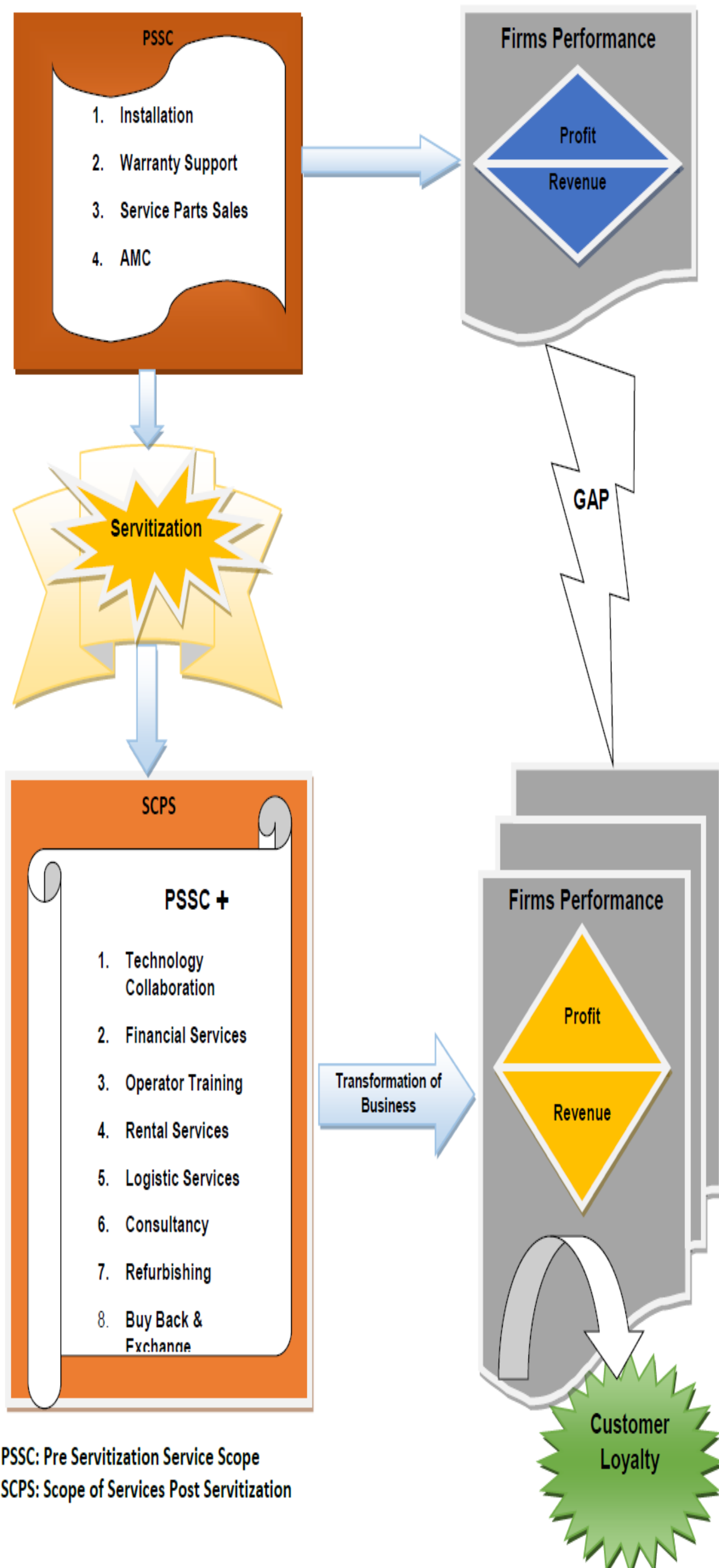


## “SERVITIZATION OF BUSINESS IN HEAVY EQUIPMENT INDUSTRY”

(Shovan Bhattacharya ,Dr.R.P.Sharma)  
Indian Institute of Foreign Trade

“Servitization of business in heavy equipment industry”



PSSC: Pre Servitization Service Scope  
SCPS: Scope of Services Post Servitization

**RESEARCH MOTIVATION:** There is a growing need to understand the impacts of servitization strategy on firm performance in the manufacturing sector. Most of the heavy equipment manufacturers in India have transformed their businesses to compete through services, giving special attention to the more advanced services

The relationship between servitization and firm performance has significant differences in results, contexts and methods under internal-external factors, both moderating and mediating variables. Further there are various local manufacturer complementor networks to unravel localised economies of scale across different structural boundaries. Past empirical studies have claimed that additional services will have both positive & negative marginal effect on the firm's overall profits. There are also predominant implications of servitization adoption for buyer-supplier relationships. Hence In light of the above research gaps, there is a growing need to understand the impacts of servitization strategy on firm performance in the manufacturing sector. Heavy equipment manufacturers like JCB India, BEML, Caterpillar (India), L&T (Komatsu), Volvo, Liebherr India etc have transformed their businesses to compete through services, giving special attention to the more advanced services. Present study focuses on measuring the performance gap of heavy equipment manufacturing firms to understand their adoption of servitization process in Indian scenario & their customer loyalty.

### CONTRIBUTION TO THEORY & PRACTICE:

The findings include a comparative study of the revenue generated by each services offerings post servitization, with the goal to link financial performance of the firm along with the customer loyalty, characterized by more advanced services offerings. At first this study supports the data from various complementors, present in heavy equipment manufacturers' supply chains and other external partner organisations (Baines .et.al 2021) in the context of platform ecosystems, in Indian scenario. Secondly it focusses on both product and service differentiation advantage (Silveria 2020) which will lead to advanced services offerings in emerging market like India. Thirdly it will also stand for a positive servitization performance relationship as per Wang et.al (2018). Moreover the customer loyalty outcome of the proposed framework reveals that the adoption of servitization strategies provides manufacturers with better information about customers' needs, as per Visnjic & Van Looy, 2013. Lastly from the concept of a solution providers, the heavy equipment manufacturers in India, needs to develop competitive capabilities associated with the development and delivery of modular solution offerings as per Davies and Brady, 2000

### KEY DISCUSSION POINTS

1. The above study gives an understanding of the influence of degree of servitization on heavy equipment firm's business performance in Indian scenario & their overall services growth.
2. Additional services like financing of equipments, operators training, rental services, consultancy services, logistics services, opportunities of buy back/exchange sales & refurbishment, technology collaboration can help a heavy equipment manufacturing firm to gain customer loyalty in Indian market segment.

### AUTHOR CONTACT DETAILS

Shovan Bhattacharya –PhD Scholar, Indian Institute of Foreign Trade,  
[shovan\\_phdmp19@iift.edu](mailto:shovan_phdmp19@iift.edu)

Dr.R.P.Sharma –Professor , Indian Institute of Foreign Trade,  
[rpsharma@iift.edu](mailto:rpsharma@iift.edu)

Exhibited at The Spring Servitization Conference 2021, 10-12 May 2021.  
Birmingham, UK.