

Digital Technology Usage as a Driver of Servitization Paths in Manufacturing Industries

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Abstract

This research proposes a path perspective on the servitization process of manufacturing firms. It identifies a customer path and an outcome path to servitization, sheds light on the pivotal role of digital technology usage for both paths, and explores their financial and relational performance outcomes. We find that digital technology usage is equally important for both servitization paths. Progress on the outcome path has a positive effect on firm's financial performance, whereas the customer path has an indirect effect only, fully mediated by firm's relational performance. Managers can choose between two servitization paths, leading to differential performance outcomes. While digital technology usage is key to progress on both paths, it is particularly effective for newly acquired customers on the customer path. The outcome path can cause firms to lose sight of their customers. Managers should target their advanced service offerings at open-minded customer firms to reap their full performance potential.

Keywords: *servitization; digitalization; manufacturing industry*

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