

Call for Papers:
**De-constructing the assumptions behind service-led growth in
product firms:**
**Deservitization, multiple strategic positions, mergers and
acquisitions, industries and markets, and theoretical foundations**

An Industrial Marketing Management Special Issue

Paper submission deadline: **April 1, 2015**

Ever since the seminal papers on product-service systems, the transition from products to services, integrated solutions, hybrid offerings, and the service paradox were published, service-led growth in product firms has become an important research area. There has been a sharp rise in publications, special issues, and conferences throughout the marketing, service management, and operation management research communities. Now, more than one hundred scholarly articles on these topics are published every year. The findings have been proven to be highly relevant for industry and have attracted strong management attention.

Despite the increasing number of contributions, the articles increasingly replicate existing knowledge. The spotting and investigation of small empirical gaps dominates current contributions and results in incremental theoretical improvements. Most research does not question the implicit assumptions underlying service-led growth in product firms and, as a result, substantial theoretical extensions have become very rare. The purpose of this special issue is to promote and bring together assumption-challenging research along five dimensions.

First, up to this point, research has focused on firms adopting more services. The major frameworks arguing for service extension—e.g., servitization, service business development, transition from products to services, or service infusion—share the assumption that a continuous extension of service offerings triggers service-led growth. We are now beginning to see firms backing down from their service offerings. *Deservitization*, the reduction of the relative importance of a firm's service offering, has been lately argued to be an interesting phenomenon

in product firms. For example, product commoditization is an implicit assumption underlying service-led growth; however, studies of the evolution of the computer business show that as technological uncertainty decreased, technology diffusion increased and standards became established, leading to an increase in deservitization. Because products and services can be both complements and substitutes to each other, standardized, lower-cost products were eventually substituted for customization work and other services. Since there is evidence that firms might have overshot their service extension, research should question whether service-led growth is actually a one-way street from fewer to more services. This triggers research questions like: What determines the right level of service (i.e., service extension versus service reduction strategies)? Why do firms overshoot? What are the challenges at the company and network levels of deservitization? Are they different from the challenges of servitization? What are the effects of market dynamics such as commoditization, innovation, and legislation? Does the reduction in the service offering result from operational challenges in managing the service-led growth, the lack of synergies between the service and product organization, or from more a strategic question of whether service-led growth is really as profitable as expected?

Second, closely related to the one-way street on service extension is the assumption that firms take up a single position along the continuum from products to services. Single positions along the continuum are associated with a specific business model (e.g., after-sales service providers, availability providers, performance enablers). In practice, however, one firm (or business unit) has *multiple positions* along the continuum as it can offer basic services for one customer segment, provide services for improving product availability for a second segment, and offer services for enhancing customer performance for a third segment. Perhaps we should reframe our research question from how product firms change from one business model to another to how to manage multiple business models in one firm: How do firms successfully manage the co-existence of multiple strategic positions, revenue models, platforms, and/or market channels?

Third, existing literature assumes that service-led growth results from internal growth processes. Capabilities become more and more service-oriented and facilitate the organic growth process. Such a conceptualization fails to account for *mergers and acquisitions* (M&A) as a mechanism to expand the service offering. The acquisition of service capabilities might be easier and more cost efficient than building service capabilities. We call for research on how M&A can trigger service-led growth: Is the acquisition of service capabilities economically more viable than developing

these capabilities internally? Is the acquisition of product manufacturers a promising way to increase the installed base of products? Does a higher installed base provide more business opportunities for services?

Fourth, the literature focuses on product firms, which are actually product manufacturers. However, service-led growth is not limited to product manufacturers; it is relevant for many other industries. Software firms increasingly look for service-led growth and utility firms recognize that electricity, water, or energy provision have become commodity businesses with eroding of margins; growth opportunities arise through services addressing electricity, water, or energy efficiency. In addition, not all manufacturing firms actually have a final product, which can be serviced; there are contract manufacturers, which only possess production technologies, but do not have an own product. Nevertheless, service opportunities arise in designing services for the ordered products or reconditioning services throughout the product lifecycle. Consequently, we call for more research on service-led growth in a variety of industries and markets. Research should enhance theory development through comparing service-led growth processes across different *industries and markets* rather than focusing only on product manufacturers.

Finally, the majority of articles lack a strong *theoretical foundation*. It is argued that service-led growth needs an organizational change from product-orientation to service-orientation. The change is accompanied by increasing customer centricity. It also requires overcoming internal organizational resistance. Literature conceptualizes this change through the resource-based view, but the application of this view is rather unspecific. Capabilities and resources simply need to be transformed towards services, but a more rigorous theoretical approach is missing. Considering the knowledge-based view on firms and the current discussion on core competencies could potentially enhance theory development. For example, adding more and more services to the product offering extends the scope of knowledge necessary to fulfill the value proposition. Extending the scope of knowledge contradicts recent observations concerning narrowing the set of competencies, which enhances the strategic flexibility of a firm. We would like to question whether the knowledge extension for service-led growth enhances or limits the strategic flexibility of firms. Does the knowledge extension also mean that service-led growth exposes product firms to disruptive innovation? Which theoretical foundation(s) (capabilities (dynamic and operational capabilities); resource-based view; knowledge-based theory; disruptive technologies; strategic flexibility) enhance theory building on service-led growth?

The guest editors invite papers with an original perspective and advanced thinking on service-led growth on issues related to, but not limited to these research topics.

Please submit your paper electronically (MS Word files only) to **all three** of the IMM Special Issue Editors: Christian Kowalkowski (christian.kowalkowski@hanken.fi), Heiko Gebauer (heiko.gebauer@eawag.ch) and Rogelio Oliva (roliva@tamu.edu) with a copy to IMM's editor Peter LaPlaca (plaplaca@journalimm.com).

Authors with questions about the acceptability of proposed topics are encouraged to contact the guest editors. All manuscripts should apply the general author guidelines (www.elsevier.com/journals/industrial-marketing-management/0019-8501/guide-for-authors) for *Industrial Marketing Management* (IMM). Manuscripts should not have been previously published or be under consideration by other journals.

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