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HOW THE SHIFT FROM A PRODUCT TO A
SERVICE BRAND AFFECTS BRAND JUDGEMENT.

By:

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How the Shift from a Product to a Service Brand affects Brand Judgement.

Isabel Cortés, Pinja Vyörykkä & Julian Weller

Abstract

Purpose: To show how brand judgement as an indicator of added value for consumers is affected during the shift from a product to a service brand. Only through adding value for consumers can a service trigger behavioural change, which enables the service to create competitive advantage.

Design/methodology/approach: Multi-methods approach consisting of a thorough literature review and qualitative, semi-structured interviews with consumers.

Findings: Brand judgement is overall positively affected by the addition of services when the service is perceived as valuable to the consumer. Servitization therefore creates a competitive advantage and is likely to increase sales.

Research implications: To further research the effects of both, different services and other dimensions of brand equity. To confirm the results of this study with a quantitative approach.

Practical implications: The services and their added value must be communicated to the consumer in order to spark behavioural change. The complex influence patterns of services on brand judgement have to be considered.

Originality/value: First advance towards the effects of servitization on consumers' brand judgement towards business-to-consumer brands.

Keywords: servitization, fashion, sustainability, brand judgement, competitive advantage, brand consideration, brand quality, brand credibility, brand superiority, circular economy

Introduction

Brands are undoubtedly facing increasing competition in today's global economic marketplace. This is a trend spanning across all industries, whether businesses are dealing with consumers directly or with other companies. It does not just concern those businesses active on the global scale, the wide reaching consequences also affect domestic companies (Ghauri & Cateora, 2014). To survive in these hostile conditions

firms need to establish and defend competitive advantages as they mark their only chance of survival. One way of doing that, which has increased in popularity, is the addition of services to the company's product offers, referred to as servitization. This kind of behaviour is argued to lead to an increase in competitive advantage at the same time as it improves differentiation (Gebauer, Gustafsson & Witell, 2011; Vandermerwe & Rada, 1988). The invisible nature of services ensures a more sustainable competitive advantage and according to Bustinza, Bigdeli

and Baines (2015) makes it more difficult to imitate for competitors, which in turn also adds to the durability of the advantage.

For a service to be able to create competitive advantage it needs to ignite a change in behaviour of the consumer. This in turn is only possible when the service creates value for the consumer. In the fashion industry one can observe companies who are in fact seeking this kind of behaviour change in consumers (Fletcher & Grose, 2012). Filippa K is one of those companies which is sparking a change in consumer behaviour, however, it is not doing that solely for the purpose of creating competitive advantage. With this the company is also reacting to the greater concern among individuals and corporations on their own influence on climate change (Buxel, Esenduran & Griffin, 2015). The company sees the key in establishing lasting sustainability in the separation of business success and material consumption (Fletcher & Grose, 2012). Which means that they are able to create value streams without producing new garments. The fact that according to Jung and Jin (2016) our personal values greatly influence the way we consume is in that sense a positive prerequisite because seeking sustainability through the separation of business success and material consumption is only possible through a lasting change in behaviour.

In order for the service to ignite this change in consumer behaviour, whether for competitive advantage or sustainability, it needs to add value for the consumer. Thus it is critical to understand which aspects of the service add value for the consumer in order for the company to gain competitive advantage. To understand how services affect the consumer's perception of the brand and thus their decision making, general high-order associations introduced by Keller (2006a) can be researched. By understanding

these general associations, the company gains insights about how the consumer structures information regarding the brand and acts based on the interpretation thereof. These high-order associations can be further divided into two categories: brand judgement and brand feelings (Keller, 2006b). This paper will focus on the more rational brand judgement in order to gain an insight to the consumer's personal opinion and assessment of the brand.

The extent to which some companies add services leads to a fundamental alteration of their business model in some cases even changing the company from a product to a service focus (Kindström, 2010). It is important to consider how this kind of shift affects the image of the brand as well as its positioning. The purpose of this paper will therefore be to shed a light on how this kind of fundamental change of a company's business model or value proposition might influence the consumer and focus on *how the shift from a product to a service brand affects brand judgement*.

Literature Review

The decrease in prices of fashion garments combined with the increase in frequency of new styles has completely changed the way we buy clothes today. This shift has not just revolutionized the industry; it has also created a consumer whose desire to consume is larger than the attempt to reduce consumption (Mcneill & Moore, 2015).

Researchers agree that the concept of the fast fashion industry has put immense pressure on the environment and our planet (Bocken et al., 2016; Dalmia, 2014; Mcneill & Moore, 2015). Although some studies still disagree on the intensity of the customer's demand for sustainable fashion (Armstrong et al., 2015; Mcneill & Moore, 2015), it is undeniable,

that the fashion industry is in need of some drastic changes.

Fashion companies have recognized this need for change and are beginning to alter their behaviour and produce in a more sustainable way (Fletcher & Grose, 2012). The environmental benefit of selling a sustainable product is however limited, if adapting the business model is not considered.

Companies are therefore not just working on the sustainability of their products, they are also increasingly trying to adapt their business models by adding services to their products (Malleret, 2006). Surely they are not just doing that for the sake of becoming more sustainable, if you consider the fact that product based competitive advantages are crumbling in many industries.

Various researchers have found that adding services to the product actually increases the competitive advantage of a firm and makes it more difficult for the competition to copy the product (Gebauer, Gustafsson & Witell, 2011; Oliva & Kallenberg, 2003; Vandermerwe & Rada, 1988).

Some scholars argue that sustainability in itself can be considered a competitive advantage because environmental benefits are increasingly popular among consumers (Armstrong et al., 2015). In today's business environment, having that competitive edge over the competition can be vital to the economic success of a brand, especially in the fashion industry.

This paper focuses on companies that are changing from a business model that relies on product sales towards a model that relies on services (Kindström, 2010).

The ultimate form of this shift in business models are companies that are adapting their entire value chain in a way that it becomes circular rather than linear. According to Kindström (2010), companies might even have to change their value proposition which

now no longer has the product at its core. For a circular supply chain some business models will require the consumer to pay for access to the product (Spring & Araujo, 2016).

Although the industry-wide recognition of circular economy as a viable business model and an aspirational condition has only recently been established, the idea of adding services to the products and therefore the value proposition has been around for decades (Vandermerwe & Rada, 1988).

Servitization

As before mentioned, there is an increasing need for corporations to attain a competitive edge. One trend that is visible in almost all industries is servitization, which describes the integration of services to the core offering of a product brand (Oliva & Kallenberg, 2003). The term *servitization* was coined by Vandermerwe & Rada (1988) and is described as the increased offering of more complete market packages of customer-focused combinations of products, services, support, self-service and knowledge in order to add value to core corporate offerings. The companies add value to their core products by providing additional services and thus offering a more sophisticated package (Vandermerwe & Rada, 1988). The term servitization in this paper is defined as *the customer focused combination of goods, services, support and knowledge, which can enrich companies' offerings*. In practice it can be seen that more and more product firms seek to enhance their offerings by shifting to becoming a service brand in order to differentiate themselves from the competition or create additional value (Spring & Araujo, 2016). In this context Spring and Araujo (2016) refer to servitization as the service led growth by a product firm. Servitization can result in higher revenues and demands product-led

firms to rethink, develop or access new capabilities to change their former product-centred approach to a more customer-focused one.

Past and present

One of the main reasons that has led to an increase of servitization is the consumers rising demand for services (Oliva & Kallenberg, 2003). There has been an evolution in the nature of consumers' demands, which now exceeds fragmented support and requests total solutions from a company (Kim, Lee & Kim, 2015). The growing demand and pressure for a competitive edge has led to a rise in servitization in almost all industries on a global scale (Vandermerwe & Rada, 1988). Servitization is a customer demand-driven trend that has its origins in the industrial sector in the form of industrial companies offering additional services. Nowadays many companies rate services to be important components that contribute to the consumer satisfaction and therefore their integration needs to be considered (Oliva & Kallenberg, 2003).

According to Vandermerwe and Rada (1988), servitization has evolved in three different stages over time. In the first stage goods and services were clearly differentiated from one another. A company would decide to either provide one or the other. In the next stage modern technology changed this conventional definition and many manufacturers then empathized the inseparable nature of the products and services offered. But the demand of the customers has driven this trend even further; simply offering goods and services is not sufficient any longer. The next step into a new stage demands the company to provide a bundle of "customer-focused combinations of goods, services, self-service and knowledge" (Vandermerwe & Rada, 1988, p.316).

Implementation

As previously discussed, servitization so far has mostly been applied in the industrial sector. The shift from a product brand to a service brand is a challenging process, that requires consideration of numerous aspects (Kim, Lee & Kim, 2015). Previous research by Kim et al. (2015) has determined a three step model to implement servitization. In the first step, information about servitization is collected, as well as the identification of internal potential for servitization. One reason, why servitization is still rather unexploited, is that many firms might oversee that there is a potential for profitability in the service component of their product (Oliva & Kallenberg, 2003). The second step is to analyse the key competences of the company in order to decide whether providing additional services is feasible or exceeds the scope of competencies. After the thorough research and analysis of the firm's key competences, the third and final step is to plan a detailed product-service system. Deploying a successful service strategy is one of the main hurdles that companies face in the process of servitization (Oliva & Kallenberg, 2003).

Adding value

The process of servitization is perceived to be beneficial for both companies and customers. Vandermerwe and Rada (1988) argue that companies adding services to their traditional product offering can thus gain competitive advantage. According to Bustinza et al. (2015) this is the result of companies being able to differentiate themselves from competitors which can lead to increased customer satisfaction. Vandermerwe and Rada (1988) further clarify that the introduction of services helps the company to build a relationship with the customer and thus decreases the risk of them going to competitors. The sooner in the customer's decision making process the service occurs

the greater the customer loyalty. Bustinza et al. (2015) further argue that adding services enables the company to offer customer value throughout the product life cycle and generate additional turnover. The introduction of services can furthermore increase competitive barriers for customers as well as third-parties. Through this closer relationship with its customers the company can gain insights for R&D and innovation (Vandermerwe & Rada, 1988). These results from previous research clearly reflect the strong industrial focus the research has had this far.

Even though previous research indicates that servitization can help companies to gain added value, various academics agree that the reason for the increased popularity of servitization is in some cases rather unclear (Vandermerwe & Rada, 1988). Some companies argue that adding services to existing product offerings is simply happening due to more complex and demanding customer needs. Meanwhile others argue that servitization is used in the search of new opportunities or as a way to differentiate the company from the competitors through extending the life cycle of the traditional market offering. Furthermore, Kindström (2010) points out that the financial added value gained through servitization should not be taken for granted.

When it comes to the customer Vandermerwe and Rada (1988) argue that a major part of the added value in a company's offerings are due to servitization. This is because adding services provides the customer with a more comprehensive value proposition consisting not only of the product and service but also of different support systems, know-how and self service solutions. The introduction of services can furthermore help customers to get the most out of their purchase, assist the customer to make the right purchasing decision, help to endure product failure or

enable the customer to get the product when and where he wishes (Vandermerwe & Rada, 1988).

The different aspects of how servitization can add value to both companies and customers have been discussed above and it is clear that the previous research has had a strong emphasis on the industrial sector. However, the process of servitization although sometimes disguised by different names is now taking place within several other industries as well (Vandermerwe & Rada, 1988). This is why this paper shifts the perspective and reflects on servitization in the context of consumer brands.

Brand Judgement

As described by Vandermerwe and Rada (1988), companies implementing servitization can gain significant competitive advantage through increased customer loyalty. However, in order for the company to gain this competitive advantage it is critical to understand what in the servitization process is of importance when thinking of the perceived value for the customers. Martinez, Bastl, Kingston, and Evans (2009) have argued that understanding what customers actually value is the main challenge for manufacturing companies and needs to form the foundation for the whole process of servitization. Despite Martinez et al. (2009) research's industrial context the importance of understanding customer values can be regarded as critical, even within consumer branding. The company needs to understand how the servitization activities affect customers' brand associations and thus increase or decrease their brand loyalty.

In order to understand why customers react in a certain way to brand activities general-high-order brand associations can be researched (Keller, 2006a). By understanding these associations, it becomes possible to

understand how consumers structure all the information they have about the brand and how they act based on their interpretation. These high-order associations are further divided into two categories of which brand judgement focusses on the customer's personal opinion and assessment of the brand. Keller (2006a) further highlights four different types of brand judgement often made by the consumer when building their personal opinion.

Brand quality – Customer's perceptions of brand quality can be seen as one of the most fundamental associations a customer has towards a brand (Keller, 2006a). The perception of quality is closely connected to the customer's interpretation of satisfaction and value.

Brand credibility – Customer actions can further be based on their judgement about a brand's credibility which according to Keller (2006a) consists of three additional dimensions. Firstly, brand expertise refers to the fact that a company that is considered to have a market leading position or is highly innovative can be perceived as more experienced and thus credible. Secondly, a high level of credibility can also be a result of high perceived trustworthiness which in turn can be achieved through focusing on customer interests (Keller, 2006a). The third dimension affecting customer's judgement of brand credibility is referred to as brand likeability which refers to the extent the brand is seen as fun, interesting or worth spending time with.

Furthermore, Bougoure, Russell-Bennett, Fazal-E-Hazan and Mortimer (2016) argue that brand credibility can be seen as the most important characteristic influencing the customer's choices. The authors clarify that by providing information about the brand through different signals such as expected price range the managers can distinguish themselves from the competitors and help the

customer to make well-informed choices. This is how credible brands can affect the consumer behaviour through the process of providing the customers with information that is seen as trustworthy and reliable (Bougoure et al., 2016). Credibility has further found to increase customer's perceived quality and decrease perceived risk.

Brand consideration – Consideration refers to the probability that the customer will consider the brand as a feasible option for consumption (Keller, 2006a). If the customer sees the brand as a possible option depends on whether or not they perceive the brand to be significant and suitable for themselves.

Brand superiority – The fourth aspect is connected to the perceived uniqueness of the brand (Keller, 2006a). A brand can be seen as superior if the customer believes that the brand is able to provide superior features and greater value in comparison to its competitors.

Methodology

This study looked at two perspectives of servitization that had not been considered in the relevant literature until now. The concept of servitization was so far mostly touched upon in the case of industrial marketing and in the context of production (Lee, Yoo & Kim, 2016; Lightfoot, Baines & Smart, 2013; Spring & Araujo, 2016). Although some parallels could be drawn from that literature, this approach had its limitations when we tried to look at the effects of servitization in a business to consumer context. This brings us to the first perspective that we considered in our research, which was the brand perspective, looking at how servitization affects the brand. The second and in our opinion more crucial perspective that had not been at the focus of any scholar, was the consumer perspective. To our surprise

nobody had looked in depth at how an increasing offer of services and particularly the shift from a product to a service brand affects the image and the positioning of the brand in the minds of the consumer in general or brand judgement in particular.

The base of this research is formed by a thorough literature review, which starts with the concept of servitization and explains the relevance of brand judgement for the purpose of this paper. The aim of the literature review was clearly to establish an overview of the existing literature that would best function as a basis for the application of the theory to our case study.

Following the suggested approach of Park and Park (2016) we decided to conduct qualitative research after carefully considering the nature of the phenomenon we were researching. The main reason for this decision being the fact that we were hoping to discover behaviour patterns and opinions that previously had not been researched whatsoever. The aim was also to lay a groundwork of ideas and hypotheses that could later be specified and justified through quantitative research.

Through semi-structured individual interviews that gave us enough room to move about and react to what the interviewee was saying we were able to touch upon anything that seemed interesting for our research. The interviews lasted between 30 and 60 minutes.

Over the course of two weeks a total of 17 interviews were conducted with customers that are familiar with Filippa K, about half of which owned between one and ten pieces of the brands's clothing. Part of the interview was a ranking of Filippa K in the four categories of brand judgement according to Keller (2006a) before and after the services were introduced. The ranking included four other Scandinavian fashion brands. The participants were later also questioned in

depth about how in their point of view brand judgement was affected through adding the services and how the services themselves affected their perception of the brand.

Case Description

The fashion industry, as we know it today, is going through a major change, due to a rising awareness of resource scarcity and the importance of ecological issues.

At the forefront of this change are fashion brands like Filippa K (Fletcher & Grose, 2012), who are well aware of the fact that for a larger sustainable effect it is not enough to limit the efforts merely on the product itself. Behind these brands are companies who have started to alter their business models and their value chains in order to do more than just make the same clothes under better conditions with lower-impact materials (Fletcher & Grose, 2012).

By introducing services that are mostly already known to customers in one way or another, these brands are aiming at changing the single biggest issue of the fashion industry today: consumption behaviour. This marks the first time companies are using services to increase sustainability through a change of consumer behaviour. 'Behind the scenes' services like recycling or remanufacturing have also been added by companies they will however be disregarded in this paper for their lack of direct influence on the consumer.

The repair service is certainly not an innovation and has been a part of many laundry services and tailoring businesses for years (Fletcher & Grose, 2012). It does however illustrate one way, how fashion companies are earning income without selling a product and which is increasingly promoted as part of the whole fashion system.

Leasing systems, already common with formal attire, are aiming at changing our habit of ‘owning’ garments to being satisfied with having ‘access’ to garments (Fletcher & Grose, 2012). Through leasing manufacturers are merely making garments available to consumers and can therefore increase the numbers of wearers and the intensity with which clothes are used.

Selling used clothes or reusing cloth is a practice that has been around as long as the fashion industry itself. It is mostly done by voluntary or other not-for-profit organizations (Fletcher & Grose, 2012). Only recently have companies started an effort to establish their own systems of bringing back and selling their brands’ garments.

By adding services like the ones mentioned above fashion brands try to disconnect their business success from an increase in material consumption which is the only way for a fashion brand to survive at the same time as being actually sustainable. With sustainability being something that many of these brands have made a part of their brand identity and core of their value proposition, on the pursuit of creating more sustainable fashion (Fletcher & Grose, 2012).

Regarding the services introduced above, Filippa K as a brand poses an interesting case for this study because it has introduced all three services and it can in fact be considered a brand that has put its sustainability effort and the intention of changing consumer behaviour at the core of its brand.

Results

In the analysis of the responses that were obtained through qualitative interviews with individuals that are familiar with the brand Filippa K, three groups can be distinguished based on the number of products they own. For further understanding, the groups are as follows:

Super-buyer: >5 products

Medium-owner: 1-5 products

Non-owner: 0 products

It can be noted that all factors of brand judgement experienced an increase, when the interviewees learned about the services offered by the fashion label. The initial awareness of the services in general was rather low or non-existent. The brand was initially associated with high quality, simplicity and longevity.

Quality

The responses show that the perception of the quality of the brand was least affected by the addition of the services. It must be mentioned, that the initial rating of Filippa K in this category was already high. Throughout, the answers of the respondents were very positive. However, the fact that a brand with qualitative products tries to convince the consumers of the high quality created some confusion:

“It gives the impression, that Filippa K is trying to convince consumers of the quality they sell, but based on my experience there isn't a problem of the products breaking [...] Therefore, these additional services do not add value to me.”

The repair service was mentioned most often, both as a positive and a negative influence to the perceived quality of the brand. Often, it is mentioned, that the repair service indicates the confidence of Filippa K in their own products and underlines their quality. Nonetheless, it also results in some respondents questioning the quality of the product, due to the apparent necessity of the repair service.

It is mentioned, that the second hand concept indicates the high quality of the garment, since it can be used over a wide time-span. According to the respondent, this service symbolizes the longevity of the products and the timelessness of the design:

“I think that a lot of brands should think like the brand Filippa K, rather than producing tons of new clothes, offering a repair service, second hand shop and leasing of their clothes. That way fewer textile waste would exist.”

Overall, the quality of the brand is perceived highly, and it is recognized that the high quality of the product results in a more sustainable way of fashion consumption.

Credibility

The servitization of Filippa K does not show a clear pattern of influence on the credibility of the brand. For some interviewees the label increased in credibility, whereas others have a more critical opinion and even ranked the brand's credibility lower. It is interesting to observe that several interviewees is generally sceptical towards brands and the fashion industry. The answers are showing scepticism, whether the added services actually want to add value for the customer, or instead increase profit for Filippa K. Especially the second hand shops were seen critically as a way of Filippa K to generate more profit, without creating new value:

“Does the "second hand" and CSR thinking come from inside the company or do they feel a need to respond to what everyone else is doing?”

Interestingly, despite the critical view, the respondents still think of the second hand store as a good idea and consider buying garments there, as the level of entry is decreased by a lower price. The questioned customers are aware, that there is a general demand for more sustainable products in the fashion industry nowadays.

It seems like there is a general mistrust in brands or the fashion industry among consumers. The repair service shows effects on brand credibility in two different ways. Introducing the idea that Filippa K offers a repair service resulted in some respondents questioning the quality of the product and therefore the credibility of the brand. The offer of a repair service for them suggests

lower quality of the clothes, since seemingly the company itself expects product defects. Many consider the exact opposite and see it as a guarantee of the high quality of the garment, seeing that Filippa K is willing to repair their products when defected. Nonetheless, many of the questioned consumers perceive the services as environmentally friendly and as a contribution to more sustainable fashion consumption.

Consideration

Overall an increase of the brand consideration can be observed after introducing the added services offered by Filippa K. None of the respondents considered the use or purchase less than before. In the interviews, consumers especially mention the repair service as an addition that increases the consideration of buying a Filippa K product. It was often mentioned that knowing a broken garment would be repaired gives a sense of security to the buyer, which is important given the price point of the product. Many described this as an additional value that justifies the price. The questioned consumers seem to be willing to pay more for a garment after finding out about the 10-year warranty that Filippa K offers.

The newly introduced leasing service that allows customers to own a garment for a limited time of four days shows rather controversial effects on the brand consideration. It is the least mentioned of the services but evokes both positive and critical comments. One respondent mentions, that the repair service as well as the second hand shop offer an additional value and financial advantage for the customer but the leasing service on the other hand, is viewed as a way of trying to convince the customer to buy the garment after the leasing period expires. Therefore, they do not see a personal advantage or benefit for themselves by

leasing as an additional service. It can be noted, that the leasing service is mentioned twice in connection with formal evening wear. One respondent mentions, that instead of buying such a costly garment, they consider leasing to be a good alternative. Another interviewee confirms this statement, but is also critical:

“In my opinion, the customer is not yet ready to this kind of concept, the mind-set is not there. If clothes are rented, then usually for special occasions. Looking at the concept of designing timeless clothing, Filippa K does not offer a lot of evening wear or fancy clothes, design-wise. [...] However, the whole fashion industry needs to change to transform the shopper's mind-set to lease clothing.”

Additionally, it is noticeable that all members of the super-buyer group have a less positive perception of the leasing service. One super-buyer voices their concern about the decrease of exclusivity of Filippa K products, that could take place as a result of the leasing service.

“It may increase the use of Filippa K products but I hope it doesn't decrease the brand value, as it is somewhat luxurious to me.”

Since the price is lower, the entry level is also lower and the brand becomes more easily available for a broader target group. This also concerns the second hand service offered by the fashion label. Numerous respondents mentioned that they consider visiting the Filippa K second hand shop as an interesting option. Here it can be noted, that especially the customers, that already buy garments in second hand shops are intrigued by the idea. It is seen as an attractive and affordable alternative that makes it easier to purchase a Filippa K product, given the premium pricing. The servitization of Filippa K shows a general increase in the brand consideration, which can be seen as very valuable, since this could ultimately lead to an increase in sales for the fashion label.

Superiority

The empirical results show that the servitization of the fashion brand has led to an overall increase in the perception of its superiority. Interestingly, the group of non-customers especially increased the sentiment towards Filippa K after learning about the additional services. The group of super-buyers mentions the innovativeness of the newly offered services, which to them makes the brand more interesting than others. All non-owners stated to be positively affected by the additional services. When trying to explain, what leads to the brand's superiority in comparison to other brands, the repair service was mentioned most often. The offer of the additional services is widely recognized to highlight the sustainable and environmentally friendly approach of the company.

Discussion

Overall it has to be concluded that the consumer's judgement of Filippa K as a brand has improved across all four categories. Although in some instances the introduction of services led to a decrease in credibility, superiority and quality of the brand this development was surpassed by the number of increases in each category.

This observation and especially the fact that consideration was only positively affected through the added services proves Vandermerwe and Rada's (1988) finding that servitization does in fact increase competitive advantage and Kindström's (2010) notion of the financial advantages.

Interestingly, we found that super-buyers had more negative associations towards the introduction of leasing services by the brand. Upon closer inspection this makes sense because leasing can be compared to the brand lowering the entry barrier, which like lowering the price is not experienced

positively by existing customers especially in the premium segment (Kapferer, 2012). This concept also explains why non-buyers were observed to generally have a more positive attitude towards the brand adding services.

Especially the repair service was perceived as directly adding value which customer viewed as an additional justification of the high price therefore making the brand virtually more affordable, a condition which was also achieved through the introduction of the leasing service according to customers. On the other hand, the perception of added value creates an opportunity to increase the price in order to match the perceived value of the service.

The perceived quality of the brand was not majorly affected by the additional services. This might be due to the fact that quality is one of the most fundamentally rooted associations of a customer towards a brand (Keller, 2006a), and therefore it is quite resistant to change. It also appears that there is a limit to the impact servitization can have on the perception of quality when the level initially is already high, as it was the case with Filippa K. This finding is in line with the notion that the cost and effort for continuous marginal improvements becomes increasingly challenging (Kapferer, 2012).

There appears to be a general suspiciousness of consumers towards brands. This can be seen in the example of the repair service, which partially evoked wary responses towards the brand. This additional service is considered to both contribute as well as limit the credibility of Filippa K. On the one hand, the repair service for some serves as a guarantee for good quality. It is lowering the risk for the buyer, which is one of the main tasks of a brand (Kapferer, 2012). On the other hand, some respondents showed scepticism towards the repair service. One reason for this could be that attention is drawn to the possibility of garments

breaking. Another one is a general mistrust that an inferior quality of the product has led Filippa K to offer this service.

Offering additional services can increase a company's profits by adding value throughout the life cycle (Bustinza et al., 2015). This however, in some cases is recognized by the customer and criticized. Especially the second hand shop is seen critically as a way of generating profit on the same product for the second time. Nonetheless, the second hand shop is still valued and viewed as an attractive and more affordable alternative by the customers. This suggests that the second hand shop is still considered to add value for the customer by offering the garments for a lower price and shows a certain bipolarity in the behaviour of the consumer.

The repair service was mentioned as the main influencer when talking about brand consideration. The security of knowing that a garment would be repaired if it breaks was emphasized by several respondents throughout the interviews, when discussing the various aspects of brand judgement. This is in line with Vandermerwe and Rada (1988), who argue that services are crucial in order to help the customer to cope with possible product failure. The security gained out of the Filippa K product warranty could be argued to lower the customer's perceived risk connected to their purchase, which in turn could be the reason for increased brand consideration. The role of support services for customers facing product failure can thus be perceived as value adding, even outside the industrial sector.

Leasing, of all three services, was perceived by the respondents as the most controversial one. It was sometimes seen as a way for Filippa K to convince the customer to buy the garment after first leasing it, which according to the respondents was not adding value. This is interesting when reflecting over

Vandermerwe and Rada's (1988) argument about services helping the customer to make the right purchasing decision. In the light of the data collected from the Filippa K case the attempt to add value by offering the possibility to try out the garment before making a decision about purchasing was overlooked. Instead, the service was not perceived as genuine. Despite the negative reflections regarding leasing it is important to highlight that at the same time the service was perceived as value adding to some of the respondents. However, none of these respondents argued that the reason for the perceived added value gained from leasing would be due to the possibility of trying out the garment before making a buying decision. The value adding aspects of the leasing service were rather connected to the innovative nature of the service itself and the fact that it lowered the entry barrier.

Filippa K was perceived as an innovative brand by the super-buyers and thus seen as superior to other brands. As Vandermerwe and Rada (1988) point out, the competitive barriers towards other brands can be increased by introducing additional services to the core product. The results show an overall increase in the ranking of superiority of the brand. The servitization adds to the credibility of the brand and meets the more complex demands of the customer needs and therefore can be seen as superior.

Limitations

One limitation of this paper is that it focused solely on Filippa K as an example of a product brand moving to a service brand. In order to obtain a more profound understanding of how servitization can add value to a brand and how it affects the brand's image in the minds of the consumer, more such companies should be investigated.

The second limitation is that only 17 customers were interviewed in this study. All interviewees were familiar with Filippa K. The services, that the brand offers, however, were predominantly unknown. Since many of the respondents were introduced to the additional offers during the interviews, the answers or rankings might have been biased accordingly.

Furthermore, a limitation can be found in the decision to solely focus on the more rational brand judgement as a basis for consumers' decision making process. This disregards the impact that consumers emotional brand feelings have on their information rationalisation and thus actions.

Managerial implications

This research offers practical suggestions for the implementation of servitization. First and foremost, in order to generate profit through servitization it is important to ensure that the additional service is known to current and potential customers of the company which was not the case for most of the interviewees.

It is also important to be aware of the fact that some services might be considered to decrease the perceived value of a brand because they lower the entrance barrier. This is not always considered beneficial for the brand perception, especially by existing customers.

Another important aspect to consider is the general suspiciousness towards brands and new services.

In general, it has to be said that the addition of services has great potential to differentiate the company and add value for the consumer if done correctly.

Theoretical contribution

This paper marks the first advance that sheds light on the effects of servitization and more importantly on the consequences of the shift from a product to a service brand on consumers in general and brand judgement in particular. The results form a valuable resource for further research in this area and already highlight a few directions, some of which will be introduced here.

Further research

In order to deepen the understanding of the effects of servitization on consumers on a larger scale, it would be recommendable to conduct a quantitative study. Furthermore, the effect of adding services on other elements of brand image would be interesting to investigate. Since servitization can nowadays be found in all industries, other types of services and their effects can be the focus of further research. In addition, it can be considered to conduct research in other sectors than the fashion industry. To gain a more comprehensive understanding of the effects of servitization on consumers further research on brand feelings could be beneficial.

Conclusion

In conclusion it can be said that the case of Filippa K illustrates the positive effects the implementation of services can have on brand judgement overall. Although it was positively affected, the correlations between the services are complex. Neither had the services equally impacted brand judgement nor were the categories of brand judgement affected uniformly. Not all services seem to add enough value for the consumer to ultimately change their behaviour.

One finding that clearly highlights the complexity of the correlations as well as the

bipolarity of the consumer is the way the latter suspects the motive for the introduction of leasing services to be increasing sales. At the same time its effect on lowering the entry barrier is appreciated by the same consumers. The case of leasing also shows how a service might add yet another layer of complication when the lower entry barrier to the brand is perceived negatively by existing clients.

Based on these results it can be argued that the introduction of additional services to the existing product offering can be helpful when trying to offer increased consumer value. By understanding the impact of services on consumers with different levels of brand loyalty identified in this paper, the company can better understand how value is created for its consumers. This way the company can gain insights in the consumer's decision making process and eventually the source of brand loyalty.

The suspiciousness of consumers towards brands introducing new services highlights once again the importance of the brand's trustworthiness and credibility in order to inspire positive associations with changes and innovations in general.

It is noteworthy that the concept of servitization that had mostly been popular among industrial marketing scholars, is shown to also be applicable in the business to consumer sector, where most of the assumptions and findings apply in a similar matter.

By offering services that add substantial value for the consumers, fashion companies can change the behaviour of their consumers to create a competitive advantage and ultimately to alter fashion consumption in general. The way servitization has allowed Filippa K to improve its sustainability efforts beyond just producing sustainably is assumed to further enhance the company's competitive position. All in all, we found that

servitization can lead to a competitive advantage and therefore enables the company to better survive in the hostile conditions of the global marketplace.

However, even Filippa K is still at the very beginning of what is possible when considering the effects of a circular supply. The moment Filippa K manages to create lasting value for the consumers without producing new clothes, will be the moment the company becomes truly sustainable.

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