

**Summaries of Selected Sessions from the  
2008 AMA Winter Educators' Conference  
(Austin, TX)**

**March 2008**

**Compiled and edited by Tom J. Brown, Oklahoma State  
University, [tomb@okstate.edu](mailto:tomb@okstate.edu)**

## 6.9 Marketing Management, Strategy, and Channels (Special Session)

### **Bundles, Solutions, and Other Holistic Value Propositions**

#### Chair:

*Ajay K. Kohli, Emory University*

#### Participants:

Consumer Purchase Strategies in Complex Purchase Situations

*Neeraj Bharadwaj, University of Chicago*

*Rebecca Walker Naylor, University of South Carolina*

*Frenkel Ter Hofstede, University of Texas Austin*

Consumer Inferences about Hybrid Goods and Services from Pricing and Innovation

*Nita Umashankar, University of Texas at Austin*

*Raji Srinivasan, University of Texas at Austin*

Emergence of Solution Selling: Anticipated Benefits and Potential Risks

*Heiner Evanschitzky, University of Muenster*

*Florian Wangenheim, Technische Universitaet Muenchen*

*David Moritz Woisetschläger, University of Dortmund*

**Session Summary Writer:** David Gilliam, Oklahoma State University

Dr. Neeraj Bharadwaj presented the paper concerning purchases involving a focal product and a complimentary service (such as delivery and installation) that heightens the functionality of the product but which is meaningless without the product. The research question was under what conditions will a consumer elect to engage in a holistic value proposition purchase strategy and what are the outcomes? He pointed out that with many outlets for major brands, retailers often must bundle services to attract customers and build margins. This also helps to create a long term relationship and change future intentions. The first study was scenario based and tested whether customers perceive component, preassembled and expanded offerings as actually different, which they did along the lines of integration and customization. These strategies are also perceived differently by consumers on the variable of anticipated satisfaction and willingness to return to the retailer. Retailer reputation and consumer confidence in their own preferences moderated these effects. The next study found that customers do not always have complete insight into their own preferences, and that this insight moderated their choice of purchase strategy, i.e. component, preassembled or expanded offering. The authors feel this contributes to the services and goods bundling literature and challenges the assumption that people know their own preferences. The managerial implication is that both bundles and expanded offerings should coexist to match customer's preferences.

Nita Umashankar presented a paper on hybrid goods, which are a combination of a good and a service. She discussed whether the locus of innovations should lie on the good or service side to maximize profits. Study 1 showed the customers prefer goods innovation over service innovation. Customers may feel they own a goods innovation but not a service innovation. The intangibility and experiential nature of the service component are important. Consumers may also be using a "price signaling quality" heuristic to deduce the reliability of the service component. Study 2 showed that allowing customers to customize a service might give them a feeling of ownership and in fact can remove the locus of innovation effect. Interestingly, allowing social networking on a service lowered preference by lowering perceived ownership.

Florian Wangenheim presented the conceptual paper based on a qualitative survey. The main topics were the development of a taxonomy of market offerings of components and solutions, defining the paths firms follow from being a component supplier to being a solutions provider and explaining why firms are on a particular path. Four activities mark the path: (1) requirements of customer, (2) customization and integration, (3) deployment at customer, and (4) post deployment support. A

components supplier is at point 1, whereas a solutions provider engages in all 4 activities. He termed engaging in activities 1 and 2 as “object modifier” of products; engaging in 1 and 3 is “operant modifier”. Number 4 is the “communicator” aspect, and firms can start here and perform only activity number 4 to learn from the feedback channel about customer uses of components. As a result, there are many paths a successful firm can follow. Even SBU’s within a firm can follow different paths in different markets. As an example, Festo Pneumatics used operant and object modifier and then communicator methods since the 1950’s to become a major world wide solutions provider.