

Pricing Strategy for the Marine Supplies Industry

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PRICING STRATEGY FOR THE MARINE SUPPLIES INDUSTRY

CBS MARITIME

COPENHAGEN BUSINESS SCHOOL
DEPARTMENT OF OPERATIONS MANAGEMENT

CBS



COPENHAGEN BUSINESS SCHOOL
HANDELSHØJSKOLEN

Blue INNOship

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4 EXECUTIVE SUMMARY

WHAT IS THE ISSUE?

Sustaining long-term growth requires marine suppliers to define their pricing strategies in a holistic fashion. However, pricing is an under-managed activity in many companies. Especially when moving towards servitization, services or integrated solutions are frequently underpriced or promised at performance levels that cannot be delivered profitably.

WHY IS IT IMPORTANT?

Pricing is one of the most important elements for all business and everything in the business works to justify the input value for a price and turn it into a profit. It therefore has a dramatic but frequently underappreciated effort on achieving profitability and keeping business thriving.

WHAT CAN BE DONE?

The marine supplies industry needs radical change in pricing by thinking about customer's needs and aligning the incentives between suppliers and customers for long-term relationship. Value-based pricing is the way forward. An intensive discussion has been made with regard to the key challenges of applying value-based pricing in the marine supplies industry. Understanding these challenges is crucial for a move towards value-based pricing and will shed light on how to tackle these challenges.

The project partners reserve the right to update or modify the report.

No matter what it produces, the company always has to set prices for its offerings, which is one of the most important decisions companies need to make. From a business perspective, all aspects of the business work to justify the input value for a price and turn it into a profit. Pricing is also a kind of art, which you have to make it just right. If the price is set too high, you will drive customers away; whereas if the price is too low, you won't make any profit. Besides not generating as much revenue, setting prices too low for value-added offerings also has a negative effect on how customers perceive the quality of your offerings. According to a study of 1500 companies by McKinsey, it is found that 1 percent increase in price while holding other factors constant would generate a 8 percent rise in operating profits (Marn, *et al.*, 2003). Impact of pricing exceeds the impact of other measures such as cost reduction and sales volume increase on profitability (Marn, *et al.*, 2003).

In the meanwhile, services are becoming crucial in the global economy. Even industries rely heavily on product manufacturing are experiencing an increased need for growing their business towards service to compete against low-cost countries (Mougaard, *et al.*, 2013). Companies can achieve higher profit by providing superior services or integrated product-service solutions. Pricing a service will be the key to achieve this goal.

The distinctive characteristics of service necessity a closer look of how it is priced (Avlonitis and Indounas, 2005). First of all, the intangibility of service decreases the customer's ability to objectively evaluate the service quality. Second, the inseparability of production and consumption for services enables customers actively participate in the process of service delivery. This characteristic directly relates to the perishability of service, where service can neither be stored as an inventory for sale in the future nor returned or resold once they have been used. Additionally, service is heterogeneity, meaning that service quality could subject to great variability and vary from customer to customer or from day to day (Hoffman, *et al.*, 2002).

Therefore, pricing a service is more complex and highly context-dependent than pricing a product. For that reason, many companies fall into the 'service paradox', where companies have invested heavily in extending their service business while incurring higher costs but they still struggle to secure the profit from their service business (Gebauer *et al.*, 2005). It is because services are frequently underpriced or promised at performance levels that cannot be delivered profitably (Avlonitis and Indounas, 2005). Therefore, companies need to rethink their current pricing practices.

Despite a growing body of research on pricing products and services, research that addresses the pricing in the marine supplies industry is lacking significantly. Given the current paucity of academic work and its context-dependent nature, this study aims to fill the research gap by discussing the pricing strategies and pricing challenges in the marine supplies industry. Under the big context of servitization and a stronger customer focus, value-based pricing is suggested to be the way forward and thus its key challenges have been reviewed in more details.

The three pricing strategies and their comparison are discussed in Section 2, followed by the overview of marine supplies industry in Section 3. Sections 4 addresses the key observation on pricing for the marine supplies industry and further elaborates the key challenges to applying value-based pricing. Section 5 offers the conclusion.



Source: Scanpix / Iris

2 THE PRICING STRATEGIES

2.1 THREE PRICING STRATEGIES

Whatever price the company chooses, it will fall somewhere between the price that is too high to generate any demand and the price that is too low to cover the company expenses. In other words, it would be between a price ceiling and a price floor (Figure 1). Generally, customer perceived value for the product or service sets the maximum price - price ceiling. If customers regard the price of an item as higher than its value, they will not buy it. On the other side, product or service costs set the minimum price - price floor. If the price does not cover costs, the company will make losses. Between these two prices, there are competitors' prices as price references.

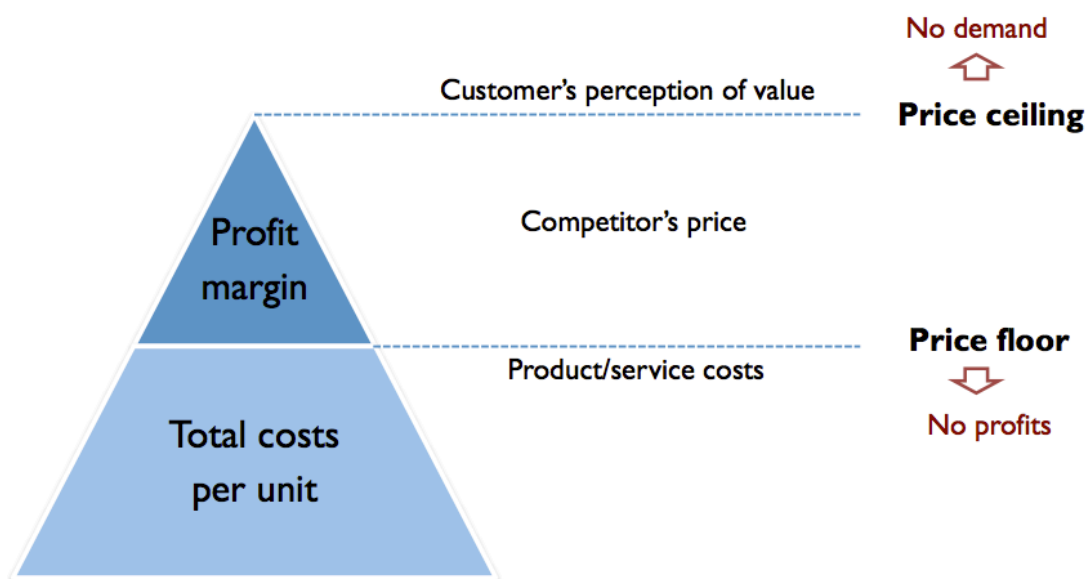


Figure 1. The Price Range of Product and Service

Source: authors' own elaboration

Given this price range, companies should normally follow a pre-determined pricing strategy to market their products or services to customers. The subject of pricing strategy has been well studied (see for example Rapaccini, 2015; Davidson and Simonetto, 2005a; Hinterhuber, 2008; Avlonitis and Indounas, 2005; Cannon and Morgan, 1990). There are three major pricing strategies, namely the cost-based pricing, competition-based pricing and value-based pricing. As implied by the name, each pricing strategy has its particular focus, which will be discussed in more detail below.

1) Cost-based pricing

By adopting the cost-based pricing strategy, company sets a price at a percentage above the incurred costs. This strategy is often adopted in the situation of fierce competition or overcapacity, where companies must fight for low price and sales volume in order to survive (Farres, 2012; Hinterhuber, 2008). For example, Ryanair pursues a low-price strategy by radically unbundling the elements of passenger air travel and charging separately for baggage, seat selection and beverage, in order to generate greater occupancy and more revenue per plane.

Cost-based pricing is the most common and simplest method of setting prices, as its data are readily available. However, this strategy mainly focuses on the company's internal situation when determining the price. External factors such as market demand and customer's willingness to pay are not taken into account for pricing, and thus this approach could undermine a company's profit or price the company out of the market.

It is also important to note that cost-based pricing assumes that one can first determine the sales volume, and on that basis calculate the unit cost and then set a price. In reality, however, it is almost impossible to determine a product's unit cost before determining its price. This is due to the fact that unit cost always changes with the sales volume, as fixed costs must be allocated to each unit according to the volume. When volume changes with the price, unit cost is a moving target.

2) Competition-based pricing

Competition-based pricing sets the price of a product or service based on the anticipated or observed price levels of competitors selling similar products or services. This strategy is often used when the product is homogeneous and the market is highly competitive, such as the gasoline industry. Similarly, competition-based pricing strategy is widely used because data is easily available, but in the meanwhile lacking of customer perspective may lead to missed market opportunity.

To set the price, companies first need to understand what make their offerings distinct from competitors' in the market place. Will company's differentiation in their products, services or even delivery channels provide better value to their customers? Then companies can set their prices above, below or on par with competitors' prices accordingly. A company should also consider how strong the market competition it is and to what extent large competitors dominate the market and what are their pricing strategies (Farres, 2012).

3) Value-based pricing

While cost-based pricing concentrate on internal factors and competition-based pricing takes into account the effect of competition, value-based pricing put a greater focus on customers. Customers generally evaluate the price based on their perceived values and then, if appropriate, exchange the price to get the benefit of having

products or using service. Therefore, it is crucial to understand the customer value and proactively set the price around that value.

Value-based pricing has been well applied in a range of industries, from air travel to car manufacturing. It is applicable to offerings that have the potential of being differentiated from competitors'. For instance, Apple pursues this strategy and claims higher prices by offering superior customer value such as unique design and easy operation system. Several other companies such as SAP, Lufthansa, BMW have also successfully adopted such strategy. If distinct product values cannot be identified, it may dwell in the service or bundling of products and services. Rapaccini (2015) also found that the more manufacturing companies servitize their business, the more likely they adopt the value-based pricing strategy. Generally speaking, the value-based price is higher than the price defined by other strategies.

2.2 THE IMPLEMENTATION OBSTACLES OF VALUE-BASED PRICING STRATEGY

Among the three strategies, cost-based pricing is the overall weakest strategy while value-based pricing is the most superior one (Rapaccini, 2015). It is found that firms effectively developing and executing the value-based pricing strategy could earn 31 percent higher operating income than their competitors whose pricing is driven by market share goals or target margins (Nagle et al., 2016). The sustained profitability of value-based pricing lies in its essential features, including understanding the sources of value for customers, designing offerings that meet customers' needs, setting prices as a function of value and implementing consistent pricing policies (Hinterhuber, 2008).

Practitioners have increasingly recognized the clear advantages of value-based pricing strategy, but in fact only a small number of companies actually adopt it in practice. According to the literature review on two-dozen empirical studies, the frequency of implementing value-based pricing is only 17%, where competition-based pricing is 44% and cost-based pricing is 37% (Hinterhuber, 2008).

Apparently, various obstacles must lie in the way of more widespread implementation of value-based pricing. Hinterhuber (2008) identified five major obstacles (as listed below) that prevent the effective implementation of value-based pricing, according to a survey of 81 executives in Austria, Germany, China and US.

- Difficulties in making value assessment
 - Difficulties with communicating value
 - Difficulties in market segmentation
 - Difficulties with sales force management
-

- Difficulties with senior management support

The value assessment turns to be the most profound challenge that companies are facing. Companies do not know the value of their offerings to customers and also lack the business tools to attach financial values to products or services. And for these reasons, companies of course do not know what to charge customers for values (Hinterhuber, 2004). The key to solve this problem is to understand the definition of the value to customers and then use rigorous value measurement to quantify it. Nagle and Holden (2002) defined the value to the customer as 'A product's economic value is the price of the customer's best alternative – reference value – plus the value of whatever differentiates the offering from the alternative – differentiation value'. In practice, a few tools can be applied for measuring the value to the customer, including expert interview, focus group assessment, conjoint analysis and assessment of value-in-use (Hinterhuber, 2008). The most reliable measurement could be obtained by using several of the above tools concurrently.

Avlonitis and Indounas (2005) also helped to explain the limited emphasis given to customer value-based pricing. One reason could be the difficulty of understanding customer demands and needs. Another reason is that the cost-plus method enables firms to cover their costs and levy competitive prices, and thus could satisfy existing customers and attract new ones. The cost-plus strategy is particularly appealing to the customer who may not be willing to pay a high price.



Source: Scanpix / Iris

3 THE MARINE SUPPLIES INDUSTRY

Marine supplies industry serves different markets as providers of various kinds of products and service, which can be generally categorized as materials, systems and services, as shown in Figure 2 (BALance Technology Consulting GmbH, 2014).

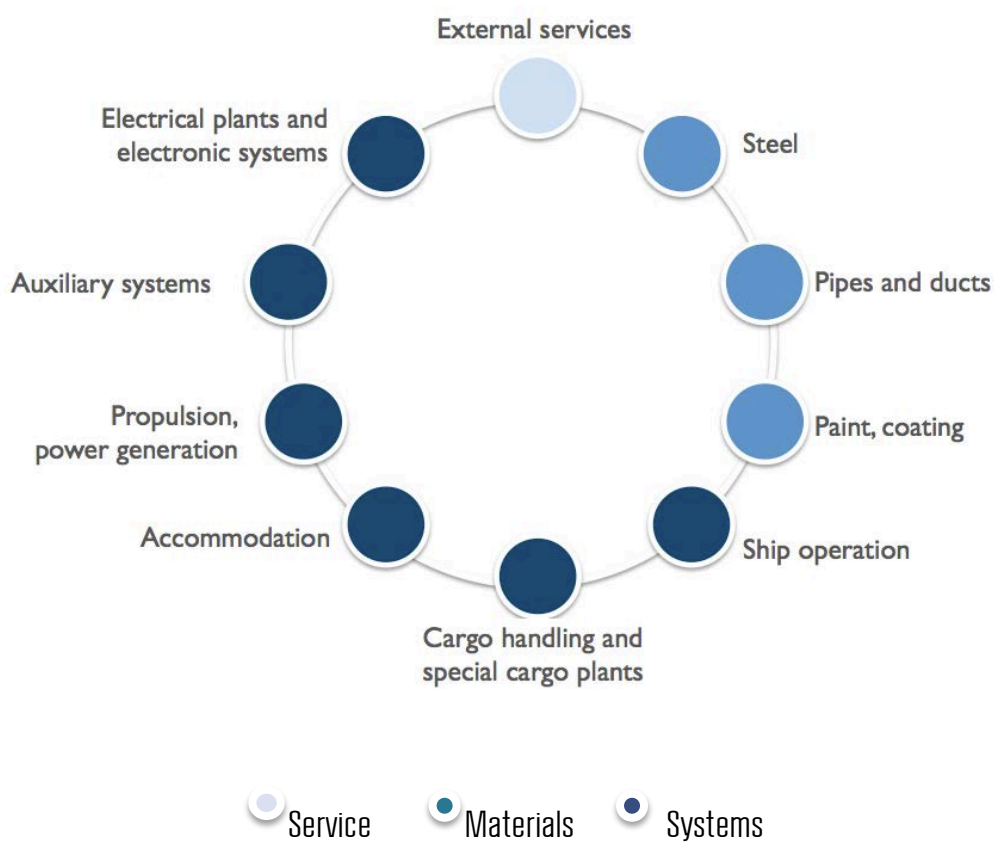


Figure 2. Products/Services of Marine Supplies Industry

Source: BALance Technology Consulting GmbH (2014)

The major customers of the marine supplies industry can be identified as shown in Figure 3. For suppliers, it is vital to understand the varied needs of individual customer segment. For instance, ship owners would require a reliable product or service to ensure a better ship performance, which could in turn contribute to cost saving or higher charter rates. While, shipyards would focus on the first purchase price of ship equipment.

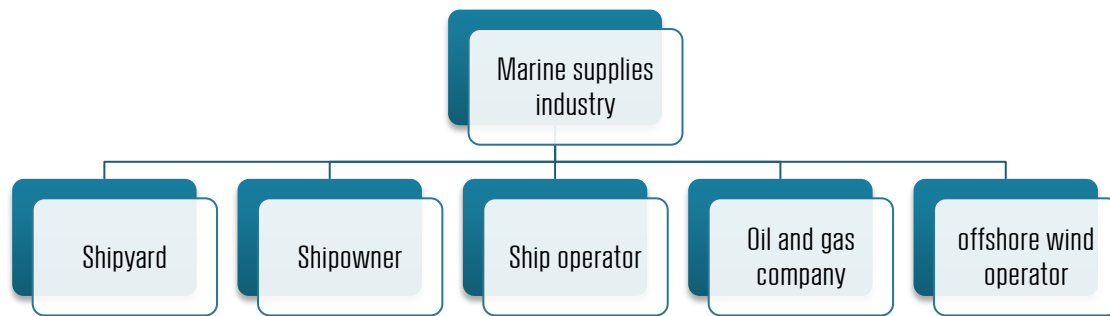


Figure 3. Market Segments of Marine Supplies Industry

Source: BALance Technology Consulting GmbH (2014)

Like many other manufacturing industries, maritime equipment suppliers have also sought to shift gears from manufacturing to services and compete on delivering superior customer value through product-service offerings. It leads to a fundamental shift in business model where service is becoming more important and value-added (Kindstrom, 2010). The rationale behind this lies in three points: 1) Financial reason: servitization is an effective way to generate higher profit margins, as well as more stable revenue streams to be more resistant to market cycles; 2) Strategic reason: the accelerated commoditization of almost all forms of products has resulted in price competition and declining profits. Servitization could be a way to sustain competitive advantage and make it more difficult to imitate; 3) Marketing reason: servitization will create customer loyalty by getting suppliers closer to customer needs (Baines *et al.*, 2009).

Therefore, servitization has become a key strategy for some marine suppliers to sustain competitive advantages, grow profits and improve customer satisfaction. For instance, Wärtsilä transformed itself from the equipment manufacturer to solution provider by offering for instance the marine maintenance agreement¹, which covers maintenance planning and service whenever and wherever needed, with fixed prices for inspection, technical support, spare parts, training and maintenance work. This agreement ensures the certainty of operation and minimizes the risks by transferring the responsibility for the maintenance of equipment to Wärtsilä. It also enables the long term cost predictability for customers.

This shift to servitization leads to a number of challenges and complexities in commercializing product-service offerings. First of all, suppliers' value proposition has to be defined based on customer needs instead of from

¹ More details of the agreement can be found at <http://www.wartsila.com/services/services-parts/services-catalogue/lifecycle-solutions-for-marine-installations/marine-maintenance-agreement>.

suppliers' perspective. Second, marine suppliers should adjust their pricing strategies and pricing practice in a holistic fashion in order to ensure the long-term profitability of the business. Lastly, long-term service agreement also implies the increased risks and responsibility to the supplying company, rewarding with higher profit margins. The following section focuses on the pricing challenges faced by the marine supplies industry.



Source: Scanpix / Iris

4 THE PRICING CHALLENGES OF THE MARINE SUPPLIES INDUSTRY

4.1 KEY OBSERVATIONS

In order to identify the key pricing challenges faced by the marine supplies industry, interviews have been conducted with a group of Danish marine suppliers with regard to their business model elements, pricing, revenue models and payment mechanism. Three issues have been observed through interviews with regard to pricing.

1) Pricing strategy

First of all, it turned out that many marine suppliers lack of clearly defined pricing strategies and thus pricing is undermanaged or managed in an unstructured manner. Those suppliers with clear pricing strategies, cost-based pricing is the most commonly adopted strategy, followed by the competition-based pricing strategy. It is also worth noting that very few suppliers focused on the customer value and adopted the value-based pricing. It is partially because of the easy implementation of the cost- and competition-based pricing strategies, and partially due to the fact that many suppliers are unsure of the implication of value-based pricing. Even for suppliers have the desire to move towards value-based pricing, major obstacles that will be discussed in section 4.2 prevent their effective implementation.

2) Pricing objective

Pricing could have a variety of objectives, such as profit, market share and customer relationship, which vary over type of product and time (Hinterhuber, 2003). Through our interviews, it shows that the market share is the most common pricing objective. This is more common for small start-ups, who tend to focus on growing market shares rather than pricing for profit.

3) Price setting

It is sparse that interviewed suppliers considering the commercialization and pricing when start the product or service innovation. The current practice typically follows the design-build-delivery process, where the engineering process has already determined the economic viability of the innovation in terms of cost and price.

Without factoring the price and cost into the design decision, this product-centric approach leads suppliers jump into the unknown whether they will price themselves out of the market (Jiang and Hansen, 2016). It also means that product or service engineering has missed the customer and market orientation. As a result, design of value propositions may not meet the needs of very different market segments and their pricing are less situation-based. This has been proved by the fact that many suppliers mistakenly believe that buyer's choice largely depends on the price and thus are less confident to set the price higher. This view prevents the suppliers to create added value for customer, improve customer satisfaction, as well as the opportunity to achieve higher profits.

4.2 KEY CHALLENGES OF APPLYING VALUE-BASED PRICING IN MARINE SUPPLIES INDUSTRY

Value-based pricing is a superior strategy that leads to higher profits and it is especially appropriate for highly differentiated products and services (Davidson and Simonetto, 2005b). Its implementation can also be challenging given the unique features of the marine supplies industry and the complexity of the pricing strategy itself. This section presents a number of barriers that need to be treated before marine suppliers move towards value-based pricing. These challenges are also crucial in understanding the above industrial observations on pricing.

Challenge 1 – Diversified customer needs

Value-based pricing generally starts with focusing on a particular market segmentation which is usually defined by customer needs. Marine suppliers generally face multiple customer segments with diversified needs. For example, shipyards focus on the short-term first purchase price of ship components in order to achieve the most competitive shipbuilding cost. It means that suppliers with high quality or life-long service offerings will not necessarily appear on the shipyard's makers list for cost reasons. While, ship owners who operate the ship by themselves generally priorities the products on a long-term basis meaning that their best solution focuses on price, quality, reliability, performance and latterly also on the total cost of ownership (Andersen, *et al.*, 2013).

Even for the same segment, customer needs may also change over time. From shipowner's perspective, there is a general reluctant towards new technologies given the economic and regulatory policy uncertainty. The two major drivers to install new types of ship component are 1) to live up to new legal regulation 2) to reduce costs (Andersen, *et al.*, 2013). Therefore, when the oil price is high, ship owners are more inclined to take risks and invest in a new equipment to boost efficiency and cut cost; however, declining oil prices would lead to a low level of cost effectiveness for investment. Vessel chartering is of course an additional factor that makes shipowners unwilling to make long-term service contract, as it will mainly in favour of vessel charterers and could lead to complications when trying to sell or recharter the vessel.

16 Challenge 2 - Complex stakeholder interactions

INDUSTRY

Beyond the diversified customer needs, the dynamic interaction between key stakeholders make things even more complex. Let's take the relations between three major stakeholders, namely suppliers, shipyards and ship owners, as an example (Figure 4). Shipyards have long acted as intermediaries between suppliers and shipowners. Shipyards traditionally have a large say in which supplier to choose and which components to install especially during the shipbuilding boom. If shipowner has its preferred supplier, the shipowner must either have strong market power or request that the preferred supplier is favoured over the shipyard's regular suppliers (Andersen, *et al.*, 2013). Therefore, shipyards play a vital role in shipowners' purchasing decisions. However, shipowners have increasingly established direct relationships with their suppliers since the financial crisis. In case of tanker vessel, it shows that shipowner's 33% expenditure on ship component occurred through shipyards during the docking, versus the 66% of expenditure occurred through direct supplier-to-shipowner relations (Andersen, *et al.*, 2013). This is due to the shrinking demand of shipbuilding and the displacement in bargaining power from shipyards to shipowners. This shift certainly contributes to shipowners' greater power over purchasing decisions and the increasing demand for services. It is also important to note that the interactions between these three stakeholders may vary over players and market conditions, thus challenging suppliers to optimize their offerings at a network level and set price strategically.

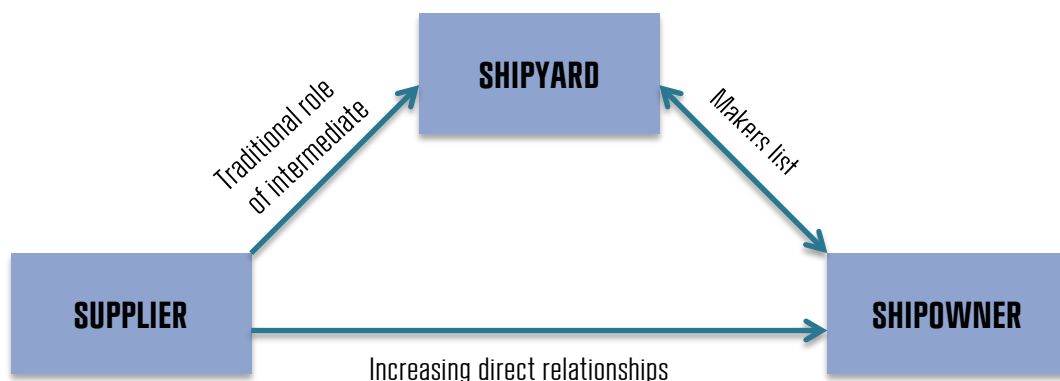


Figure 4. Relationships between Shipyard, Supplier and Shipowner

Source: Andersen, *et al.*, (2013)

Challenge 3 – Value assessment

After identifying the customer needs, a company must determine the value of its offerings, in order for suppliers to set price accordingly and for customers to make informed purchasing decisions. As noted from many other

industries, value assessment is a major challenge for value-based pricing. In the context of marine supplies industry, this challenge is first presented by the data access which is the key enabler of value assessment. In some cases, shipowners are unwilling to share the data, hampering the monitoring of the ship/equipment performance at the right time. The aforementioned stakeholder complexity also creates barriers when it comes to data sharing, as data could be fragmented and possessed by different parties. In others, shipowners may embrace data sharing and it is often the crew who makes the measurement and forwards the data to suppliers on a regular basis, thus suppliers have inadequate control on the quality of data reporting.

Suppliers may also face with the fact that these data underestimate the true value. The value to the customer not only lies in equipment's physical characteristics and functionalities, but more depends on ship condition and operational behaviour of the crew that suppliers apparently have very limited control of. Thus suppliers are not inclined to look favorably on the performance-based solutions, because a supplier's compensation depends largely on the observable and verifiable performance of the product. This certainly hinders the development of performance-based solution, despite it allows suppliers to differentiate from their competitors and increase their revenues and profitability.

Challenge 4 – Price setting

Another crucial challenge that the industry must address is the price setting. The essential point for calculating the value-based price is to identify its differentiated features and place a monetary value on the differentiation (Ingenbleek and Lans, 2013). Currently, there is a lack of rigorous model for value-based pricing for the marine supplies industry. As concluded from the industry interview, most marine suppliers apply the cost plus pricing largely because of the ease of calculation. This method also enables suppliers to adjust the price when costs rise. However, it has been shown that unit cost is a moving target as it changes with the sales volume. The accuracy of the cost plus method critically depends on the cost and profit estimation. The second popular method is setting the price that is comparable to other competitors selling the similar item. But both cost- and competition-based pricing method ignores the role of consumer. It therefore calls for innovative approaches to pricing. Value-based pricing is the most recommended way forward, but its modeling techniques unfortunately have not been well developed in the marine industry setting.

In addition, suppliers need to take a more deliberate approach to incorporate risks into their pricing. Risks associated with providing product-service solutions can be categorized into three types, namely the technique risks, behavioural risks and delivery competency risks (Reim *et al.*, 2016). Each risk comes with a cost and a value and thus supplies have to make a trade-off between the cost of identified risk outcomes and the higher premiums for the higher risks. Managing risk in this way can provide the company with a much deeper understanding of which risks to take and which to walk away from. The risk level is also closely linked to the contract structure and finance options, which may have an ultimate impact on pricing.

Challenge 5 – Value communication

In many situations, the success of value-based pricing also depends on how smartly companies communicate the value with customers. If customers can recognize the real value of business offering, they are much more likely to accept it. It is particularly helpful to use data wherever possible to improve the transparency of customer value and provide customers sufficient insights to make purchase decisions. However, it is also noticed that suppliers tend to focus heavily on the technology know-how when communicating with customers. This drives customer's attention away from the perceived value to technical details. As a result, customer has little idea of the potential benefits and appreciates less what is offered. Instead, companies should communicate the value that they create for their customers and not merely concentrating on products or functionalities.



Source: Scanpix / Iris

Marine supplies industry is transiting from traditional manufacturers to product-service solution providers. Irrespective of their extent of servitization, most suppliers set the prices of their products, services or product-service offerings by traditional methods, namely cost- and competition-based pricing strategies. Both methods are widely adopted because of data availability and ease of calculation, but also present significant flaws by ignoring the role of customer who actually makes the purchase decision. The marine supplies industry needs radical change to think about customer's decision process and align the incentives between suppliers and customers for long term relationship. Value-based pricing is the way forward.

Based on interviews, this study has come up with key pricing observations identified for marine supplies industry, in terms of pricing strategy, pricing objective and price setting. An intensive discussion has further been made with regard to the key challenges of applying value-based pricing in the marine supplies industry. Five major challenges are identified, including the diversified customer needs, complex stakeholder networks, value assessment, price setting and value communication. These challenges are partly because of the specific features of the marine supplies industry; and partly rooted from the complexity of value-based pricing such as requiring an additional insight to individual customer segments and needs, as well as the way to mitigate the risks and barriers. Importantly, understanding these challenges is crucial for a move towards value-based pricing and will shed light on how to tackle them.

It is apparently hard to completely shift away from the cost- and competition-based pricing, but multiple pricing strategies in one organization could be considered. For instance, marine suppliers could use value-based pricing for ship component that are differentiated or could demonstrate measurable value to customers to earn higher profit margins; in the meanwhile use cost-based pricing for more standardized products or basic service. This mixed strategy may be a solution for suppliers that are transforming themselves to service or solution providers and combating with servitization challenges.

ACKNOWLEDGEMENTS

The report is part of the dissemination of the Blue INNOship Project No. 15 'Servitization: Creating the market by understanding the price, cost, contracts and financing'. The project is part of the Danish societal partnership, Blue INNOship and partly funded by Innovation Fund Denmark (IFD) under File No: 155-2014-10, as well as the Danish Maritime Fund and Orient's Fond.

APPENDIX A. BLUE INNOSHIP

Blue INNOship is a societal partnership focusing on creating growth and employment in the Blue Denmark through development of green and energy-efficient solutions.

Blue INNOship consists of app. 40 partners covering suppliers, shipowners, consultants, universities and schools, GTS institutions, authorities and classification societies, who work together in 5 work packages containing 14 active projects and 1 pre-study.

The long term objective of Blue INNOship is to develop an innovation model for the Danish maritime industry and the partnership is an investment in the development of this strong common innovation model that will offer a central, competitive advantage for the Danish maritime industry.

The activities in Blue INNOship are funded by the project partners, Innovation Fund Denmark, the Danish Maritime Fund and Orient's Fund.

APPENDIX B. BLUE INNOSHIP PROJECT NO.15

Servitization: Creating the market by understanding price, cost, contracts and financing

Project background

As part of the Blue INNOShip, Copenhagen Business School together with Danish maritime carries out the project 'Servitization - Creating the market by understanding performance, price, cost, contracts and financing'. Focusing on the critical success factor in servitization, the project aims to advance the dialogue between the Danish equipment manufacturers/service providers and ship owners. In particular, the project looks at the pricing practice and cost management of product-service solutions, design of service contracts, and financing of servitized solutions.

Project highlights

This project aims to advance the manufacturer-ship owner dialogue with focuses on the following aspects:

Price and cost - Building up the competencies of suppliers in pricing strategy and cost management of product-service solutions by considering market, design, life cycle and value chain; and building up the competencies of ship owners to strategically select the reliable supplier, product and service.

Contracts - Establishing new specific knowledge about how contracts can enable the transformation from one-off transactions to long-term collaboration between supplier and ship owner that encourages innovation and technical development by e.g. ensuring balance between risk and reward.

Financing - Creating specific insights into understanding how to link scale, profitability and financing of servitized solutions for the industry.

Project participants

CBS Maritime and Danish Maritime

Project Homepage

For more information on the project and upcoming activities, please visit the CBS Maritime website

<http://www.cbs.dk/en/knowledge-society/business-in-society/cbs-maritime/research/research-projects>

APPENDIX C. PROJECT NO.15

THEMATIC SEMINARS

23

APPENDIX C. PROJECT NO.15 THEMATIC SEMINARS

Seminar theme	Seminar dates
1. Target costing as a strategic tool to commercialize the product and service innovation (finalized)	3 October 2016
2. Pricing management and strategy for the marine equipment suppliers	14 December 2016
3. Optimization and handling of risks and cost within contracts	1 March 2017
4. Strategic decision-making of ship owners in investing in marine equipment and selecting suppliers	7 June 2017
5. Financing of new business models that can promote business and sales within the maritime industry – general	20 September 2017
6. Financing of new business models that can promote business and sales within the maritime industry – cases	6 December 2017
7. Negotiation and collaboration through international contracts	22 March 2018
8. Final Conference	14 June 2018
Optional: marine equipment leasing workshop	6 February 2018

Note: The project partners reserve the right to adjust the themes and timing of the remaining seminars according to the interests of the stakeholders and the progress of the project activities.

APPENDIX D. PROJECT CONTACTS

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For additional information on the project, please contact the project contacts above.

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An abstract graphic of a network or web structure, composed of numerous small black dots (nodes) connected by thin, light blue lines. The network is dense and irregular, with some nodes having more connections than others, creating a complex, interconnected pattern. The overall shape of the network is roughly rectangular, with some extensions on the left and right sides.

CBS MARITIME: A BUSINESS IN SOCIETY PLATFORM AT COPENHAGEN BUSINESS SCHOOL

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