A framework for developing sustainable value propositions for industrial Product-Service Systems

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ABSTRACT

This study examines the process of developing sustainable value propositions for product-service systems (PSS). By integrating the literature on customer value propositions with life cycle assessment methodologies, we build a process framework that can be employed to demonstrate the economic, environmental and social value delivered by PSS. The framework comprises 1) value potential identification, 2) baseline assessment, 3) life cycle modelling, and 4) life cycle value calculation for PPS. Through participatory action research, we explore the development of value propositions in two industry sectors: metallurgical and automotive. The results highlight the value provided to customers, through the combination of direct economic value and the derivative value of lower environmental and social impacts. This research contributes to the knowledge on PSS by presenting a framework through which industrial suppliers of PSS can demonstrate sustainable value provided to the customer, which is vital for more widespread business acceptance of PSS.

Keywords: Customer value proposition, sustainability in marketing, life cycle assessment, life cycle profit assessment

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