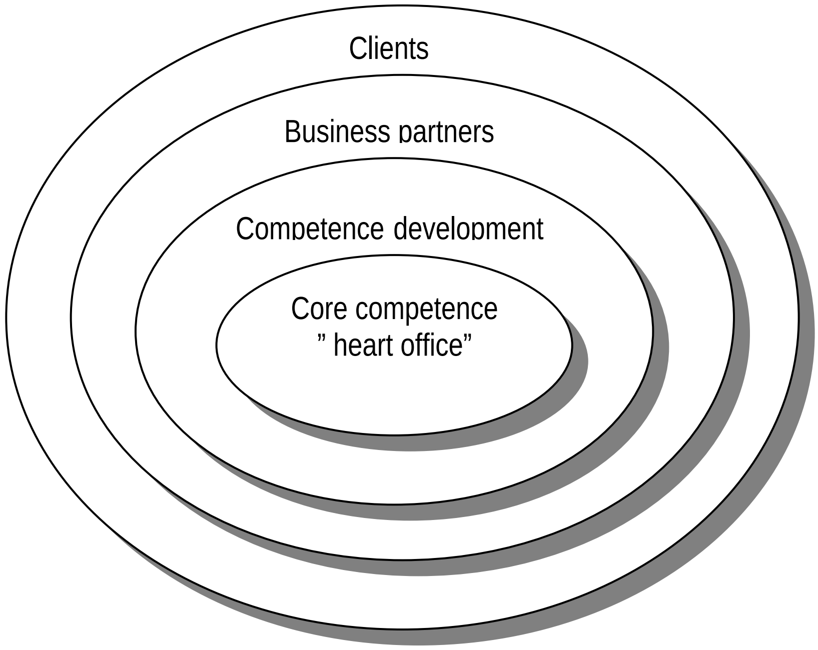

Figure 2.6 Shows how the client network can occur (Ahrnell & Nicou, 1989,p. 59).

A key element is to market within the common network. To be able to provide better services the complex service company needs to find out; who in the network knows your clients and what can you do together for the client? An easy way of finding out the client’s network is to survey your own company, to map the environment and contact networks. The map should contain internal and external surroundings, market area and suppliers (Ahrnell et al. 1989).

2.4.5 Knowledge spread

"The one that does not have knowledge usually don't miss it" (Ahrnell & Nicou, 1989, p. 72) In order to be able to help the client and provide the correct services the complex service company and its co-workers has to provide the client with knowledge both about the problem and the knowledge company and its employees in order to:

- Understand their own need for changes,
- Pick a partner and in the right way solve its needs,
- Cooperate and contribute in creating a value for the knowledge,
- Take responsibility for providing the effect of the knowledge.

2.4.6 Communication

The company operates closely with the clients and therefore is it crucial with communication. This is due to the fact that it is needed to point out the existence of the company. It also gives signals from the clients that are useful, but most of all, this is the only thing the clients gets for a long time before the results are presented. As the communication model shows there are four steps that are important. The first step is to communicate in order to create interest and demand. Secondly is to communicate with the client and find out there explicit needs. Furthermore is to communicate while implementing the strategy, the so-called mission. Finally, the professional service provider has to follow up and discuss the result with the client. These four steps will be presented in the figure underneath. The figure shows how the communication goes around in a circle (Ahrnell et al. 1989).

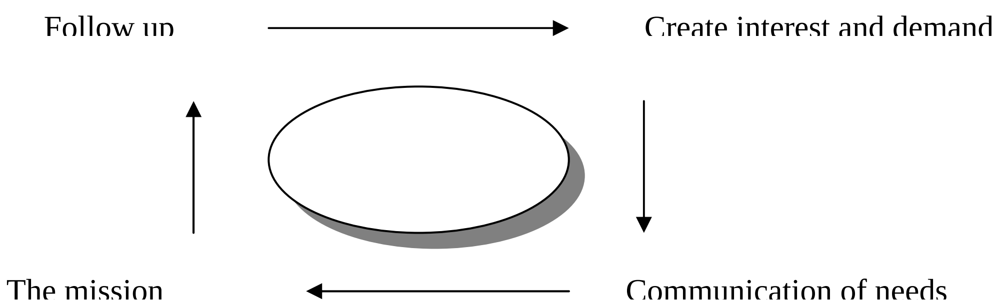

Figure 2.7 This communication model shows in which order the communication goes around. (Ahrnell och Nicou, 1989).

2.4.7 Competence Development

Competence is the collected effect of capacity and ability to get through a task or activity. Capability includes among other knowledge, experience, good judgement, skills and contacts. Ability on other hands includes things such as self-esteem, engagement and motivation (Ahrnell et al. 1989).

2.4.8 Summary 7K

According to Kotler, companies rarely survive without marketing and according to Ahrnell and Nicou the knowledge-company becomes successful when its coworkers create trust with the customers. Ahrnell and Nicou are also stating that traditional marketing is no longer powerful enough and they have, for that purpose, created these seven *means of competition* that they believe should characterise the marketing of a knowledge-company.

The knowledge-company often attracts customers that are well educated and that are demanding according to Arhnell and Nicou. Companies should therefore demonstrate knowledge and perform as experts in order to get customers' trust and respect. Every step is important and by following the 7K model it is easier to also follow the work process according to Foberg, who uses this model with the intention of getting a successful result and fulfilling the customers' wishes.

2.5 Standardization versus Adaptation

To what desirable degree can standardization or adaptation be executed with respect to various variables in competitive strategy?

2.5.1 Standardization

Standardization strives to be as efficient as possible by standardizing offers and by using forms to easily repeat the services as many times possible. This is a very cost reductive way off doing business. In the book *The Evolutionary Bases Consumption* (2007), Gad Saad argues that with the advances of technology would facilitate in globalisation resulting in a homogenous market, which is an ideal environment to standardization. This environmental outlook is in contrast with evolutionary psychology, which proposes that cross-cultural similarities are in fact due to the human nature. According to Lemak, David J, Arunthanes, Wiboon, (2007) one end of the spectrum, advocates of standardization argue that although differences between countries and/or cultures may exist, basic human needs are the same throughout the world. Therefore, managers need not address these differences specifically in their international strategies (Axelsson et al, 2002).

2.5.2 Adaptation

Adaptation seeks to customize the offer and tailor it after the different variables needs. There are two types of adaptation: mandatory and discretionary. Mandatory can be either differences in standards or government regulations. Discretionary on other hands are more uncontrolled and includes taste and preferences within cross cultural differences. These important differences suggest a global strategy of universal product standardization may not be appropriate in many circumstances.

2.5.3 Transactional vs. relation oriented purchasing behaviour

Transaction (competition) oriented purchasing, the classical purchasing philosophy and *Relation (collaboration) oriented purchasing*, and the modern purchasing philosophies are two opposite forms of purchasing behaviour. (Tendencies are those of changes from transaction towards relation-oriented purchasing) (Axelsson et al, 2002).

Buyers tend to be either transactional or relationship oriented in their way of purchasing behaviour. Transactional clients are concerned about today’s purchase. On the contrary, relation oriented clients are more interested in pursuing a long-term relation with the dealer instead of other satisfaction such as service. As shown in table 2.8 there are several differences between the two approaches and these are to be considered before choosing a strategy (Axelsson et al, 2002)

Transactional approach	Relational approach
Many alternatives	One or few alternatives
Every deal is a new business,	A deal is a part of a relationship and the
No one should benefit from past	
performances	Relationship is a part of a network context
Exploit the potential of competition	Exploit potential of cooperation
Short term; arm's length, avoid coming	Long term with tough demands
Too close	And joint development
Renewal and effectiveness by change of	
partner,	Renewal and effectiveness by collabo-ration
Choose the most efficient supplier at any	Teams effect', combine resources and
time	knowledge
Buying 'products'	Buying 'capabilities'
T	
Price orientation, strong in achieving	Cost and value orientation, strong in achieving
Favourable prices in well-specified	Low total costs of supply and developing new
products	values
T	

Table 2.8 Differences between transactional versus relation oriented behaviour.

2.5.4 Transactional

The transactional customers are interested only in the purchase (or transaction) at hand and are driven by price. Unfortunally the customers that are acting according to the transactional approach have no brand loyalty and are the biggest drain on the company's recourses. Also the clients generate the lowest ROI of the two types of approaches (Axelsson et al, 2002).

Transactional customers are the ones that many advertisers attempt to cater to in their media efforts. They are the ones who respond most quickly to ads, and only care about today's transactions with their only fear being 'paying too much.' Relational consumers, on the other hand, are looking for a brand or a store that they can trust - a place that they can turn to when they are ready to purchase. Their only fear is of 'buying the wrong one'. Are you an expert that people can trust? Convince them, and they will come to you when they need what you sell.

From a market perspective all actors in a market are independent and efficiency is achieved within a company. When needs are established you compare suppliers and by using competition between them you will get the best prices. This can have very powerful price-pressing effects. This way of purchasing assumes that the products you need, can be found and that those products are standardized. Many suppliers offer you the same product (making price the only variable that can be influenced when choosing a supplier). Intermediaries are seen as cost-drivers and the purchaser handles directly several suppliers that are all held at a distance since independence for each party is crucial for long-term efficiency (Axelsson et al., 2002).

2.5.5 Relation oriented

Clients with the relation approach are interested in doing business with someone that they are familiar with and have learned to trust. They will try to establish a long-term relationship with a company after a positive experience. These clients are loyal to brands and companies with whom a relationship has been established. They also base their purchasing decisions on things like past experiences, customer service and quality. Generally the clients do not base their purchase decisions on price of the product. Relationship customer satisfaction surveys, typically conducted once or twice a year, are appropriate when interactions with the customer are ongoing or very frequent, making this type of study common among many business-to-government and business-to-business companies. They measure satisfaction and performance levels in areas such as price, value, quality, service, innovativeness, and responsiveness as well as the company’s ability to meet customer expectations and needs. Furthermore, they may include the input of several people at the customer organization. For example, a government contractor needs to know not only the opinions and perceptions of its daily points of contact at the agency, but also senior officers who would approve or disapprove the contract renewal. There are negative outcomes to relation oriented behaviour, a so called *lock-in*, referring to the situation when a company cooperates closely with a supplier that does not follow the technical developments and therefore misses out on cooperation allowing them to be part of the leading edge (Axelsson et al, 2002).

2.5.6 Efficiency within supplier relations

When deciding which approach to adapt the company should investigate and identify some dominant type of costs (total costs of price and indirect costs) and secondly explore the costs that have the most potential of improvement witch is the one that are easiest to influence. Furthermore, two other aspects need do be under consideration. The first one is means (cost- cutting or cooperation) that is the most important criteria in creating value to the client. Secondly, an evaluation regarding the company's' capacity in profiting by using different methods (negotiation etc) is needed (Axelsson et al, 2002).

2.6 PSP- model

In order for us to conduct a proper analysis in chapter 5 we created our own model. After discussions, the complex services field and the collection of the empirical findings we came across a lot of variables. We needed to identify the variables from the case study in a logical and an understandable way that make sense in the content. Then the idea came up with this model. The model is named 'PSP' - 'the Problem-Solution-Plan Model'. With the help of the model, we were now able to identify the problem area and the solution and the plan on how to implement the solution. In the model we can point out the similarities and differences between GFK and Marklyss. By identifying these factors we can see if the marketing companies are using the same models or approaches. By pointing out these factors we can distinguish if they conduct their service in a similar way or not, and these similarities or differences will result in effective marketing. As mentioned earlier, the model is functioning as it sounds. You take one step at a time. The first step is a problem and in this step you even go through the company's needs. Except the problem you are working on, you need to conclude what changes to apply if there is a need.

There after you need to find the solution to the actual problem. If there is a problem within the service sector, it can be appropriate to find a solution for that in this step as well. The last step in this model is a preparation where you execute what you have concluded in the earlier steps. A figure with the different steps is presented below. GFK is applied when working with customers and starts with the specifying the demands of the customer and then moves on to the solution of the problem. They work on setting the price and are also watching similar cases in order to determine the right price. The price for same services is often the same but can differ depending on the processing time.

There after GFK starts to take in sample orders and preparing the questionnaires. After this you have a check up against the customers to see if they have received what they have been expecting. It is also important to find out if the customers believe that the service has been profitable and if it had a positive effect on them.

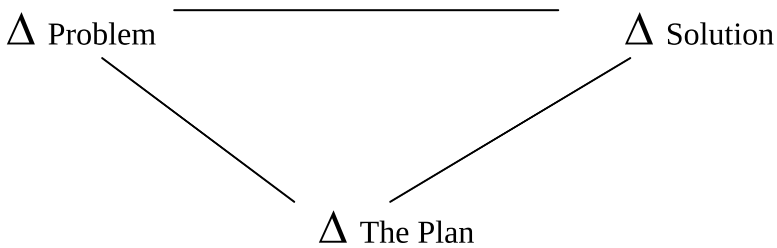

Figure 2.9 The ‘PSP’ - ‘the Problem-Solution-Plan Model’.

3. Method

The methodological strategy is presented, followed up by the research philosophy the research design. Finally the research approach will be discussed.

3.1 Methodological strategy

The aim with the dissertation is to find out how firms within the complex service field are conducting their business in a way that will be most efficient for the firm. Therefore, first of all the need is to study the environment, what business service is all about and what it is to be a firm in the complex service field. In other words we need to make a description of the firms' natural scene by the performed case studies. Further, we studied the literature about the complex service field. Models as 7K, theory standardization versus adaptation among others is presented in chapter 3.

3.2 Research philosophy

Research philosophy is the fundament in the development of knowledge by forming the way of thinking. There are three aspects that can describe the research process: positivism, realism and interpretive.

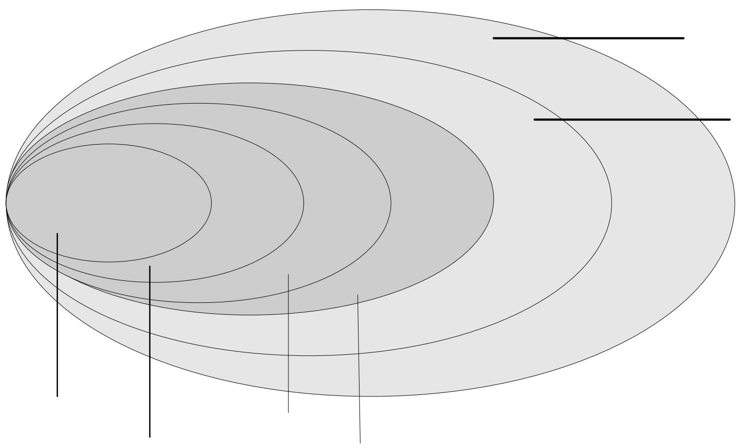

Figure 3.1 Research philosophy. A figure to understand the research process (Saunders et al., 2007).

The positivistic view is when you adopt the theoretical stand of a natural scientist (as seen in figure 3.1). The truth of the social appearance is explained and the result of the research can be explained through rules and laws. Those who conduct a research with a positivistic view are independent from the topic of study since the approach is highly structured (Saunders et al., 2007).

Realism is free from human thoughts and beliefs and is the belief of reality exists. Significant effects on humans from social forces and processes includes as well in realism. The view of an exterior objective nature but in a social forum is a theoretical characteristic similar to positivism (Saunders et al., 2007).

Interpretive is the opposite of positivism. Interpretivism urges that the business world is too complex to define by theory or “laws” similar as in physical sciences. The literature implies that interpretivism does not stand for the importance of generalisibility and it exists no objective reality, only subjective reality where it is important to understand participants’ purposes, behaviours and goals (Saunders et al., 2007).

Our research has an interpretivistic approach with a mix of the realistic one, after considering the mentioned research philosophies. The real life in the companies we will study is too complex to be identified and narrowed to only existing models. We will focus on the natural scene through interviews and from there use the theories as a help to explain the factors being analysed which will be presented in chapter 5 in the cross case analysis.

3.3 Research design

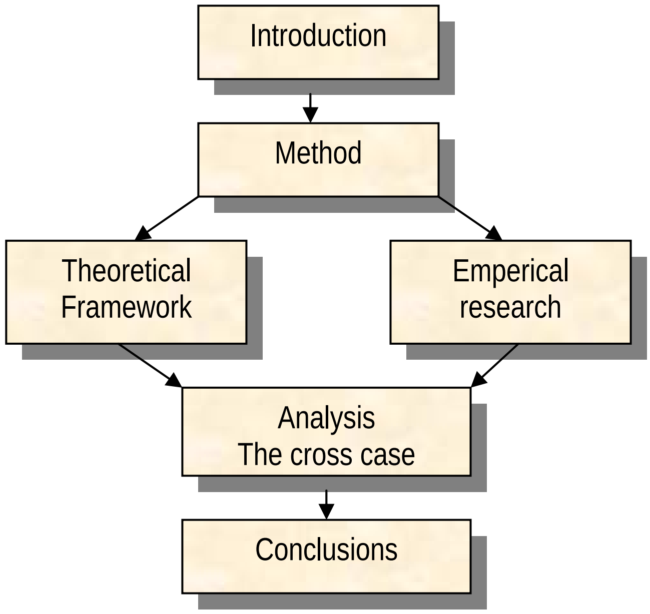

Figure 3.2 A research design over how the dissertation is structured

Since the study is of a qualitative nature the figure 3.2 must be viewed chronological to understand the set-up of the research for this dissertation. The research is roughly divided into two parts. Initially the world of the complex services is explained by the use of the theoretical framework. Empirical research is done through the interviews. The interviews are non-standardized, meaning in our case we will have a discussion covering a set of predetermined themes following an interview guide with open-ended questions. The theoretical framework and the empirical research will be combined in chapter 5 where a cross case analysis will be done.

3.4 Research approach

There are two research approaches that can be selected, the deductive and the inductive approach. A deductive approach is when the hypothesis is built up after reading literature and then the hypothesis is tested: testing theory. An inductive approach is when the theory is derived from analysis of collected data: building theory (Saunders *et al*., 2007).

Our dissertation will mainly have an inductive approach, meaning we will start the analysis from the collected data and build up own conclusions from that starting point.

3.4.1 Research strategy

The case study is a strategy for doing research, which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence (or triangulation). A case study's characteristics has a considerable ability to generate answers to 'how, why, what questions' which is the type of questions we need to ask in order to answer our research questions.

3.5 Case Studies

The case study is a strategy for doing research, which involves an empirical investigation of particular contemporary phenomena within its real life context using multiple sources of evidence (or triangulation). A case study's characteristics has a considerable ability to generate answers to 'how, why, what questions' which is the type of questions we need to ask in order to answer our research questions *(Saunders, 2007).*

Results derived from a case study are not possible to measure statistically since it is only based on one or a few case objects. Additionally, when a case object is selected you do not search for cases, which can represent a general population. Instead a search for case objects should be executed in order to supply sufficient amount of information, which increases the understanding of what you research *(Christensen et al., 2001).*

We performed two case studies on the companies GFK or Growth from Knowledge and Marklyss. Interviews were conducted with two consultants from the two different marketing companies. The first interview was made in September 2007 in Gothenburg with Stefan Foberg from the domestic firm Marklyss. The other consultant, Jan Bjerseth is working for GFK, an international company. This interview was conducted in October 2007 in Lund, GFK's headquarters in Sweden. From these consultants we collected primary data and then analyzed how it matches the theories we will base the research on. Furthermore, the data will be examined on how the theories can explain certain phenomena that occur in the complex service field and the real life cases in the mentioned companies. To identify the important factors in a reference system, a cross case table between the two firms is presented in chapter 5.

3.6 Selections of the interview objects

The selection of these specific companies was mainly because of they were available and showed interest in providing us with information. Initially, we encountered a couple of refusals from some marketing agencies and due to the short time perspective for the writing of the dissertation; from end of August 2007 to end of November 2007 we had to settle for who ever accepted to be interviewed. However, we are very pleased with our companies since they were very willing to help us, providing information we requested for the construction of the dissertation.

3.7 Description of the Research Model

In the previous chapter we discussed the theories, which explain, and help to identify the factors contributing to effective marketing. Looking at the whole picture, see figure 3.3, for the three actors apart from the complex service; GFK and Marklyss (professional service provider), the customer and the client, several aspects are affecting each actor. It shows what insight a professional service provider has to have in order to keep up a good quality of the service.

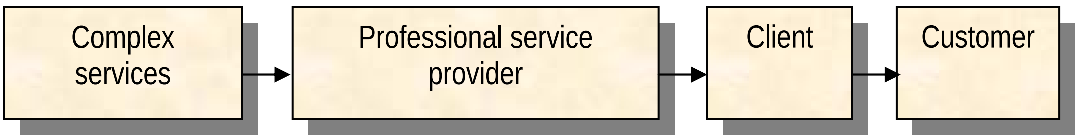

Figure 3.3 Service chain shows the four steps where GFK and Marklyss is the professional service provider.

3.7.1 Understanding business interactions

The customer needs to consider the value created in interaction with the knowledge provider. It is marketing based on interactions, networks and relationships. In the business-to-business field the interactions often becomes long-term and enduring (Axelsson et al., 2007). Axelsson implies that the interaction process is functional: it exists and involves people to deliver and create problem solutions.

3.7.2 Marklyss

Marklyss was established and registered in 2002 by Stefan Foberg. Stefan Foberg has a degree in Master of Engineering and worked several years before in sales and marketing. After working for different companies, Stefan Foberg decided to start his own firm focusing on strategies to make the marketing plan as efficient as possible. This is to create better sales conditions for the client. To do this, Stefan Foberg says that you have to figure out three categories, who, how and market. The best tool according to Stefan Foberg is the 7K model towards non-efficient marketing plan and marketing. Within the market plan knowledge spread is important for the company’s survival. This is to let the surroundings know of the company’s existence. An example of this, according to Stefan Foberg is seminars. Use someone that are passionate about the subject and let the person speak in front of potential clients. This creates trusts that end with increased client value. Today’s Marklyss is only working domestically and within the Gothenburg area. This is due to the fact that it is fully owned and single handled operated by Stefan Foberg. Every calendar year Stefan Foberg is setting up his marketing approach and uses the knowledge spread as a tool to market Marklyss towards a selected number of companies he would like to work with.

3.7.3 GFK

> Companies need to make decisions. Knowledge is the basis for decision-making. Our business information services provide essential knowledge that industry; retail, the service sector and the media need in order to make their decisions. As a knowledge provider, we aim to be at the top in all global markets, in which we

> operate – in the interests of our clients, our employees, our company, our shareholders and the general public (GFK, 2007).

GFK is a pure market researcher, delivering information services to major global players in the services; media, consumer goods and healthcare industries. GFK has collaborated with leading companies and organizations such as DaimlerChrysler, Carlsberg, European Commission, UNICEF, World Bank, L'Oreal, Philips, Proctor & Gamble, IKEA, Vodafone, Unilever and many more.

The marketing firm GFK was established in Nuremberg Germany in 1925. Today GFK operates in 95 different countries worldwide and consist of 105 subsidiaries and the parent company is located in Germany. GFK international coordination center is to be found in Brussels. The company is listed on the stock exchange in Germany this results in high demands on profitability and turnover.

The Swedish subsidiary was founded in 1967. Nowadays GFK is one of the country's largest research companies and the only marketing company providing full service institute. The headquarters is located in Lund and additional two subsidiaries Borell Market Research AB and Orange Interactive Research AB are to be found in Stockholm. The headquarters in Sweden consist of 130 fulltime employees and over 700 freelancers and interviewers have the main responsibility for the countries Denmark, Norway, Finland and the Baltic. According to Bjerseth the Swedish subsidiary is quite independent from the German parent company. He emphasizes the differences between the Swedish and the German market and the importance of adapting GFK Sweden totally to the Swedish market. For instance it is common with German companies to spend about 60 to 80 million Swedish kroner's on market researching alone while Swedish companies rarely spend these amounts.

GFK makes use of ad hoc solutions, meaning a tailored research for the customer or the specific company. Ad hoc solutions require great knowledge for a potential business field the company is about to enter. GFK is not dependent of what markets they enter since the company has a wide supply of services and the advantage of international experience and therefore is basically able to conduct any research. The figure on the next page shows how GFK works with a customer. GFK starts by specifying the demands to the customer and then goes on to if and how they shall do to manage it.

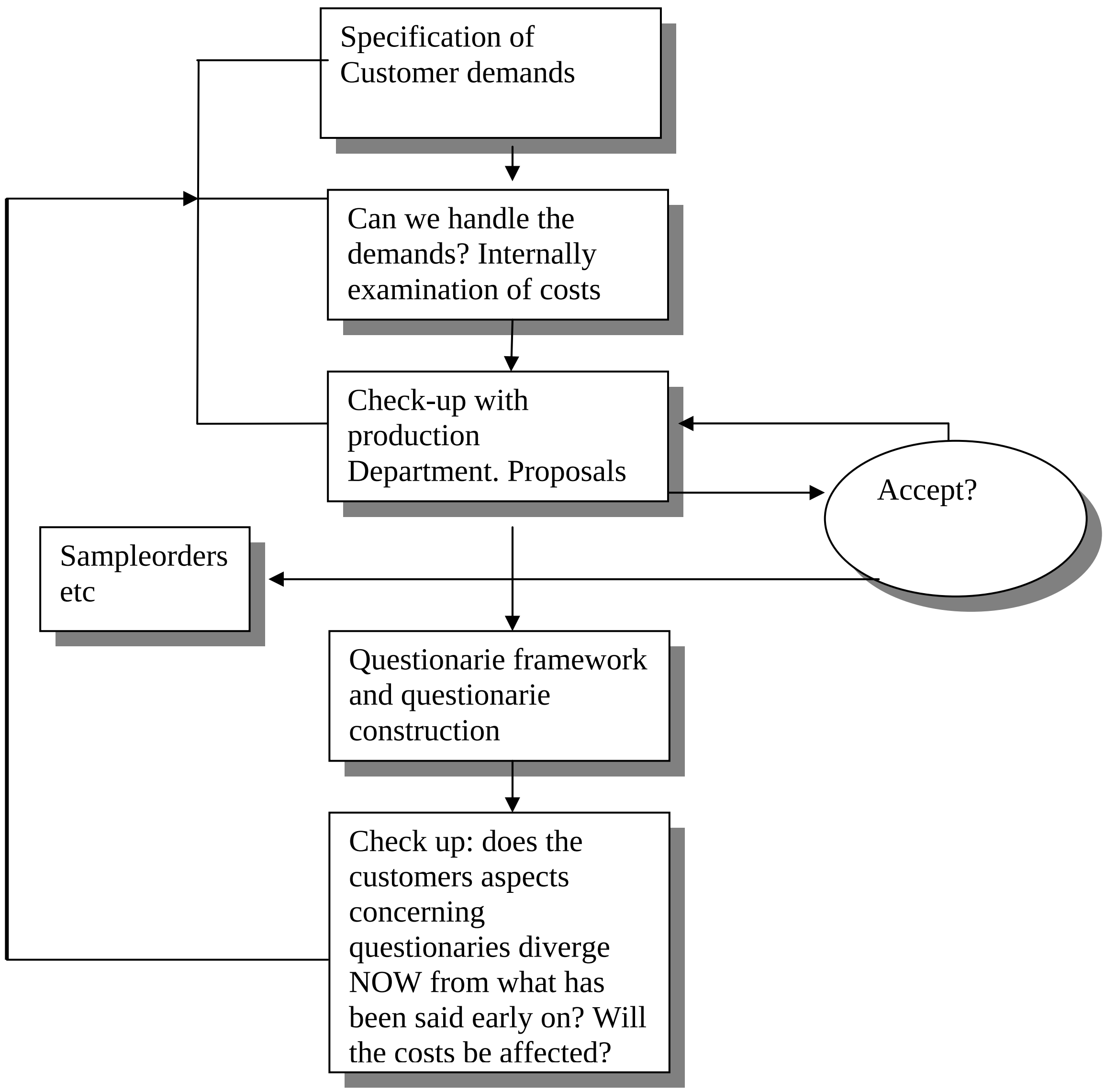

Figure 3.4 This model show the different steps how GFK is working when the have a new assignment.

3.8 Reliability

To evaluate the reliability of the data or evaluate whether or not same results can be observed if the research is performed again in a similar way *(Saunders, 2007).* Since case studies are conducted and characteristic of the flexible and unstructured form, we need to take into account that the reliability is reduced because of this. One of the four threats Saunders mentions is about the observer's bias, which in our case may appear how each of us that conducts the interviews interprets the received information *(Saunders, 2007)*

3.8.1 Validity

Validity is concerned with whether the findings are really about what they appear to be about *(Saunders, 2007 p.101).* However, the data that was intended with the generated questions cannot be guaranteed and the data we extracted was enough adequate. Before the formation of the interview guide, relevant aspects were discussed so we could obtain data to eventually be a source for answering the research questions. Therefore we believe our interview has a reasonable validity. During the interviews we had opportunity to ask follow-up questions, since everything was recorded; all information during the interview was stored.

3.9 Limitation

After having performed two interviews, it felt relevant to reflect whether we really managed to catch the aspects we were looking for. Our pre-formulated interview questions were a quick form of a data collection method and we thought that the people interviewed understood the questions. We decided to use the conversation that was built on a more everyday language. We chose some topics with a couple of questions about each area in order to start the conversation and thereafter the conversation continued on its own. We felt that the people interviewed became more inspired to speak when they got the opportunity to talk about their everyday experiences. The downside to this type of data retrieval was that the person responding could give answers that they thought we expected of them. This phenomenon occurs in the Eriksson and Widersheim theory where they mention the weakness of interview effects where the interviewers and person interviewed can affect each other. (Eriksson, Wiedersheim, 1999). Halvorsen mentions that the downside to interviews is that the interviewer's personality and manner of working can affect the interview answers. He supposes that many answer what they believe the interviewer wants to hear (Halvorsen 1992). Certain problems occurred during data retrieval; we experienced the Eriksson and Widersheims problem about difficulties getting an interview appointment. Since it can be difficult to get an interview appointment, we tried to get answers to the most important questions that were more needed during the interview and then we used e-mail to get information that is easy for the company to send to us (for example, the company profile).

4 Case study

In this chapter we will analyse the differences and similarities between the two companies, Marklyss and GFK.

4.1 Introduction

The degrees of differences and similarities between Marklyss and GKF will give further information about the environment around the companies. By identifying these aspects we are able to have additional insight concerning the working process and client value. The data are generated by empirical research and requires the use of the theoretical framework. The theoretical framework of this study consists of models such as the 7K, transactional vs. relational approach (as discussed in chapter 3) and the PSP model (as discussed in chapter 3). We use the frameworks as a base for comparing and generalizing the empirical results of the two cases. Studying multiple cases makes it possible to build a logical chain of evidence (Yin 1994; Miles & Huberman, 1994).

4.2 PSP -model

The PSP- model was created to easier be able to compare Marklyss and GFK to see the differences and similarities in their work. The two companies will be presented separately in every step of the PSP-model in this chapter.

4.3 Marklyss

4.3.1 Problem / Need

The problem for the client is that the marketing plan is not as efficient as expected or desired. The client wants to update the already existing market plan in order to reach the target goal.

4.3.2 Solution

The desired result is efficient marketing that leads to better conditions for sale.

4.3.3 The plan

Marklyss is a strategic company that helps other companies to structure their already existing market plan in order to reach efficiency. To gain understanding for the client and to get to know the clients surrounding and environment the 7K are used. They are implemented during the ten-step process that is used to restore the market plan.

- *Current state analysis*- Where is the company today? What does the environment around the company look like? Who is the strongest candidate of the competitors?
- *SWOT*- Where are the strengths, weaknesses, threats and opportunities? What can we learn from them and what mistakes are we making today?
- *Goals*- What are we striving for? What are the client values? What do the clients need? Which target group are we confronting? This is where the sales process starts.
- *Goal plan*- Desired revenue, target market and market goal (amount sold to the target group and the quality of the goods/services).
- *Strategies*- Communication models are used to gain structure and used as a strategy. The model contains three steps: Communication to gain interest, communication for sales and communication to follow up.
- *Market communication*- what is the awareness of the company? How much work does it take to reach the desired awareness?
- *Tactic*-Which tactics are the companies going to use?
- *Budget and action plan*-Which are the limitations on the budget and what is the maximum we can create with that in the action plan?
- *Intern marketing plan*- To be able to provide the best service to the client, it requires for all the employees in the company to be aware of the ongoing situations.
- *Follow up*- Reconnections with the client.

4.4 GFK

4.4.1 Problem

Initially when clients turn to GFK, the clients are aware of that they lack knowledge about their own customers or the target group. The lack of knowledge could be for instance the client who needs to know consumer behaviour for a certain consumer good or health care, or is seeking more information for example how the market for cancer medicine will develop.

Many services that complex service field offer are often unknown for the big crowd. Customers feel unsure about the services according to Kotler. Since the customers are not able to try out the services in advance, they do not know what to expect. That is why this type of business actively has to spread their knowledge about what they can do to help potential customers. When the customer has enough knowledge a need is created. When a customer do not have enough knowledge about the service, it is difficult to judge the quality in a later stage according to Kotler. His concrete proposal is customer education, follow up and quality guarantee the work and warranties (Kotler, 2000) .As Bjerseth told us in the interview it is important to convince the customer in a early stage even thought the profit won't show in a later stag. He does not see any problem in that. When we asked him if it could be difficult he answered:

> *"No, it is not difficult. But you have to know that the employee do a very good job as marketing investigators and often come up with god results"*.

4.4.2 Need

The client's need is to identify its own customers' preferences. The purpose is to be able to create effective marketing trough different solutions. These solutions are offered by GFK. In order for GFK to be able to satisfy the need GFK continuously works by being Client-driven. Client-driven implies that GFK works towards better understanding its clients' needs and to improve the client's current working process. It requires for GFK to constantly be a part of its client's information system, resulting in long-term relationships.

4.4.3 Solution

The client will find the solution with the help of GFK. GFK's assignment is to help identify both positive and negative aspects for the client. For instance according to Bjerseth, there is no such thing as unsatisfied customers in practice. He points out in an example that even if a customer gets negative result from for instance a customer survey, it is still positive for the client since he now is aware of the negative result and can change it. To be able to deliver quality in the solutions, GFK's personnel must be competent. GFK continuous develop its personnel through training and sharing ideas. The people are the main asset for GFK.

4.4.4 Service

The services provided by GFK for the client is to firstly examine what the customer wants in relation to its environment. In general marketing theories the examination is often described as SWOT-analysis and a current state analysis. GFK investigates the client's need through interviews, surveys, focus groups and key accounts. Key accounts are special consultants within GFK, who leads certain projects. The key accounts work as consults in a specific company or with a specific client. Bjerseth has the function as a project leader for the Key accounts. It presupposes good communication and working relationships at all levels and locations within GFK.

4.4.5 The Plan

To be able to execute the solutions different 'tools' are used by GFK. The company uses both financial and non-financial measurements to review and improve their own performance. The tools are the plan on how to solve the problem. The plan includes coaching and advices. The coaching contributes to the clients' business growing as a partial effect of the 'learning processes'. Not only does the client gain knowledge, the new knowledge results in development and innovation. GFK has tools such as individual standard solutions, e-solutions surveys, field studies and answers from marketing surveys. After the stage of deciding what tools to be used, the implementation of the mission is executed. The last stage is to follow up.

5 Analysis

The analysis is presented. The chapter combines information from the case study and theoretical framework to answer our research questions. Each question is summarized and presented with an analysis followed by result.

5.1 Introduction

Two case studies are conducted on Marklyss and GFK which examine their natural scene. Through interviews, data was collected. In the Literature Framework in chapter 3 we have presented different theories. By examining the different theories and studying our empirical findings we will answer our research questions in full. The purpose of conducting the case study is mainly to examine how phenomena in offering services take shape in reality. By doing this we can see how standardization takes shape in working processes within the mentioned companies, how value is perceived by the clients and delivered by the suppliers, how satisfactory results for clients are achieved and what the results means for the clients businesses.

The analysis is conducted through discussing real life cases in our case studies, analyzing and examining the studies from the view of the literary framework. The analysis chapter has subheadings with keywords taken from the Literature Framework and they have been analyzed with respect to the specific keyword. Initially in the following chapter the research questions are presented followed by analyses of the findings from the case studies. Each research question is analyzed separately. First a cross case analysis will be presented, were similarities and differences between the companies will be analyzed. We intend to use the cross case analysis as our chain of evidence to seek similarities and differences with the basis in the framework.

5.2 Cross case analysis

The cross case analysis is a model showing the differences and similarities between the companies. The different categories are further explained after the table.

	Marklyss and GFK	
	Similarity	Differences
Client choice		√
Knowledge spread		√
Problem area		√
Working Process		√
Tools of conducting services		√
Models		√
Client knowledge	√	
Client value	√	
Client network	√	
Competence development	√	
Contact after service	√	
Communication	√	

Table 5.1 Differences and similarities between Marklyss and GFK.

5.2.1 Differences

- **Client choice-** Due to the fact that Marklyss is single handed operated, Marklyss has to be more conscious about the client choice. Marklyss is therefore more selective in the client choice compared to GFK. GFK has over the years only denied a couple of potential clients because of the political issues and views of the client. In the interview with Bjerseth we asked him if GFK works with all types of business and if there are no wrong customers he answered:

  > *"Yes, it could be, if it is political or something similar. I know that I have turned down to one project many years ago. It was Radio free Euro, it was when it was east and western Germany and that could be wrong. Otherwise all are welcome here, we look at them and see if they fit GFKs norms" (Jan Bjerseth).*

- **Knowledge spread**- GFK helps its clients to understand their own customer by conducting market investigations and opinion pulls. Marklyss on the other hand helps his clients with an already existing market plan in order to make it as efficient as possible.
- **Problem area**- GFK´s clients lack knowledge about their own customers in different areas. Marklyss revises an existing market plan and makes the plan more efficient.
- **Working process-** GFK uses an Ad hoc approach. To the contrary, Marklyss uses a standardized ten-step plan (market plan).
- **Tools of conducting services-** GFK use several tools, as for example panels and questionnaires. Marklyss only uses one tool, the market plan.
- **Models-** GFK does not use any specific model during the working process while Marklyss uses the 7K as a platform throughout the work.

5.2.2 Similarities

- **Client knowledge-** Both GFK and Marklyss perceive that the importance of good client knowledge is crucial to their work. The purpose of client knowledge is to be able to understand the client needs; therefore, both companies conduct an analysis of the background of the company.
- **Client value-** The consultant uses the terminology of the client. The clients have to describe the problem in their own words. To eliminate the risk of misunderstanding the consultant has to describe the solution in the same words as the client described the problem. This creates a sense of trust and relief for the client. The relief comes from the feeling of being able to let go of the problem understanding that it is going to be resolved.
- **Client network-** GFK uses its international experience as a field of networking. Marklyss uses reputation and knowledge spread as a tool of networking.

Competence development- Both companies strive to maintain the competence within the companies. This is done by seminars and internal courses for the employees.

> *"A person that gets a job here may be a project leader or similar has 1 to 1 ½ years of education here before they can even come out and meet a customer on their own" (Jan Bjerseth).*

- **Contact after finished services-** Yes. As answer from Bjerseth if they come with advice long time after the services is completed he answered:

> *"Yes, we can, often is it directly after the presentation because then you will see very clearly where it works. If it is positive or negative and why it became negative" (Jan Bjerseth).*

- **Communication-** Both use the communication model. The communication model contains four different steps. The first step is to create interest and demand, second is communication of needs, third is the mission and the fourth step is follow up.

5.2.3 Conclusion of cross case analysis

According to Axelsson the complex service field is distinguished by qualified problem solving of problem that the customer can not solve themselves in the best way. The customer hires a company to take their investments since they consider that they lack sufficient competence. The typical complex service field often solves problems that no one in advance knows the most appropriate solution on to. Therefore, the customers have to rely on the consultant's competence but at the same time they cannot be 100 % sure if the right decision is made. Since the customer can not see the result before the payment is it necessary for the customer to trust the consultant. Recommendations from other customers are one way for the customer to feel confidence. The consultant's potential expansion depends on the choice of customer. Customer and assignment can affect the consultant's image and competence development. The consult and his company can invite their customer and their friends on a more casual client meeting, this is a good way to expand the client network (Axelsson et al., 2007).

In our interview with Bjerseth, he gave us some examples of how they go about developing their customer network. "Marketing can be done in many different ways; the best marketing we can do to our self is to do a good job for the commission assigner. Then we have done a good marketing. We want a new prospectus, i.e. we want what all companies want, new customers. Then you have to consider how to do it. You can have advertising in a magazine about unions, you can visit the company and present GFK, or you can have seminar where you invite the commission assigner to lecture about different trends in the community. Another way is to have a seminar with some activity and a lecture in the morning as we had one month ago. Taking part in exhibitions is a good way. To be seen as well as the personal relation you get with customers that you work with is the best kind of marketing. That is how it works in consultant business; it is the person that is the nuts and the bolts of the company. We are project leaders and consultants. We are supposed to help the company that we work with; we give our best advice and it could be either right or wrong. You find a forum to discuss these things" *(Jan Bjerseth).*

5.3 Analysis of Research question 1

1: To what extent or in what ways is a firm offering complex services standardizing their work approach?

5.3.1 Heterogeneity

The nature of complex services has several characteristics as already implied in the chapter of literature framework. One of its characteristics is not to be able to standardize a service. However, businesses competing in a globalized world where the transactions occur faster need to find ways of conducting the working procedures more effectively. In the companies we studied the working procedure look very different. The main differences between the businesses is due to factors as size of the companies, amount of resources within the companies, level of internationalization, being listed on the stock, types of services to be offered and the nature of the problem which needs to be solved. As Ford discusses the business market field is extremely heterogenic. Every business has a different background, technology of working, organization and culture all these factors are involved. Therefore, the offered service must be adapted to the client's requirements, since clients have different demands. The effectiveness of the complex business firms looks different in our case studies. In the case of GFK there are several working aspects that are standardized. Concerning the ad hoc approach the whole structure of the working process is standardized. The scheme shows different steps. Due to these steps the Key accounts as Bjerseth emphasized has an important role. The Key accounts are the consultants who are integrated in the clients businesses to gain information and to obtain knowledge. The integration requires both the consultant and the client to take part in order to reach the highest result of the cooperation. As discussed in chapter 3; a knowledge provider develops and achieves a long-term change for the client's business. The knowledge provider makes it possible for clients to help themselves through the newly gained knowledge about themselves or their business.

5.3.2 7K Model

A company that works with complex services is unique and since the service is specialized after each client's needs they are very difficult to standardize. However, the procedures can to a certain extend be standardized. The working procedure can be put into a platform that can be used to gain client awareness and create advantage in time. The 7K model that, for example Marklyss uses is a specific way of working and goes through several steps which results in solutions for the client and the client's needs. The 7K model creates awareness of the client and the surrounding of the client but most of all it develops a tactic for how to target the issues the client is facing. According to Stefan Foberg, the 7K is an important part of his plan and he continuously uses the ten step working process. He continues by emphasizing that the plan is, a way of standardizing his work at Marklyss.

In general when it comes to *marketing agencies* the business services they provides are highly differentiated (Ahrnell, Nicou, 1989) and it is very difficult to standardize any of the 7K-factors, since every costumer has different needs. As earlier mentioned the knowledge provider is more oriented to creative problem solution, which is partly an effect of acting on a heterogenic market.

5.3.3 Differences and similarities in cross case analysis

A majority of the factors compared in the cross case analysis are differences such as client choice, knowledge spread, problem area, working process, tools of conducting services and models.. We believe these results depend mainly on the fact that it is two different types of businesses Marklyss and GFK are offering. Secondly, the complex service field is a highly heterogenic area.

5.3.4 Summarized analysis of research question 1:

The working process as a whole cannot be standardized. But our case studies show that the working processes can be standardized to a certain extent and in some stages. The extent differs from business to business.

5.4 Analysis of Research question 2

2: Which specific factors during the process create more value for the customer?

5.4.1 The Knowledge Value Chain

In chapter 3 we explained how the value could be obtained in the complex service field trough the KVC model. The KVC model's different parts is an illustrative way of pointing out different factors or stages which at the end creates more value for the client. The parts of *shared understanding*, process of *data* and analyzing *information* is in GFK's case conducted by the key accounts. Bjerseth mentioned one of the company's strength namely the department of research and development in Nuremberg, Germany, which has a lot of resources to develop new products, software, new statistical models and ideas to become even better in their work. He also stresses the fact that we shall not forget that many of GFK's clients are big companies with huge marketing resources. What many clients seek for from GFK is the instant information need which GFK can satisfy with the help of different models and tools they have developed.

The *knowledge part* of the KVC model is seen in the competent employees that are a result of the wide international experience GFK has as well as the many years it has operated. All these mentioned factors contribute to the intangible assets of the company. This creates more value for the client in such a way that the more knowledge a company has the more competitive it is and can provide a better service for the client.

According to Stefan Foberg there are four different parts that creates value for the client but also creates trust and a feeling of relief. These four categories are goals with the market plan, strategies, tactics and internal marketing. The different categories show the client what kind of knowledge the consultant possesses and give a preview of the desired outcomes. The outcomes are described and defined in order to be workable and understandable for every employee of the client company. It also teaches the client what need to be corrected with the market plan in the future. If the scenario above was applied on the KVC-model, the four categories represent shared understanding which is the initial phase of the model. It is Marklyss' job to process this shared understanding through acquire data, to analyze the information and, through Foberg's work convert it to 'knowledge'. The outcomes are defined and will be applied by Foberg's clients.

5.4.2 Strategic Management

In the case of Marklyss, Foberg helps the client with long-term survival and development in the sense that Foberg strategically helps revise the client's marketing plan. Ford emphases (see chapter 3) the process of strategy development changes the direction of choices that are made about a company's business. Due to this Marklyss will help its clients to gain new knowledge and because of the knowledge the clients will find new solutions in their approach. Additionally the newly gained knowledge or strategic development in this situation will help the client to adapt to changes in its surroundings. Relationships in business markets vary due to past history, experiences, attitudes of people involved. Strategists in business markets must take into consideration a wider view of the idea of differentiation since it is extremely heterogenic.

Clients who decide to buy a complex service or business service have various reasons why they do so. Often it is a form of lacking of for instance the knowledge on how to perform the service effectively or not being able to produce in a competitive way. This creates more value for the client.

5.4.3 Summarized analysis of research question 2:

Value in this context is very subjective. The perceived value depends on if the professional service provider has succeeded in identifying the ‘language’ of the client and presenting the value variables in a way that the client perceive the variable valuable for him or her. The ‘language’ is the challenge every consultant has, finding the right forum or terminology to present findings, which are meaningful for the clients.

5.5 Analysis of Research question 3

3: How can knowledge managers guarantee a satisfactory result before implementing the service?

5.5.1 Client Choice –a strategic step

Before even having contacted a potential client according to the 7K-model there is a persistent work of *Client Choice* for businesses in the complex service field. As mentioned, it is about targeting for specific customers in marketing rather than the customers randomly picking the supplier of the service. For the supplier as in Marklyss case it is very dependent of its reputation. Certain types of clients are better for Marklyss and these self-create marketing in ways such as word of mouth (eg. one client mentioning it to another).

Bjerseth made an example of how to target potential clients connected to the debate and discussions of too much sugar in food some years ago. He emphasized that as a research company operating in marketing it is essential to be updated; to be open to what is happening in the society, to trends, to attitudes concerning weight loss and fat or salt in food or what ever it might be. Some years ago when there was a lively debate about too much sugar in food, GFK followed up on the debate. The company made projects with surveys of the panel within GFK. They made a collective research, meaning one research that all the clients can take part of the results from. In less than 14 days, Bjerseth found 17 companies that were interested. This is a result of how GFK or a supplier of service can gain advantage through being up to date and strategically choose their clients.

The above-mentioned aspects are examples of the necessary work that need to be done in before hand to obtain satisfactory result for the client before implementing the service.

"For GFK it is natural to work with high quality, high level of service and reasonable costs. Additionally, we have an international network, which is very important for us. The headquarters in Nurnberg has massive development for products and employees only focusing on develop new tools for analyzing. Also we have a certificate for quality according to ISO 9000" (Jan Bjerseth). According to Bjerseth the development of products is considered an important part of the whole processes' of guaranteeing satisfactory results for the clients. The quote implies how different working parts in complex service firms are important for the total result for the firm's performance. The purchasing of services is in several aspects different compared to ordinary goods as Axelsson is discussing in chapter 3. One problem with services is that it does not yet exist when the customer buys it. Compared to a good it cannot be looked at or played around with.

5.5.2 Summarized analysis of research question 3:

Firstly the initial fundament for a further cooperation between a supplier and a buyer of a service needs to be set. This fundament is a shared understanding. The professional service provider guarantees satisfactory result through close relationships. Also the supplier of the service makes use of its experience and continuously improves its working approaches such as the technology and the knowledge of the firm.

6 Conclusions

The conclusions are presented. The dissertation is summarized. Relevant aspects are discussed followed by Methodological Improvements and Managerial Implications implementations. Finally, suggestions for further research will be discussed.

6.1 Introduction

In the previous chapter an analysis was made of the research questions and the analysis was summarized. This final chapter concludes the dissertation. Initially a summary of the dissertation will be presented about the findings of our research questions and what value the findings have and how the findings contribute for the understanding of the world of complex services. We will discuss the managerial implications, meaning the relevance of our dissertation for people working within the field of complex services or in general people who are interested in the subject.

6.2 Summary of the dissertation

There is a reason why it is named ‘complex’ service field and that is that the word complex implies the very core issue of the field. We are dealing with intangible or abstract offerings by a supplier which are received by a client. It is not like physical goods, which can be measured, and if something is wrong or lacking you can directly notice it. As Jan Bjerseth implied during the interview, it is not all about money. Many companies have a lot of resources but to succeed you need to know how to use these resources. To maintain the competence of a business it is important to have qualified and experienced employees through constant training. After reading many articles regarding the issue we found that there is an ongoing debate of what ‘knowledge’ is. During periods of downsizing in the economy many marketing departments are restrained first, because of the problem that the management of the company cannot measure the results of the marketing. The same principal goes for clients who decide to have the help of a firm in the complex service field. The firm needs to guarantee the client that the result the client is seeking will be fulfilled. How will this take shape in the physical world and how can this be measured when the service is abstract? One significant part of the service is having meetings, seminars, and interviews or mainly having a discussion and dialogues between the supplier and the service receiver. Besides this there is a more physical part of the service such as the marketing plans or constructed surveys by the professional service providers. The supplier needs to find a suitable forum on how to make the content of the service comprehensible and understandable for the client. Without this initial stage the receiver will never understand what he or she has received from the supplier or consultant in this case. It requires that the professional service providers are constantly adaptable depending on what the situation or service requires.

With the help of the case studies and the literature we were able to distinguish what we wanted to answer in our research questions. The literature explained the world of complex services. It explained relevant aspects like how professional service providers work to provide their services and to be able to do this and at the same time maintain the quality there are several aspects to respect.

6.3 Final Discussion

Initially when starting this research we thought that the whole working process of service businesses was standardized. The research proved us wrong and to the contrary the complex business field requires unique solutions, because the problem area varies from client to client.

6.4 Methodological improvements

Our research can be stated to have an exploratory character, since "exploratory studies are useful when you want to clarify your understanding of a problem" (Saunders, 2007, p 96). A qualitative strategy was used to finding answers to the research questions. The case study has the potential to study a situation in detail and find new perspectives of it.

However, we acknowledge there are some shortcomings with our research. We only had the time and resources to conduct two case studies. If we had cooperation with additional service companies, maybe other dimensions and findings could be derived or confirm what we have already found. Also, it is worth mentioning that it was the firms choosing us and not the other way around. We had to settle for who ever was open to have an interview with us.

The procedure of the interview had a great impact of the information from the interviews. Even though we were conscious of the problem of bias generated during an interview, we cannot completely exclude that bias was avoided. How the interview object perceived us and how we acted as interviewers can cause that interviewers response to be inaccurate. The interpretation of the answers can have been affected. Interview objects may have been negatively affected by this and it could have adversely influenced the relationship between the interview object and us as interviewers (Saunders, 2007).

6.5 Managerial Implications

The overall aim of the research was to clarify our understanding of the complex service field. There was no simple answer to our research questions since complex services concerns intangible offerings. Because of this intangible aspect we wanted to find out how standardized processes, value creating factors and satisfactory factors take shape in reality in the world of complex services.

Our research can be used by managers who want to have an insight in how the mentioned factors exist in different service firms. The research result can contribute to the understanding of the field on how complex service firms work and the common obstacles they encounter. The case studies are a way of showing that most of the mentioned aspects in the literature are true for the Marklyss and GFK.

6.6 Suggestions for further research

In this research we have examined the professional service provider in relation to its client. It would be interesting to examine the third phase also the part of the *customer* (see figure 1.1 in chapter 1). Since it would be interesting to know how the client's customer perceives the investment the client made in hiring a service provider.

Additionally it could be interesting to examine similar firms to make the reference system more viable.

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Appendix

(Interview transcript with Jan Bjerseth, GFK)

Would you like to give a description of the company compared with your competitors?

The big advantage with GFK is that we are a part of an international group. We get a lot of knowledge through the parent company who can remove three to four man in one year only from a new method, to come up with a new product or similar, that is a big advantage to be a part of a big group plus the network. But I would like to say if you go to the Swedish local market our absolute strength is that we have a lot of legs to stand on. We have partly the adhoc activity and then we have panel activity on the consumer side and then we have the retailordit, i.e. panel and build up of stores.

How does the adhoc work?

Adhoc means for this thing, for this assignment. It means for every new information need creates a new question form which you can not do in a panel activity because there is continual measurement that run over the whole year.

Can you say that it is more tailors made?

Yes exactly. Tailor made is adhoc and continual is panel activity. We are they only in Sweden who has consumer panel. Retailordit is a big part of the organization here. If you look in terms of turnover on the different departments here so is the adhoc activity the biggest and than comes the panel. But marketing service comes more and more. They have done huge progress plus that we are responsible for Denmark, Norway, Finland and Baltikum nowadays here from Sweden.

Are you subsidiary?

No, it is sister company in the other countries. But exactly on that division are we responsible for those countries.

What is your position in the company?

I am director of the business area for one of the groups within the adhoc activity. Director of the business area means that I am responsible for a different other project leader and assistant. But I *am also project leader which means that I have responsibility of the customer and then you talk about certain key accounts, i.e. important commission that I have been working with for many years. It has been project leaders that have been key accounts. It is not only the project leader but it is consultants in the company too. You help them longer on the way, you help them in the whole process, and you leave a report and look at the results. Nowadays you will follow even longer in to the company and give recommendations and what you should do now and so on. An ordinary day for me can look as follow; I have to write three offers to three different companies. I need to do the proposal to questionnaires on the confirmed project; I need to do a summary on a report that precisely is done. I have to go down and check on the production and similar and see how it is working with some project I have. I have to answer 40 to 50 emails that arrive every day. I am a part of a big company's survey about customers satisfied that is going on in 45 countries.*

How integrated is the Swedish part of the international organization?

Because GFK is a list on the stock-market company from Germany, there are very high expectations on the turn-over and profitability. The shareholders put those demands on a listed company. It is weekly reports about the turn- over and the profits it is very important how this is taken care off. If you look at the independence towards the parent company it is huge markets that we work on. We can not compare our self as the Germany market, we have to adapt to the Swedish market. Swedish company do not have the same resources to put on a market survey as maybe a big giant company in Germany has. There are company in Germany that pays 60 to 80 millions crowns in market surveys each year and that is a lot of money. There are not many Swedish companies who can manage to do that. As answer to your question, every GFK institute are in some way independent but when it comes to the economic realitys it is a hard control from Germany.

What does the employee have for background?

It is very different depending on what position level you are on. Project leaders are often international economics; you could say that if you generalize it. Even translator because we have a lot of international project, and of course they need to be good translator. Than we have our assistant who need to have knowledge about computer and writing and also be very outgoing. When our project leader not is there many of our assistant has relations with customers. Then we have the employee on the computer apartment so it is clear that they need knowledge about computer.

Then we have employee that take care about script for phone interview, i.e. paper and pen are almost gone nowadays so almost all questionnaires makes directly in a computer environment. Then we have those who register and re-register so they have to be good at that. It is very difficult to generalize which education you need, it depends on what position you will have here.

What demands does they employee need to have to get a job?

The question techniques will get an internal education here. But the project leaders are always responsible to write questionnaires a then the translator translate it. It is very difficult with the language sometimes, it could be nuance in a question so the project leader needs to be helpful and explain what hi means. It is not possible to translate it from scratch.

It is a global company, are you over all the continents?

*Yes, we are in 95 different countries. If you do a survey about customer's satisfaction you will let the institution translate it into Korean, Portuguese or French**.** Than the commission assigner who often have an office on this market need to look at the questionnaires if it is fine. That is an important part of it all.*

You have customers all from different business. Do you help all business?

Yes, you could say that we do that. But there art persons that are more specialists in one business than another one. Like MS here, they know everything about photos, cameras, TV, radio and similar more than I know and they should because that is was they are doing. The problem for us on adhoc is for example if you work with Scania trucks as a project leader you can not work with Volvo trucks as they are big competitor. It is a lot of secret objects that they are working on. It is they same thing if you work with Findus you can not work with Felix. It is a small problem because than you have to work with all from deep freeze chicken to trucks. You will have an insight in a lot of business.

Do you have a lot of employee who had this background before?

Very few, but I have to say that GFK has an amazing internal education. A person that gets a job here maybe a project leader or similar has 1 to 1 ½ years og education here before they even can come out and meet a customer on their own.

Do you have employee within all different business?

Not in all different business but we have experience within many different business. It is a little bit differently on the panel because there is it possible for a project leader to have eight coffee customers, Zoega, Gevalia, Löfbergs etc so they become specialist on there area. A lot more than what we on the adhoc are.

Is there any model within marketing that you can use on all your five different business area?

No, it is not possible. Pharmacy has there direction. So you need to specify your market measure against they different segment on a unique way. There is a general way of talking about GKF´s competence and what we work with but you need a competes i.e. if you want to reach out to different postspects with different message it has to very tailor made. You can not talk with a car manufacture the same way as you talk with Astra Zeneca, it is not possible.

How many employees do you have that work with one customer?

It depends; if you put adhoc and all the divisions together it could be two employees per customer if it is the project leader side. Sometimes only one, it depends on what it is. Easier customer that the panel are measure something about is it often two persons. A pure adhoc survey that the panel do not measure anything on is it only one project leader.

When in the time perspective from that the customer has decided to work together with you does it take before you deliver the service?

It depends on what kind of service it is. It could be qualitative investigations on a couple of thousand; it is very difficult to answer. It also depends on the method, is it Webb questionnaire or is it a phone interview. I would like to say that from that moment when commission assigner confirms something it could take everything between 3 to 7 weeks.

Is it completed than?

No, it is the report.

Do you have a lot of work to follow up?

It is often that you go to the commission assigner and listen and d ask questions and similar and after it will be a discussion on how *we move forward and so on. It is our task to give advice so you come on the right track.*

Can you come with advice long time after the service is completed?

Yes, we can, often is it directly after the presentation because than you will see very clearly on where it work. If it is positive or negative and why it became negative.

Which aspect is important to create long term relationships?

It is a high level of service and a qualitative good work on what we do, this is important. Than would probably other say it is the price too. It depends on what business it is about. If you have a long term relationship with a customer the point is not to take a higher price, it should be that we do a calculation that fit with our norms. We are not going to take out a higher price only because it is a faithful customer it is on the contrary we want to give them discount instead. Yes, you could. It is almost necessary. It can be specific things as you probably remember for three years ago we followed sugar debate on a lot of sugar in grocery and similar. Than we did cooperation project with the panel and me from here. Then we said that the grocery industry had to be highly interested in this. We did a collective survey i.e. one and the same survey on the company and all of them will have the same result. Less then 14 days it was 17 companies that wanted to part of this. It is important to be there when it is happening, to take notes on what is happening in the community, attitude. Something that has happened with example diet and fat and salt in the food and so on. This is a way on what you can do and also a way to market you're self that you are there when it happens. I would like to say that 9 to 10 project we get from the commission assigner comes with an inquiry "we have a problem, can you count on this, and we need to get ready soon"

So basically you work with all types of business and there are no wrong customers?

Yes, it could be, if it is political or something similar. I know that I have turned down to one project many years ago. It was Radio free Euro, it was when it was east and western Germany and that could be wrong. Otherwise are all welcome here, we look at them and see if it fit GFKs norms.

Do you start to work from that moment when the customers ask you for a service?

Yes, you could say that. It goes really fast today. There is something that is called public purchase that the municipality has to do. They can not go to a company and say "we have a problem" without do a thousand interviews with the municipality inhabitant in Kristianstad. You have gone to four or five different company to get the right price, it is the municipality obligation to do it as cheap as possible. Companies that we have like Findus, Nestle and other, they just come here and say "we have a problem can you count on it?" And most of the time we have it done by tomorrow night.

This big company as for example Findus and Nestle, do they only have you to help them or can they go to other and get help?

No they can go to other too.

Do they?

Yes, sometimes to get a tender and say to us "that we have get on tender from another compete institute and see that you have a higher price, can you do something?" then you have to look at the cost estimate and see if there is something that we can do. But this is not normal.

Do you have your specific customers?
Yes, money is not everything in the world. It is also that competence that the project leader has since 5 to 7 years who know the company and know how to think, know how to work.

In the text about customer orientation you can read the following "We always strive after improving the understanding about our customers, and are constantly on the look out for our customers' needs and to find and improve solutions based on existing models". How do you do this?

Yes it is if you for instance take the grocery industry or chemistry industry, shower soap and so on. Very much today is adhoc solutions i.e. "could you help us with this?" often has the bi company established their own index. They have done the same investigations for 15 years and they know which value should be so you should use the same or similar questionnaire. You can not change because than you will lose the questionnaires validity. But when it is about new thinking and models or similar is it GFKs strength to come in and have a research department in Myrberg who create new ideas, new products, new computer program and new statistical models to be even better in some areas than what you are today. This is what you need to have understanding for the *company's immediate problem or need to on the whole and can after take part of these models that fit in the information need that you have. Than there is access to a series of different models that is useful.*

GFK is offering a *complete portfolio with marketing investigations* according to your webpage. The customer buys the service before they will see the result how can you in a previous stage convince them that the service fit them in an earlier stage?

Yes you do that in a very early stage because if the company comes with an information need, it could be a new concept. It could be that you have five new ideas that they want to use. It shows already from the beginning which feat you should use so you can suggest in the tender a series of different " if this falls out we think that you should continue with this and this." Than it will be a whole chain from the moment that the product is on the idea stage to that moment when it is actually on the market. It can com a pre test and take publicity, design tests and take packing and so on. From that day when is launch on the market the panel comes into the picture because than they put the last part of continuous measurement and than you will see if Felix has come out with new ketchup. Who do you take from? Do you take from your own customers or is it Heinz buyers that prefer Felix. So you can not only look at the current project as they ask for, you have to be careful that it is only one thing that you ask for and than it si that subject that you are going to write about. But you can always suggest some options. You often take it from the report presentation.

We thought that it could be difficult to convince your customer since they cannot see the profit until a later stage?

No, it is not difficult. But you have to know that the employee do a very good job as marketinginvestigatorsand often comup with god results.

What happens if the customer doesn't get satisfied?

It is more fun to present a result that is positive for the customer but there are many times the result are bad. If you take a survey about customers satisfied where our sales team has said "we have so nice customers, they are so pleased with us". But later on can a survey about customer's satisfied show that the case is different. Yes, it was fantastic information for the sales manager. We have to do something because this dosent looks good. This is how you should use market information so that the sales manager, I believe, *gets as much satisfied with the result even do it is negative for his business.*

When does the customer pay for the service? Is it in an earlier stage or is it when everything is finished?

It depends on the size of the money. It is often divided up in three different invoices. If a job cost 100 000 SEK, you confirm a third for the commission assigner. He confirms the project and 33 000 SEK are invoiced. When the fieldwork starts invoicing the next third and when the report is delivered and presented the project final accounts.

Is this a normal amount 100 000 SEK?

It is again dependent on what type of business you are talking about. Is it the pharmacy industry is it way to low, it here is an investigation around 200 000 SEK. On a consumer investigation can it be 90 000 – 100 000 SEK. If it is a survey about customers satisfied can it be everything between 500 000 SEK to 2 million SEK. It is very different.

You have a background of marketing so we wonder if you think there are any general marketing strategies that apply in your activity.

Marketing can be done in many different ways; the best marketing we can do to our self is to do a good job for the commission assigner. Then we have done a good marketing. We want a new prospectus, i.e. we want what all companies want, new customers. Then you have to consider how to do it. You can have advertising in a magazine about unions, you can visit the company and present GFK, or you can have seminar where you invite the commission assigner to lecture about different trends in the community. Another way is to have a seminar with some activity and a lecture in the morning as we had one month ago. Taking part in exhibitions is a good way. To be seen as well as the personal relation you get with customers that you work with is the best kind of marketing. That is how it works in consultant business; it is the person that is the nuts and the bolts of the company. We are project leaders and consultants. We are supposed to help the company that we work with; we give our best advice and it could be either right or wrong. You find a forum to discuss these things.

Frågor till Stefan Foberg 29/9-07 14.00

- Kan du ge en kort beskrivning av Marklyss och er roll på företaget?
- Hur kom du fram till att starta Marklyss?
- Varför specialisera sig om kunskapsföretag?
- Arbetsprocedur?
- Vad är slut resultatet av arbetet?
- Viktigaste verktygen i marknadsföring?
- Vilka aspekter är viktigast för att skapa långsiktiga relationer med kunden?
- Vad händer om kunden inte är nöjd?
- Hur arbetar ni på förhand för att kunna få kunden tillfredställd och skapa tillit?
- Hur kan ni övertyga kunden om att det är just er tjänst som behövs redan på förhand?
- När sker en betalning av tjänst?
- Hur sker prissättningen?

Interview with Stefan Foberg 29/9-07 14.00

- Short description of Marklyss and your role within the company?
- Why did you decide to start Marklyss?
- Why specialise on Knowledge Management companies?
- Description of the work procedures.
- What is the end result of the work?
- What is the most important tool of marketing?
- What aspects are important in order to create long-term relations?
- What happens if the client is not satisfied?
- How do you in advance work to satisfy the client?
- How do you persuade the client that it is just your service that they need?
- When does the payment from clients arrive?
- How do you decide the price settings?