



*MARKETING
AND SELLING
SERVICE
LOGISTICS*

*Presented by
MICHAEL R. BLUMBERG*

What we do...

- Business & Strategic Advisory Services
 - Strategic & Business Planning
 - Market Research & Customer Satisfaction
 - Benchmarks & Best Practices
 - Systems Design, Evaluation, & Recommendation
 - Mergers & Acquisitions
- Founded in 1969
- Headquartered In Suburb of Philadelphia
- Global Focus
- Broad Industry Expertise in Aftermarket



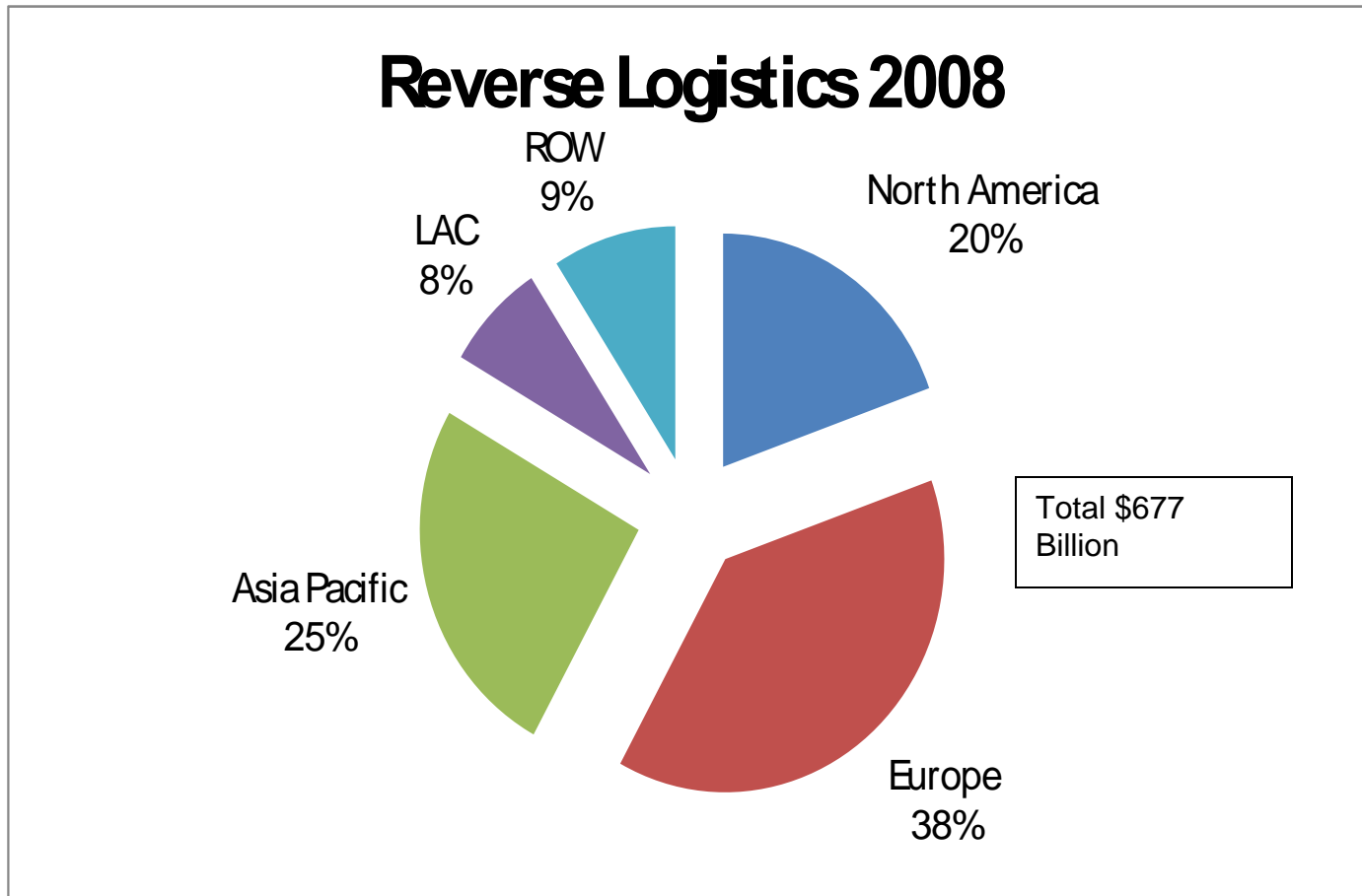
Experience & Credentials...

- Over 30 years Industry Experience
- Expert in all phases of Aftermarket Service & Support
 - Field Service
 - Service Logistics
 - Tech Support
 - Reverse Logistics & Returns
- Broad Industry Focus
 - IT/Telecom
 - Medical/Scientific Instrumentation
 - Process Control & Plant Automation
 - Avionics
 - Electrical Power
 - Building Controls & Automation

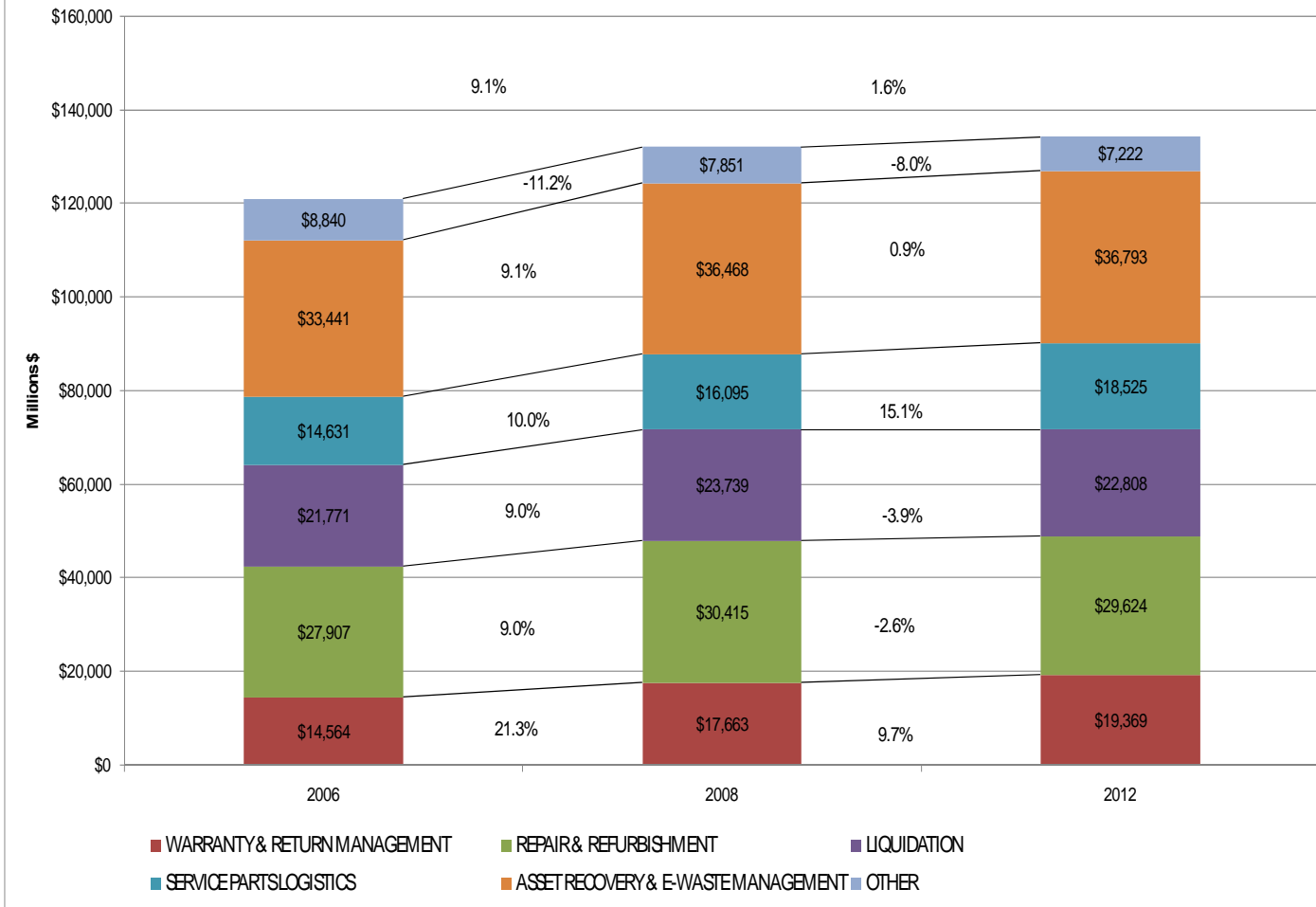
Who we have helped...

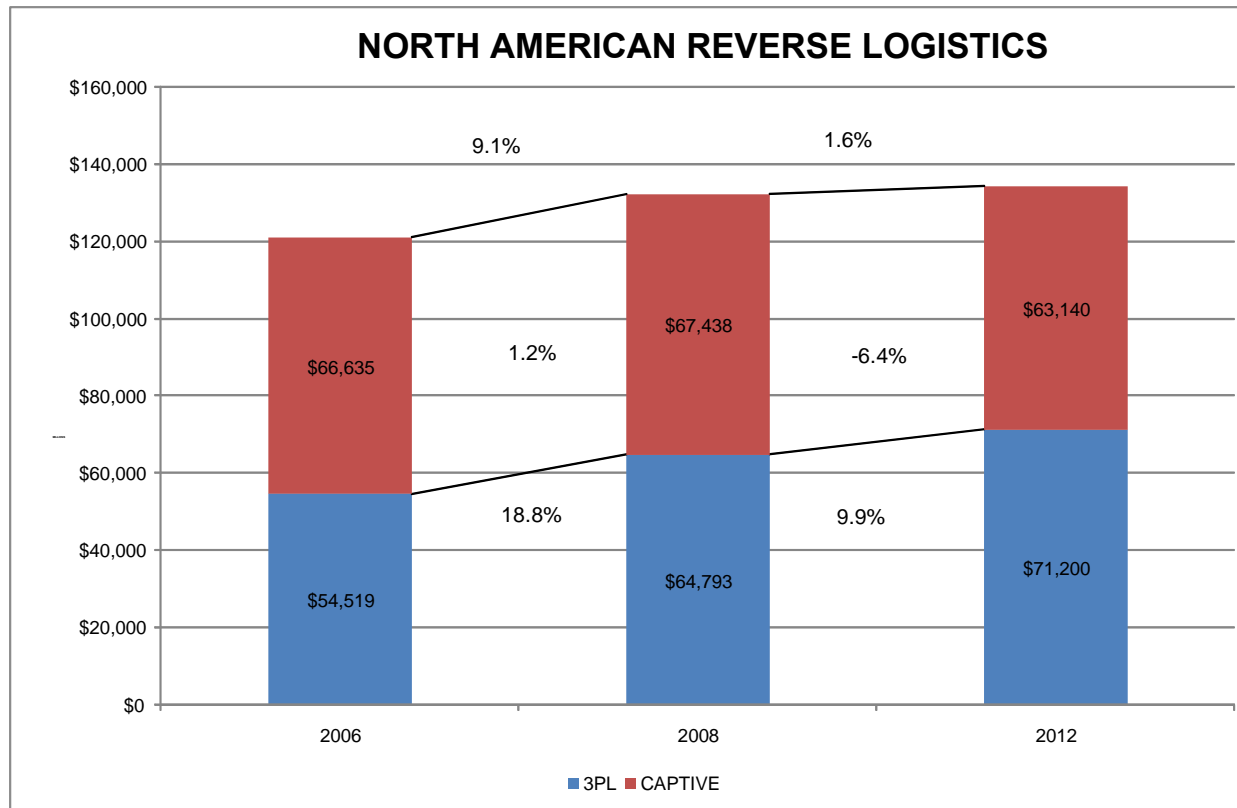
- IBM Global Services
- ABB
- Siemens
- General Motors
- Nokia
- Johnson Controls
- NAACO
- Lucent
- 3Com
- Network Appliance
- Eastman Kodak
- AGFA
- Xerox
- Boston Scientific
- Carrier
- Panasonic
- National Archives
- Bank of America

Total World Market










North American Reverse Logistics Service Items





WHAT WE'LL COVER TODAY

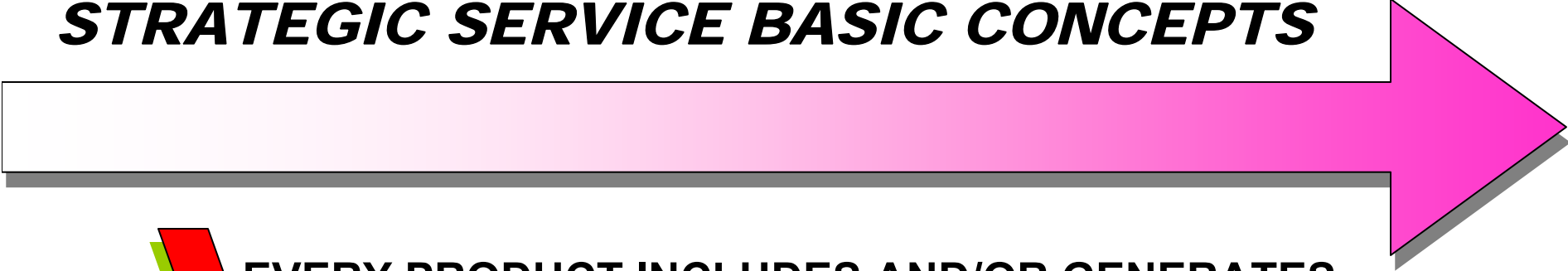







-  **STRATEGIC SERVICE CORE CONCEPTS**
-  **THE SEVEN PRINCIPLES OF SERVICE MARKETING**
-  **FOCUS ON PRICING**
-  **SELLING FROM AN EMPTY STORE**
-  **DEMOGRAPHICS AND FIRMGRAPHICS**
-  **INVISIBLE SELLING TECHNIQUES TO WIN SUCCESS**
-  **A CALL TO ACTION**



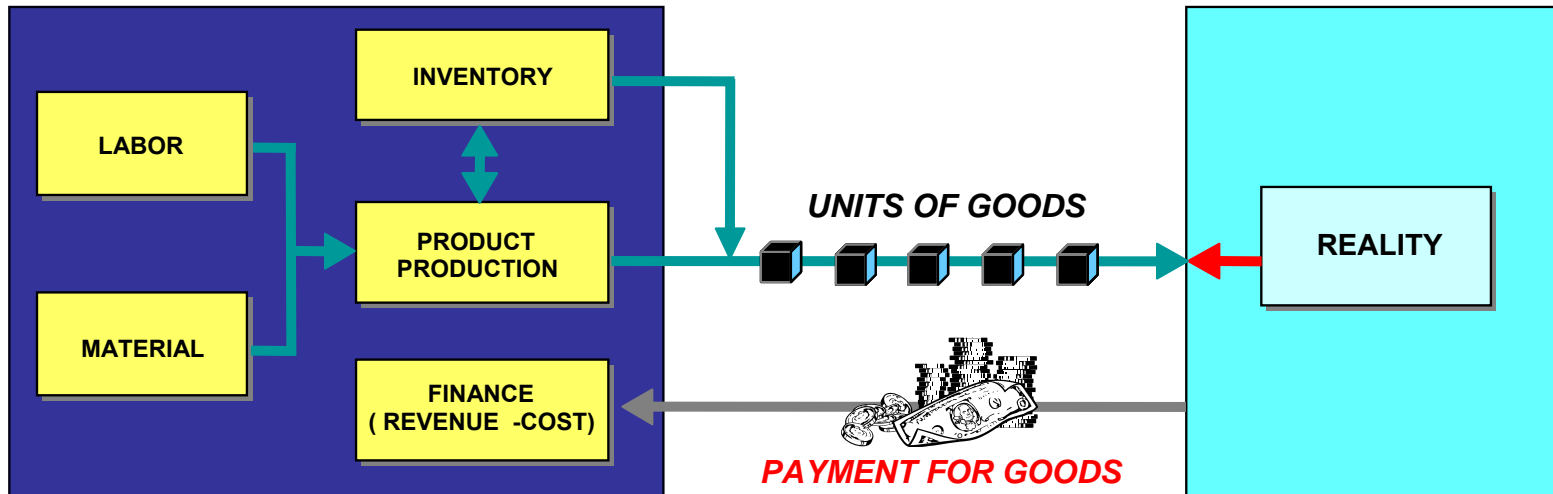
*STRATEGIC
SERVICE
CORE
CONCEPTS*

STRATEGIC SERVICE BASIC CONCEPTS

- 
-  **EVERY PRODUCT INCLUDES AND/OR GENERATES SERVICE NEEDS**
 -  **SERVICE IS GREATER AND WORTH MORE THAN TANGIBLE PRODUCT TO THE CUSTOMER OVER LIFE CYCLE**
 -  **SERVICE IS PRIMARILY PERCEPTION AS SEEN THROUGH CUSTOMER VIEW POINT; CUSTOMER PERCEPTIONS DETERMINE SERVICE LEVEL**
 -  **SERVICE PRICE IS LARGELY DETERMINED BY VALUE-IN-USE TO CUSTOMER**
 -  **SERVICE MUST BE MANAGED, DELIVERED, AND CONTROLLED JUST LIKE A PRODUCT**

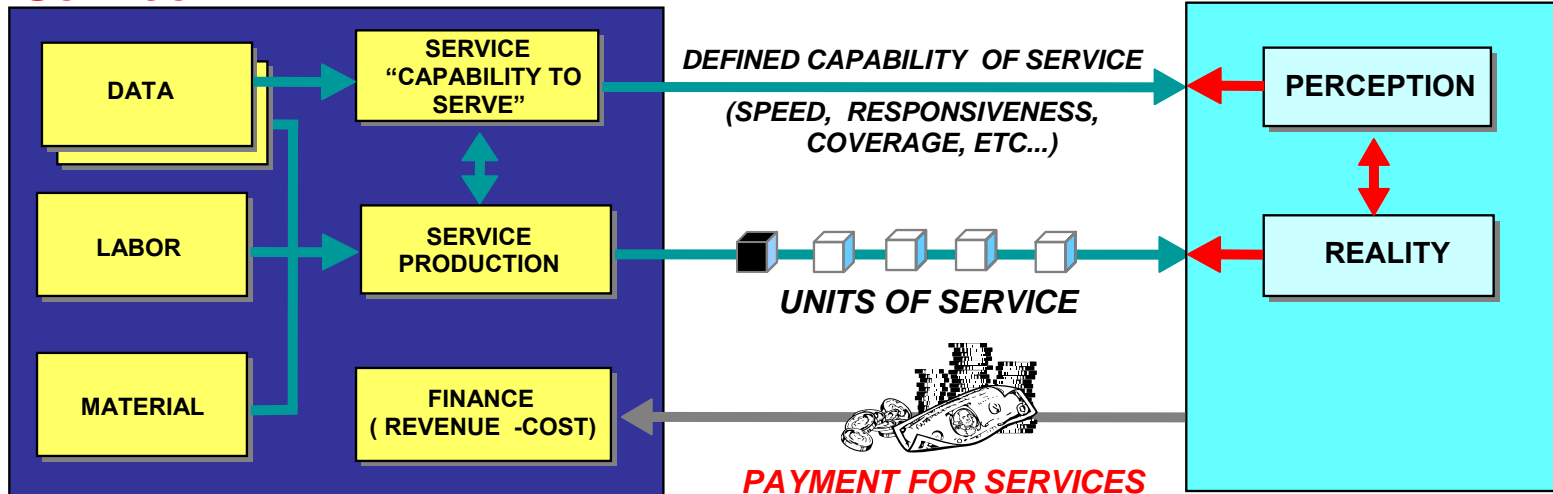
COMPARISON OF PRODUCT AND SERVICE BUSINESS MODELS

Product Firm



Market

Service Firm



Market

COMPARISON OF TYPICAL PRODUCT AND SERVICE BUSINESS RATIOS*

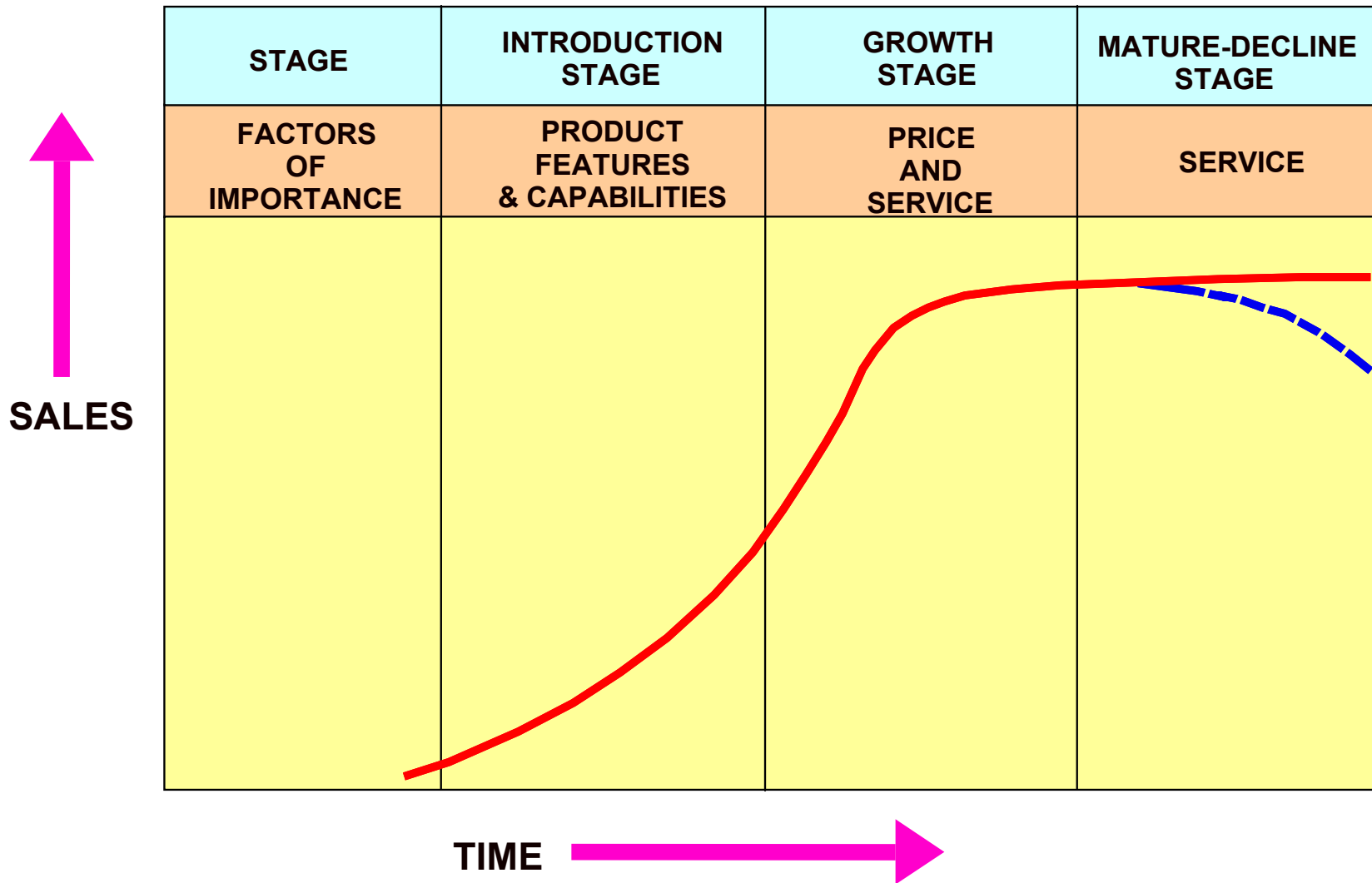
KEY PARAMETERS	PRODUCT BUSINESSES	SERVICE BUSINESSES
REVENUE	100%	100%
GROSS MARGIN	40%	45%
RESEARCH & DEVELOPMENT	6% - 8%	1% - 2%
OTHER, INCLUDING INVENTORY	5% - 8%	2% - 3%
CORPORATE OVERHEAD & G&A	20% - 30%	15%
PROFIT BEFORE TAXES	6% - 15%	15% - 30%
ROA	7% - 15%	70% - 80%

Primary, Financial, and Accounting Differences Between Product and Service Businesses

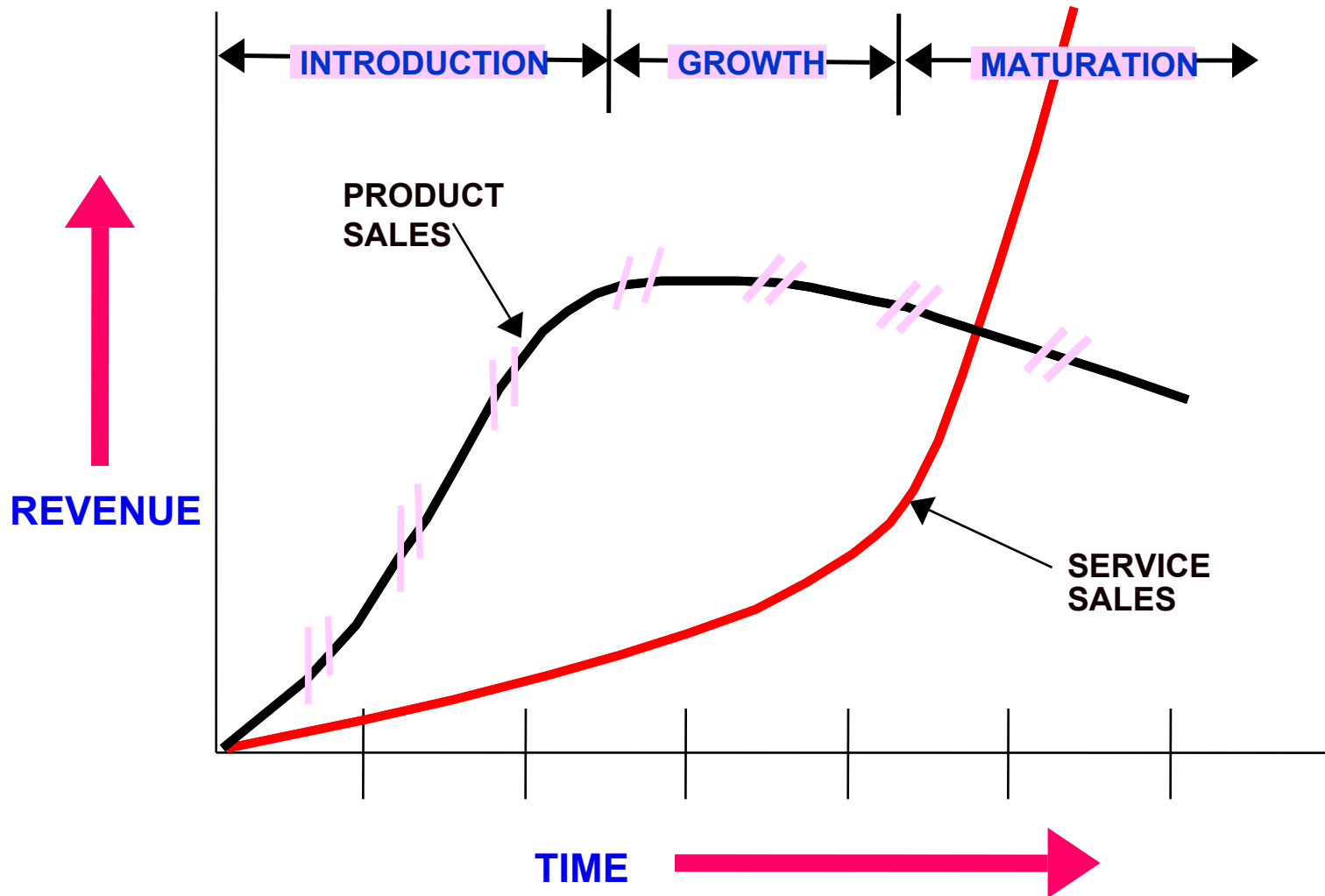
FACTOR / ISSUE IN EXISTING PRODUCT ECONOMIC MODELS	IMPACT ON SERVICE OPERATIONS
PRODUCT CAN BE STOCKPILED • SERVICE CAN NOT	HOW TO ACCOUNT AND VALUE “UNUSED” SERVICE ASSIGNED TO THE CAPABILITY TO SERVE
SERVICE IS TIME SENSITIVE • PRODUCTS ARE NOT	HOW TO ACCOUNT AND VALUE TIME (COVERAGE AND RESPONSIVENESS)
SERVICE IS VIEWED AS A COMPONENT OF PRODUCT SALES	<ul style="list-style-type: none"> • HOW TO VALUE AND CONTROL SERVICE AS A STANDALONE LINE OF BUSINESS • HOW TO TRANSFER PRICE SERVICE TO PRODUCT LINES
A HIGH PERCENTAGE OF SERVICE MATERIALS AND PARTS RECYCLE • PRODUCT MATERIALS AND PARTS ARE USED ONLY ONCE	HOW TO VALUE AND DEPRECIATE NEW AND REFURBISHED PARTS
EASY TO CONSOLIDATE COSTS MATERIAL FOR PRODUCTS BUT NOT FOR SERVICE	NEED FOR HIERARCHICAL STRUCTURE TO EVALUATE COST ALLOCATION OF SERVICE
HIGHER DEGREE OF DISCRETIONARY EXPENSE IN SERVICE COMPARED TO MANUFACTURING OPERATIONS	MORE DIFFICULT TO ANALYZE VARIABLE COST OF SERVICE

Product Life Cycle

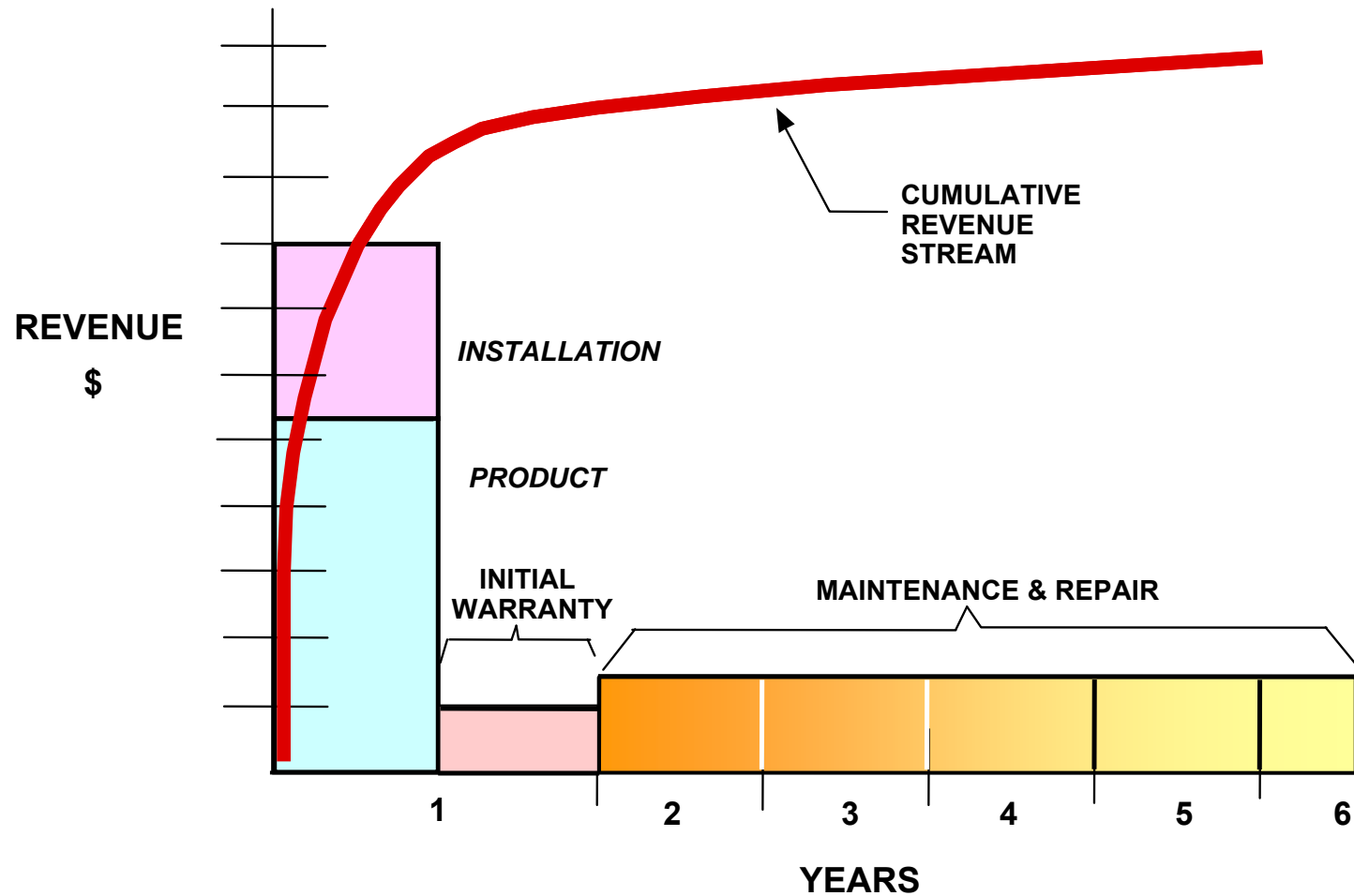
(SHOWING KEY FACTORS OF IMPORTANCE IN VENDOR SELECTION)



Product Versus Service Revenues Over Product Life Cycle



PRODUCT VERSUS SERVICE SUPPORT REVENUE STREAM CONTRIBUTION

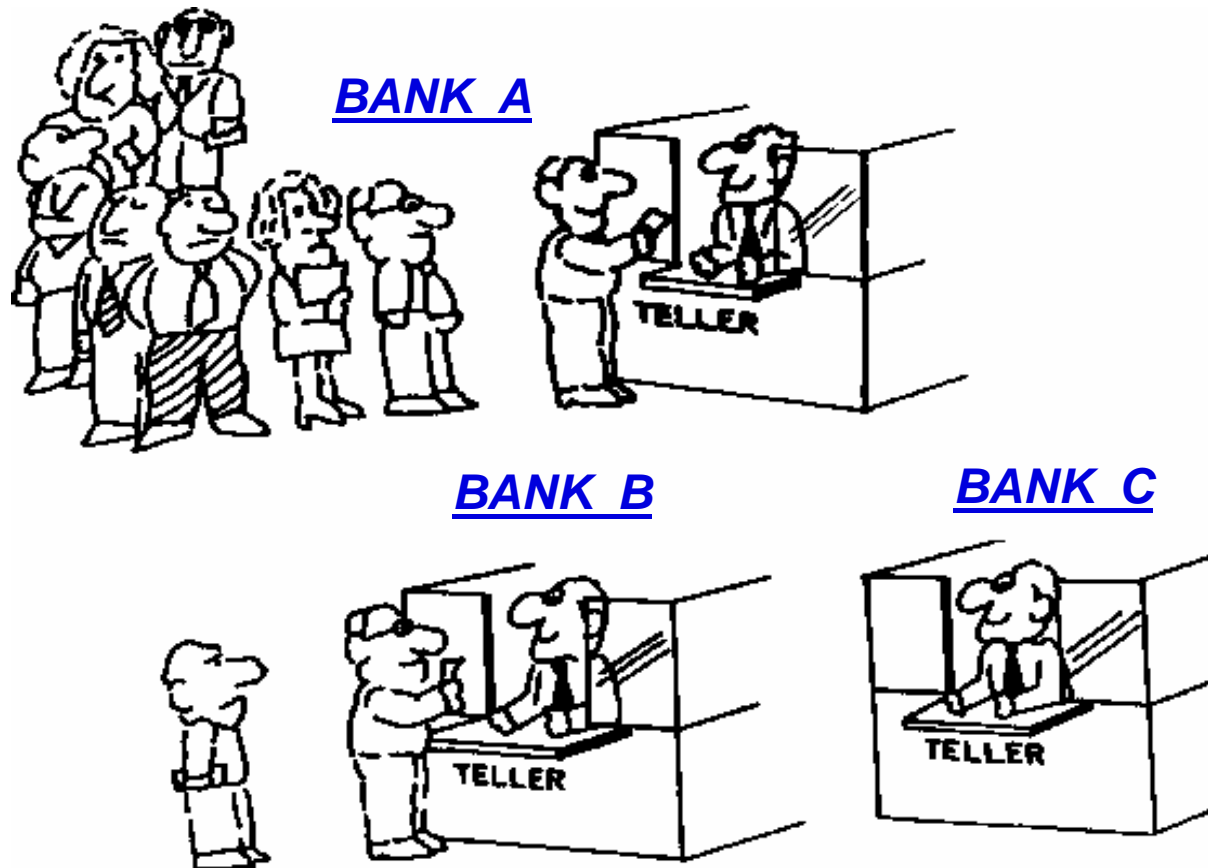


STRATEGIC SERVICE VALUES

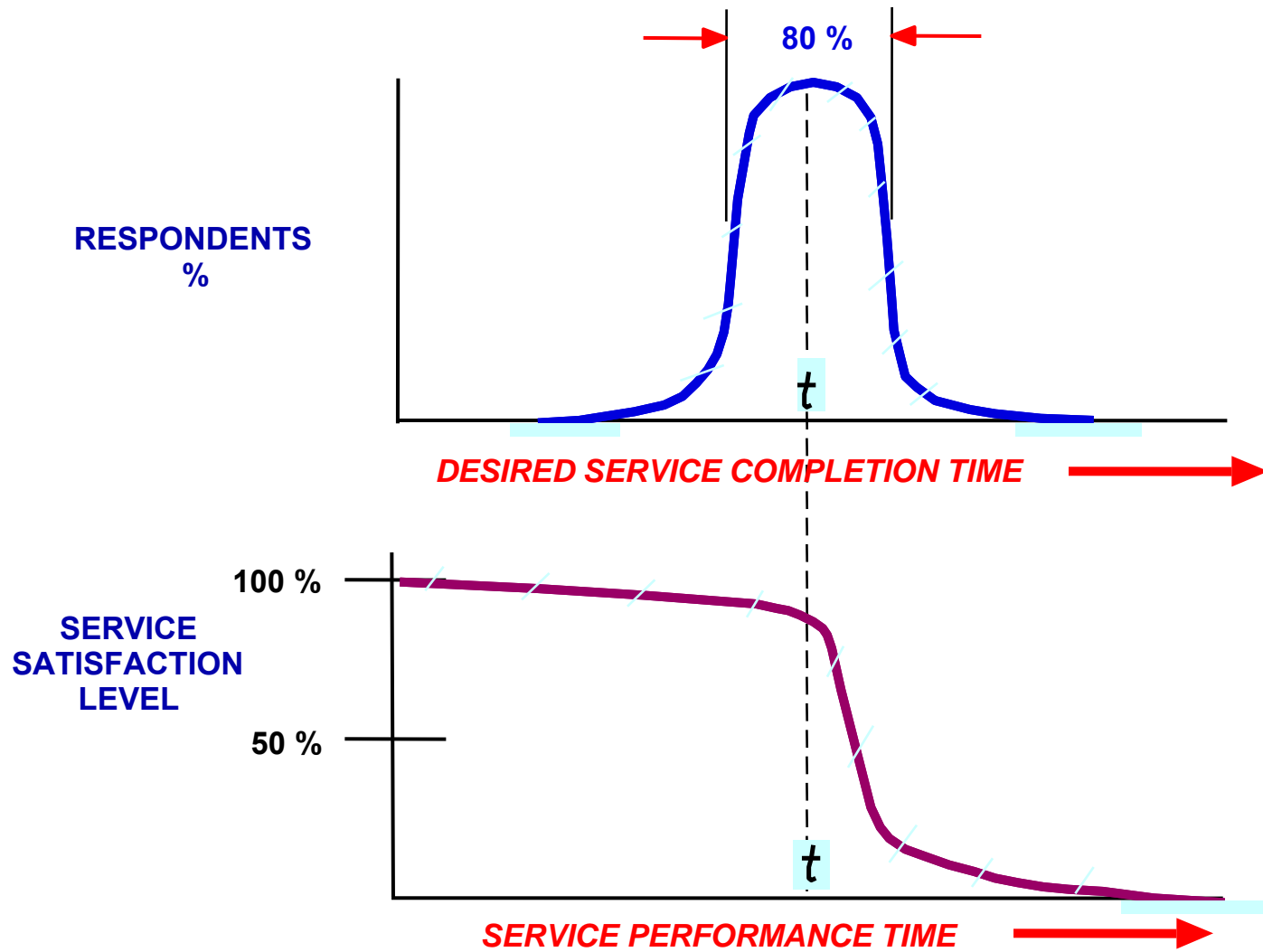
SERVICE VALUES	KEY FACTORS
DIRECTLY INFLUENCING SALES AND ADDING VALUE	<ul style="list-style-type: none">• SERVICE IS THE MOST CRITICAL TO THE CUSTOMER IN FINAL SELECTION DECISION• SERVICE ADDS VALUE
GENERATING REVENUE AND PROFITS DIRECTLY	<ul style="list-style-type: none">• CUSTOMERS ARE WILLING TO PAY FOR SERVICE DIRECTLY• CUSTOMER'S WILLINGNESS TO PAY IS BASED ON VALUE IN USE - NOT COST
PROVIDING MARKET CONTROL	<ul style="list-style-type: none">• SERVICE CUSTOMERS TEND TO STAY WITH PROVIDER ONCE SATISFIED• PERCEIVED SATISFACTION LEVELS GENERATE SUBSTANTIAL LOYALTY

CRITICAL TIME FACTORS IN SERVICE ISSUES

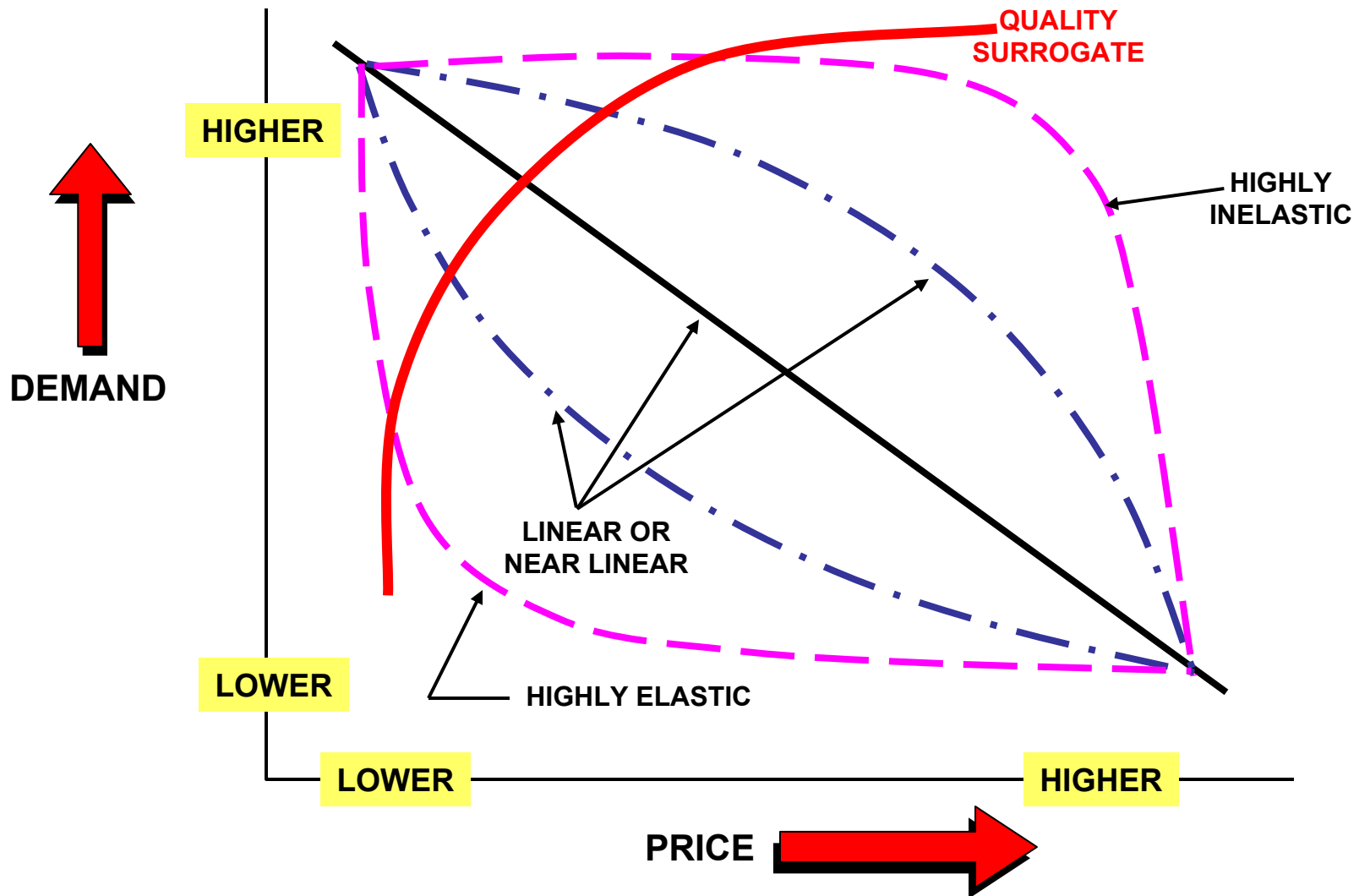
- CHECK CASHING SERVICES -



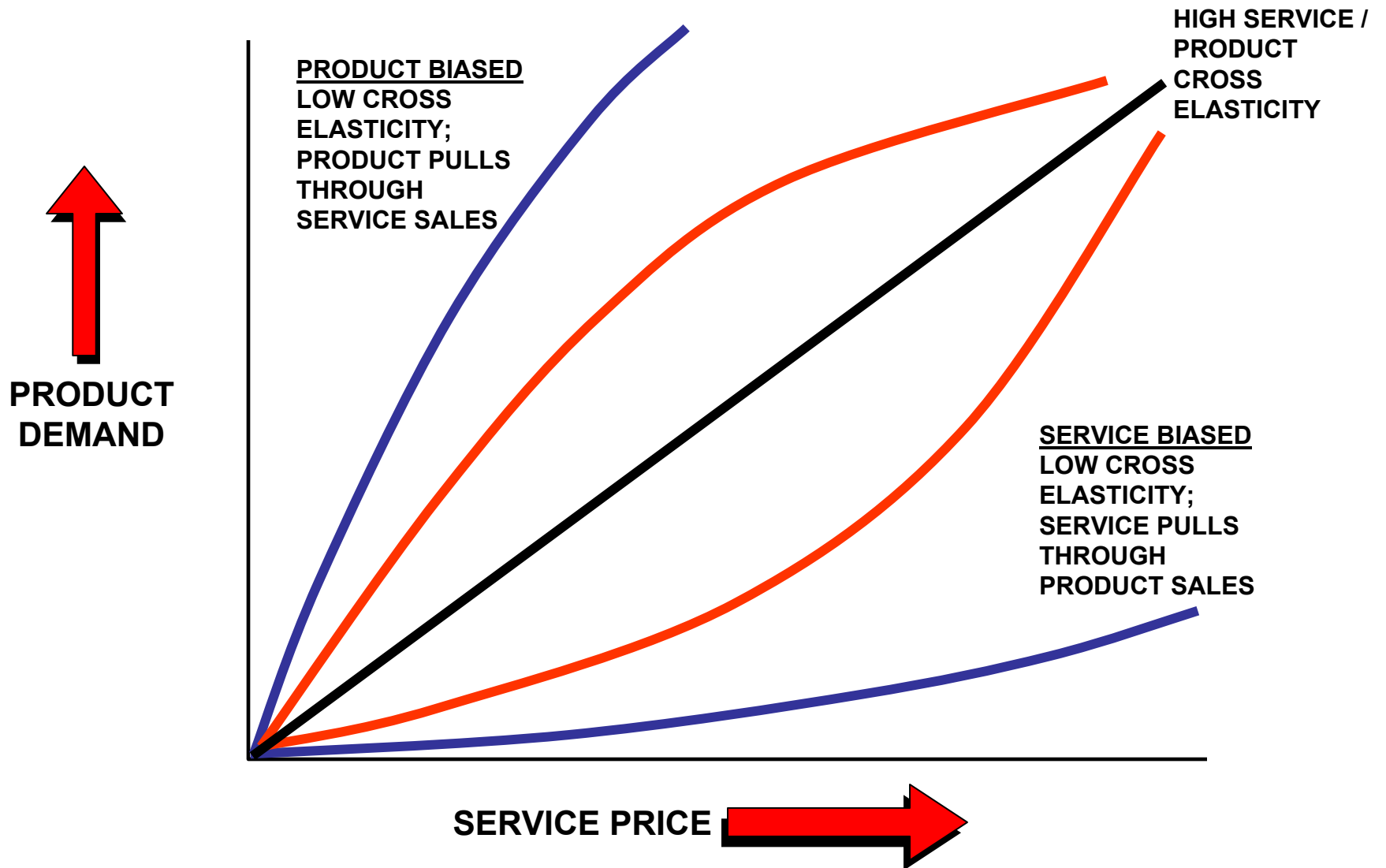
Relationship of Desired Service Completion Time to Customer Satisfaction Levels



Service Price Elasticity of Demand



Product / Service Cross Elasticity Alternatives



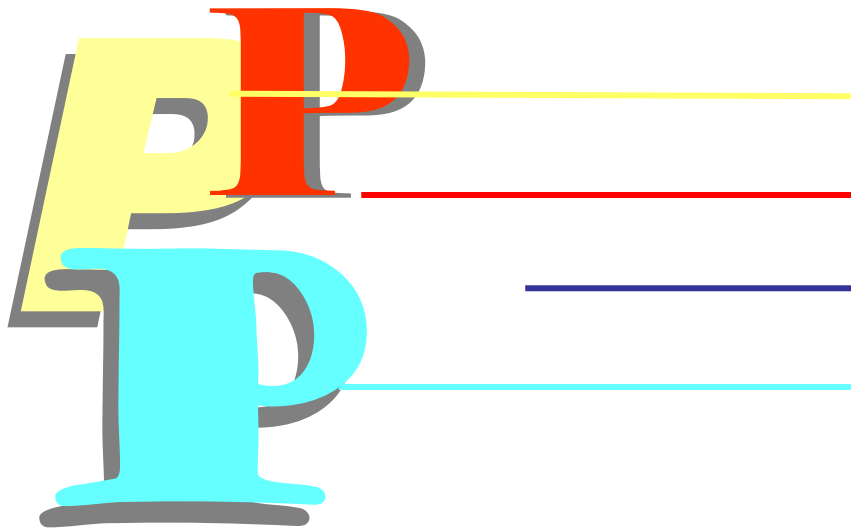
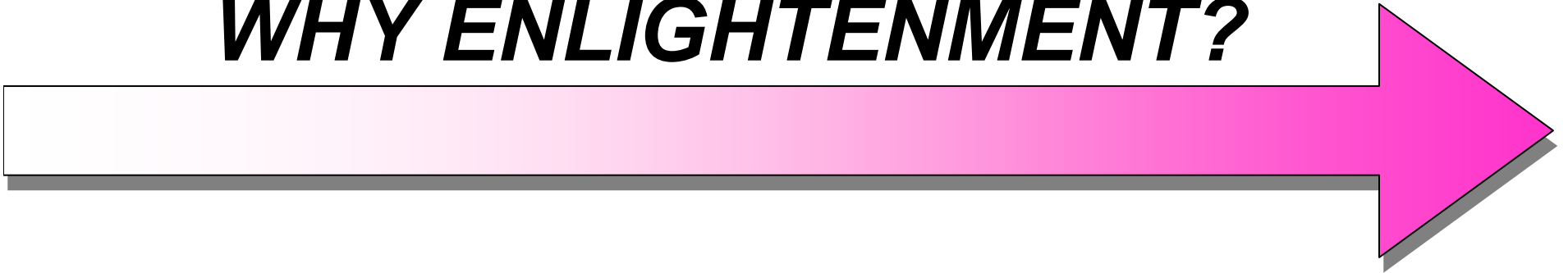
Marketing Components of Product and Services

MARKET DIMENSIONS	PRODUCTS	SERVICE
FORM, FIT AND FUNCTION	YES	YES
PERCEPTION, LABEL	YES	YES
ADDED VALUE OF LABEL OR PERCEPTION FOR EQUIVALENT FORM, FIT, AND FUNCTION	10 - 25 %	50 - 500 %




*THE SEVEN
PRINCIPLES
OF SERVICE
MARKETING*

WHY ENLIGHTENMENT?








WHY ENLIGHTENMENT?

- 
- MARKETING AND SELLING OF SERVICES IS A COMPLEX TASK**
 - BY DEFINITION MARKETING IS A COMMERCIAL WAY OF THINKING WHERE THE NEEDS OR THE WANTS OF THE CONSUMER ARE REGARDED AS CENTRAL**
 - SELLING BY DEFINITION IS THE PROCESS OF EXCHANGING GOODS AND SERVICES FOR MONEY**
 - MARKETING IS APPLIED SCIENCE DISCIPLINE MAKING USE OF CONTRIBUTIONS FROM ECONOMICS, PSYCHOLOGY, AND SOCIOLOGY**
 - SELLING IS TAUGHT AS AN ART OF PERSUASION AND COMMUNICATION**

WHY ENLIGHTENMENT?

(CONTINUED)

-  **THE SUBJECT OF SERVICES MARKETING HAS ONLY COME INTO VOGUE WITHIN THE LAST 8-10 YEARS**
-  **SINCE SERVICES MARKETING IS A RELATIVELY NEW FIELD, MANY SERVICE PROVIDERS HAVE HAD TROUBLE DEVELOPING A MARKETING FOCUS AROUND THEIR SERVICE OFFERING**
-  **THEY OFTEN ATTEMPT TO:**
 -  **SELL SERVICE WITHOUT REALLY UNDERSTANDING HOW TO EFFECTIVELY MARKET IT FIRST**
 -  **APPLY “WORN OUT” PRODUCT BASED MARKETING CONCEPTS TO SERVICES**

PRODUCTION ORIENTATION VERSUS MARKET ORIENTATION



SERVICE PROVIDERS CAN HAVE DIFFICULTY IN MARKETING AND SELLING SERVICES BECAUSE THEY HAVE A PRODUCTION ORIENTATION



A PRODUCTION ORIENTATION VIEWS THE SALES / DISTRIBUTION, AND DELIVERY OF SERVICES FROM THE INTERNAL PERSPECTIVE OF THE SUPPLIER



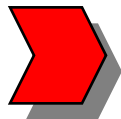
SUPPLIERS WITH A PRODUCTION ORIENTATION TEND TO PERCEIVE THAT THEIR COMPANY CAN SELL WHAT IT MAKES



THE ATTITUDE TOWARDS THE MARKET IS THAT THE CUSTOMER SHOULD BE GLAD THE SUPPLIER IS IN BUSINESS

PRODUCTION ORIENTATION VERSUS MARKET ORIENTATION

(CONTINUED)



A MARKETING ORIENTATION CAN BE VIEWED AS A NEW SCHOOL FOR AN ORGANIZATION THAT TRADITIONALLY THOUGHT IN TERMS OF THE “OLD SCHOOL” PRODUCT ORIENTATION



A MARKETING ORIENTATION IS FOCUSED ON THE CUSTOMER’S PERSPECTIVE RATHER THAN FROM THE SUPPLIER’S INTERNAL PERSPECTIVE



THE NEEDS OF THE CUSTOMER DETERMINE WHAT SERVICES ARE BROUGHT TO MARKET AND HOW THEY ARE SUPPLIED, MARKETED, AND SOLD

Key Difference Between Marketing & Production Orientation

ATTITUDES & PARAMETERS	PRODUCTION ORIENTATION “OLD SCHOOL”	MARKETING ORIENTATION “NEW SCHOOL”
ATTITUDES TOWARDS CUSTOMERS	THEY SHOULD BE GLAD WE EXIST, TRYING TO CUT COSTS AND BRING OUT BETTER PRODUCTS	CUSTOMERS NEEDS DETERMINE PLAN
PRODUCT/SERVICE OFFERING	COMPANY SELLS WHAT IT MAKES	COMPANY MAKES WHAT IT CAN SELL
ROLE OF MARKET RESEARCH	TO DETERMINE CUSTOMER REACTION IF USED AT ALL	TO DETERMINE CUSTOMER NEEDS AND HOW WELL COMPANY IS SATISFYING THEM
INTEREST IN INNOVATION	FOCUS IS ON TECHNOLOGY AND CUTTING COSTS	FOCUS ON LOCATING NEW OPPORTUNITIES
IMPORTANCE OF PROFIT	A RESIDUAL, WHAT’S LEFT AFTER ALL COSTS ARE COVERED	A CRITICAL OBJECTIVE
ROLE OF CUSTOMER CREDIT	SEEN AS A NECESSARY EVIL	SEEN AS A CUSTOMER SERVICE
LOGISTICS/PARTS INVENTORY LEVELS	SET WITH PRODUCTION REQUIREMENTS IN MIND WITH EMPHASIS ON COST MINIMIZATION	SET WITH CUSTOMER REQUIREMENTS AND COSTS IN MIND
FOCUS ON ADVERTISING	PRODUCT/SERVICE FEATURES AND QUALITY, HOW PRODUCTS ARE MADE/SERVICED	NEED SATISFYING BENEFITS OF PRODUCTS & SERVICES
ROLE OF SALES FORCE	SELL THE CUSTOMER, DON’T WORRY ABOUT COORDINATION WITH OTHER PROMOTION EFFORTS	HELP CUSTOMER TO BUY IF PRODUCT FITS HIS NEEDS, WHILE COORDINATING WITH THE REST OF FIRM, INCLUDING PRODUCTION, ADVERTISING, LOGISTICS, ETC

SOURCE: BASIC MARKETING THEORY, M. McCARTHY PHD 1987 - D. F. BLUMBERG ASSOCIATES, INC.

PRODUCTION ORIENTATION VERSUS MARKET ORIENTATION



(CONTINUED)



**IT IS CRITICAL THAT SERVICE MANAGERS
ADOPT A MARKETING ORIENTATION TO
SERVICE**



**LACK OF A MARKETING ORIENTATION CAN
BE A COMPETITIVE DISADVANTAGE**

CHALLENGES FACING SERVICE MARKETERS



WHY THE 4 P'S

4 P'S

DON'T WORK!

WHY THE FOUR P'S DON'T WORK



THERE ARE FOUR PRINCIPLES IN ANY MARKETING PROGRAM

■ ***PRODUCT***

■ ***PRICE***

■ ***PROMOTION***

■ ***PLACE***



THE FOUR PRINCIPLES OF MARKETING EXPLAIN HOW DECISIONS AFFECTING THE MARKETING MIX CAN IMPACT THE SUCCESS OF THE MARKETING PROGRAM

WHY THE FOUR P'S DON'T WORK

(CONTINUED)



LESS EXPERIENCED SERVICE MARKETERS OFTEN DEFINE A SERVICE PRODUCT ONLY IN TERMS OF THE SKILL AND CAPABILITIES



THE UN-ENLIGHTENED MARKETER PROMOTES SKILLS AND CAPABILITIES WHICH, BOILS DOWN TO THE PROVISION OF PEOPLE'S TIME



DIFFERENCES OF OPINION NATURALLY EMERGE AS TO LENGTH, VALUE, AND OUTPUT OF TIME

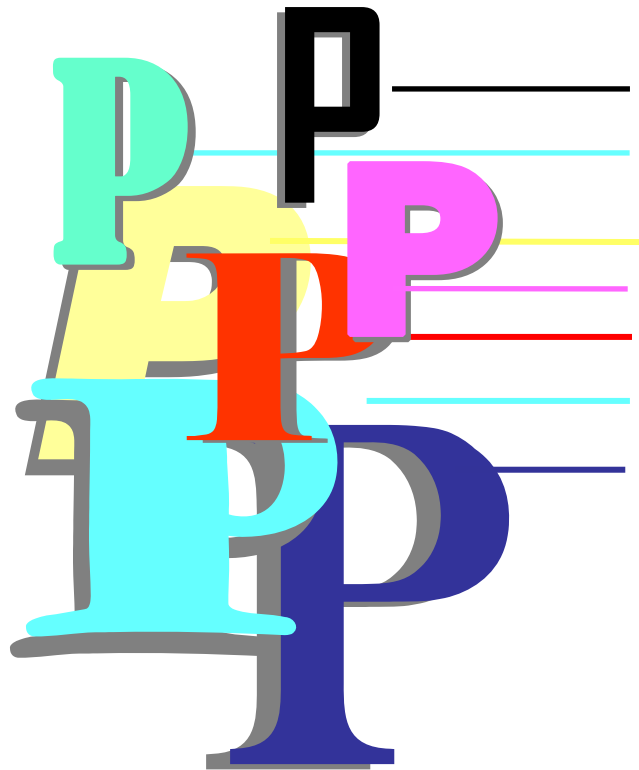


THE VALUE OF TIME IS A VERY SUBJECTIVE ISSUE WHICH CAN BE ARGUED OR DISPUTED BY THE CUSTOMER

THE SEVEN P'S OF SERVICE MARKETING



ENLIGHTENMENT FOR THE



SERVICE MARKETER!

The Seven Principles of Service Marketing

PRINCIPLE	DEFINITION	EXAMPLES	COMMENTS
PROMISE (PORTFOLIO)	THE SERVICE OFFERING OR PORTFOLIO	<ul style="list-style-type: none"> • 24X7 COVERAGE • 4 HOUR RESPONSE TIME • REMOTE SUPPORT TIME • REMOTE SUPPORT • ON-SITE 	<ul style="list-style-type: none"> • ENCAPSULATES SKILLS AND CAPABILITIES • DEAL WITH ISSUES OF TIME AND PLACE
PROCESS	PROCESSES AND PROCEDURES UTILIZED TO ENSURE SERVICE DELIVERY	<ul style="list-style-type: none"> • DISPATCH PROCESS • ESCALATION POLICY • PROJECT METHODOLOGY • ASSIGNMENT & SCHEDULING CERTIFICATION 	<ul style="list-style-type: none"> • DEALS WITH WHO, HOW, AND WHEN • FOCUSES ON PROCESSES AND PRACTICES
PROVIDER	TANGIBLE ELEMENTS OF SERVICE AND SUPPORT INFRASTRUCTURE	<ul style="list-style-type: none"> • CALL CENTER • FIELD COMMUNICATIONS • DIAGNOSTICS • REMOTE DIAGNOSTICS CERTIFICATION 	<ul style="list-style-type: none"> • TOOLS AND TECHNOLOGY USED IN SERVICE DELIVERY PROCESS
PERFORMANCE	ACTUAL RESULTS OF SERVICE PROCESS	<ul style="list-style-type: none"> • PERFORMANCE GUARANTEES • TESTIMONIALS • CUSTOMER SATISFACTION LEVELS • REFERENCES 	<ul style="list-style-type: none"> • PROOF THAT COMPANY CAN DELIVERY ON PROMISE
PERCEPTION	VISUAL AND VERBAL COMMUNICATIONS WHICH CREATE AWARENESS AND DESIRE FOR SERVICE AND BUILD VALUE	<ul style="list-style-type: none"> • BROCHURES • ADVERTISEMENTS • STYLE OF DRESS • COMMUNICATION SALES 	<ul style="list-style-type: none"> • THE EMOTIONAL RESPONSE OR REACTION SOLICITED THROUGH PROMOTIONAL ACTIVITIES
PLACE	IDENTIFICATION OF SERVICE SALES DISTRIBUTION AND DELIVERY CHANNEL	<ul style="list-style-type: none"> • DIRECT SALES FORCE VS INSIDE SALES • INTERNET PURCHASE • VAR VERSUS OEM • THIRD PARTY 	<ul style="list-style-type: none"> • DEALS WITH HOW CUSTOMER WILL PURCHASE SERVICE AND WHO WILL BE INVOLVED IN THE TRANSACTION
PRICE	VALUE OR AMOUNT WHICH CUSTOMER PAYS FOR SERVICE	<ul style="list-style-type: none"> • TIME AND MATERIALS • SERVICE CONTRACT • PRICING STRATEGIES <ul style="list-style-type: none"> • VALUE-IN-USE • COMPETITIVE • COST PLUS 	<ul style="list-style-type: none"> • TIME AND PERCEPTIONS CREATE VALUE

Comparison of Market Principles Between Products and Services

PRINCIPLE	APPLICABILITY		COMMENTS
	PRODUCTS	SERVICES	
PRODUCT	YES	NO	<ul style="list-style-type: none"> • PRODUCTS ARE TANGIBLE, SERVICES ARE NOT • PRODUCTS HAVE A FORM, FIT, AND FUNCTION WHICH CAN NOT BE DISPUTED BY BUYER OR SELLER
PROMOTION	YES	NO	<ul style="list-style-type: none"> • PRESUMES A PRODUCT EXISTS
PLACE	YES	YES	<ul style="list-style-type: none"> • BROADER APPLICATIONS IN SERVICE DEALING WITH: <ul style="list-style-type: none"> - POINT OF PURCHASE - POINT OF DELIVERY - OWNER OF SERVICE DELIVERY PRICES
PRICE	YES	YES	<ul style="list-style-type: none"> • PRICE IS USUALLY A FUNCTION OF COST IN A PRODUCT BUSINESS • SERVICE PRICE IS A FUNCTION OF VALUE IN USE & PERCEPTION
PROMISE	NO	YES	<ul style="list-style-type: none"> • DEALS WITH CAPABILITY TO SERVE • CAPABILITY HAS NO FUTURE VALUE IN THE PRODUCT MODEL
PROCESS	NO	YES	<ul style="list-style-type: none"> • SERVICE IS A PEOPLE AND PROCESS BASED BUSINESS • DEALS WITH CONCERNS ABOUT WHO, WHAT, WHEN, WHERE, AND HOW. WHICH DO NOT EXIST FOR PRODUCTION OF GOODS
PROVIDER	NO	YES	<ul style="list-style-type: none"> • INFRASTRUCTURE PLAYS A CRITICAL ROLE IN ESTABLISHING SERVICE VALUE
PERFORMANCE	NO	YES	<ul style="list-style-type: none"> • DEALS WITH ACTUAL SERVICE PERFORMANCE • PARTS OF PRODUCT
PERCEPTION	NO	YES	<ul style="list-style-type: none"> • SERVICE IS BOUGHT BASED ON PERCEPTION OF FUTURE PERFORMANCE RATHER THAN THE VIEW OF PRESENT REALITY REPLACES WITH EVERY ELEMENT OF COMMUNICATION WHICH CAN IMPACT A CUSTOMER'S VIEW OF VALUE

THE SEVEN "P'S" OF SERVICE MARKETING



(CONTINUED)

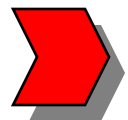


EXAMPLES OF PERFORMANCE INCLUDE:

- **CUSTOMER SATISFACTION RESULTS**
- **TESTIMONIALS**
- **GUARANTEES**
- **CASE STUDIES OF LESSONS LEARNED**

THE SEVEN "P'S" OF SERVICE MARKETING

(CONTINUED)



PERCEPTION IS EVERYTHING IN SERVICE



**MARKETERS MUST DEAL WITH INFLUENCING
CURRENT CUSTOMER VIEWS OF FUTURE
SERVICE PERFORMANCE**



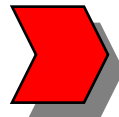
**SERVICE MARKETERS MOST INFLUENCE
PERCEPTION THROUGH MANY MEANS**

THE SEVEN "P'S" OF SERVICE MARKETING

(CONTINUED)



PLACE IS A COMPLEX ISSUE FOR SERVICE MARKETERS






THE SERVICE MARKETER MUST DEAL WITH A NUMBER OF DIFFERENT ISSUES IN BRINGING SERVICES TO MARKET SUCH AS:

- 1. WHO SELLS THE SERVICE, A DIRECT SALES FORCE OR A CHANNEL PARTNER?**
- 2. WHO ACTUALLY DELIVERS THE SERVICE, A THIRD PARTY, A CHANNEL PARTNER (I.E., VAR), OR THE OEM?**
- 3. HOW DO CUSTOMERS OBTAIN OR ACQUIRE MORE SERVICE, THROUGH A CALL CENTER, WEB PAGE, BY CALLING A SERVICE ENGINEER, ETC.?**

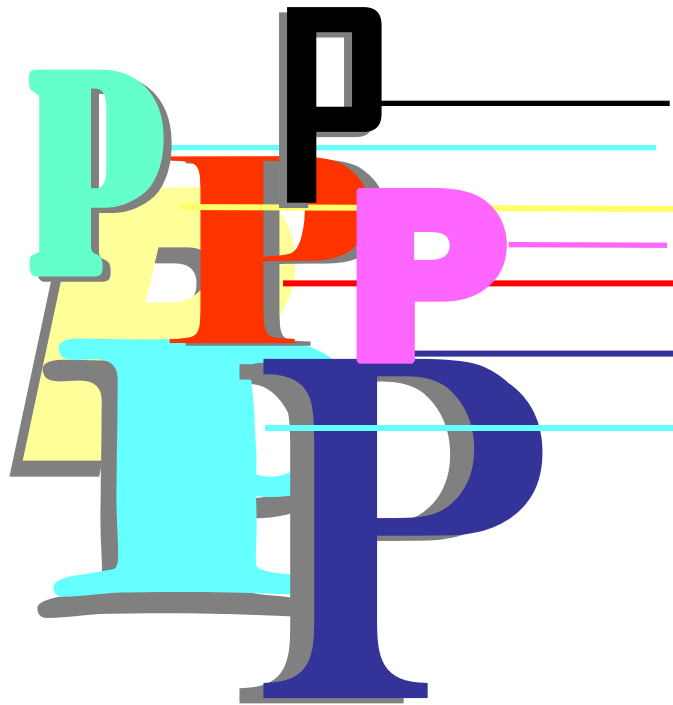
THE SEVEN "P'S" OF SERVICE MARKETING

(CONTINUED)

-  **PRICE ALSO TAKES ON DIFFERENT ELEMENTS IN SERVICE MARKETING**
-  **ENLIGHTENED SERVICE MARKETERS UNDERSTAND THE VALUE IN USE OF TIME AND THE IMPACT OF PERCEPTION IN DETERMINING PRICE**
-  **PERCEPTION CAN IMPACT PRICE BY AS MUCH AS 1000% IN A SERVICE BUSINESS COMPARED TO 100% IN A PRODUCT BUSINESS**






FOCUS ON PRICING

THE KEY TO PROFITS!



INTRODUCTION



-  **A MAJOR ISSUE CHALLENGING SERVICE MARKETERS IS THE DETERMINATION OF HOW PRICES ARE ESTABLISHED AND MAINTAINED**
-  **THE DILEMMA IS OVER A DESIRE TO EITHER MAXIMIZE MARKET SHARE, OR MAXIMIZE PROFITS**
-  **IT IS DIFFICULT TO ACHIEVE BOTH GOALS SIMULTANEOUSLY**
 -  **IF PRICES ARE TOO LOW, THE COMPANY WILL NOT BE ABLE TO COVER COST AND SHOW A LOSS**
 -  **IF PRICES ARE TOO HIGH, PEOPLE WILL NOT BE INTERESTED IN PURCHASING THE SERVICES OFFERED FROM THE COMPANY**

INTRODUCTION

(CONTINUED)



THE CONVENTIONAL WISDOM IS THAT IT IS BETTER TO HAVE MANY MARGINALLY PROFITABLE CUSTOMERS THAN A FEW HIGHLY PROFITABLE CUSTOMERS



QUITE OFTEN MARKETERS DECIDE TO SET A PRICE THAT IS HIGH ENOUGH TO ESTABLISH A REASONABLE LEVEL OF PROFIT BUT LOW ENOUGH TO CAPTURE A LARGE SHARE OF THE MARKET

*EXAMPLES OF MARKET STRATEGIES
BASED ON ARBITRARY PRICING DECISIONS*



**PRICE OFTEN TENDS TO BE THE
SURROGATE FOR QUALITY IN SERVICE
INDUSTRIES.**



**BY UTILIZING ONLY PRICE AS THE BASIS
FOR DIFFERENTIATION, SERVICE
MARKETERS FORCE THE CUSTOMERS
TO MAKE DECISIONS BASED SOLELY
ON PRICE**

*EXAMPLES OF MARKET STRATEGIES
BASED ON ARBITRARY PRICING DECISIONS*

(CONTINUED)



**MARKETERS WHO TAKE THIS APPROACH
RUN THE RISK OF TYPECASTING THEIR
COMPANY INTO ONE OF FOUR CATEGORIES:**

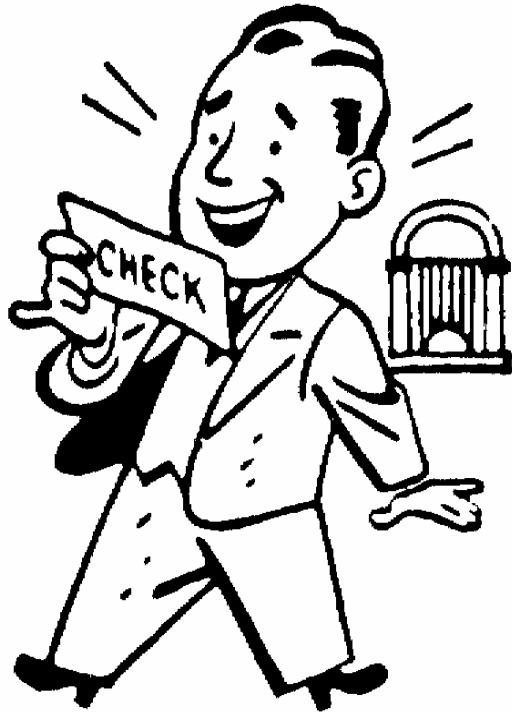
1. MERCENARY

2. ELITIST

3. BARGAIN BASEMENT

4. CALL GIRL

MERCENARY MERCENARY



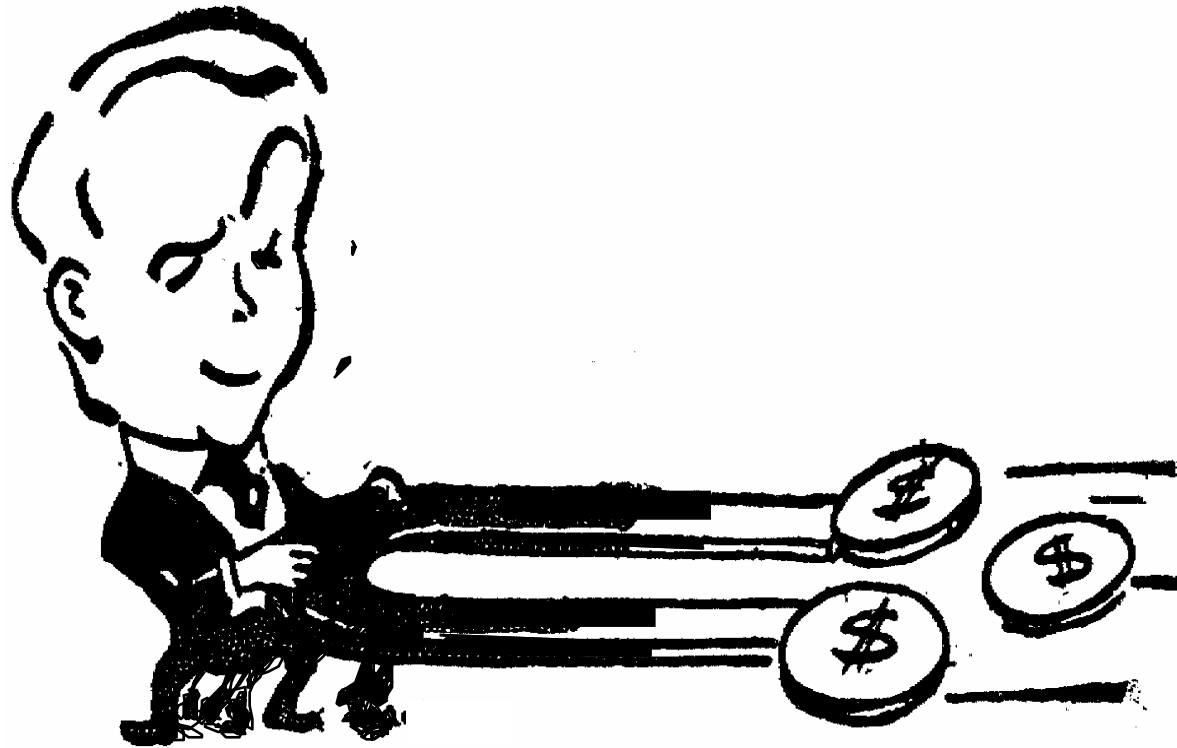
Cost plus mark-up pricing results in high priced services that are difficult to sell because few customers are willing to pay the price; this approach forces vendors into offering service to the highest bidder(s).

ELITIST **ELITIST**



Similar to situation described above but there is a segment of customers that are willing to pay; vendors take approach that services are only offered to those who can afford it.

BARGAIN BASEMENT HARRY



Vendors continually lower price or give away service to attract customers away from competitors; service quality levels are often dropped to cover costs.

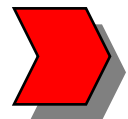
CALL GIRL



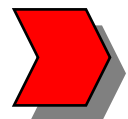
Vendors use price as negotiating chip to obtain customers and will trade-off services against price to win business

*EXAMPLES OF MARKET STRATEGIES
BASED ON ARBITRARY PRICING DECISIONS*

(CONTINUED)



**USING PRICE TO INFER QUALITY CAN BE
COUNTER PRODUCTIVE TO OVERALL GOALS**



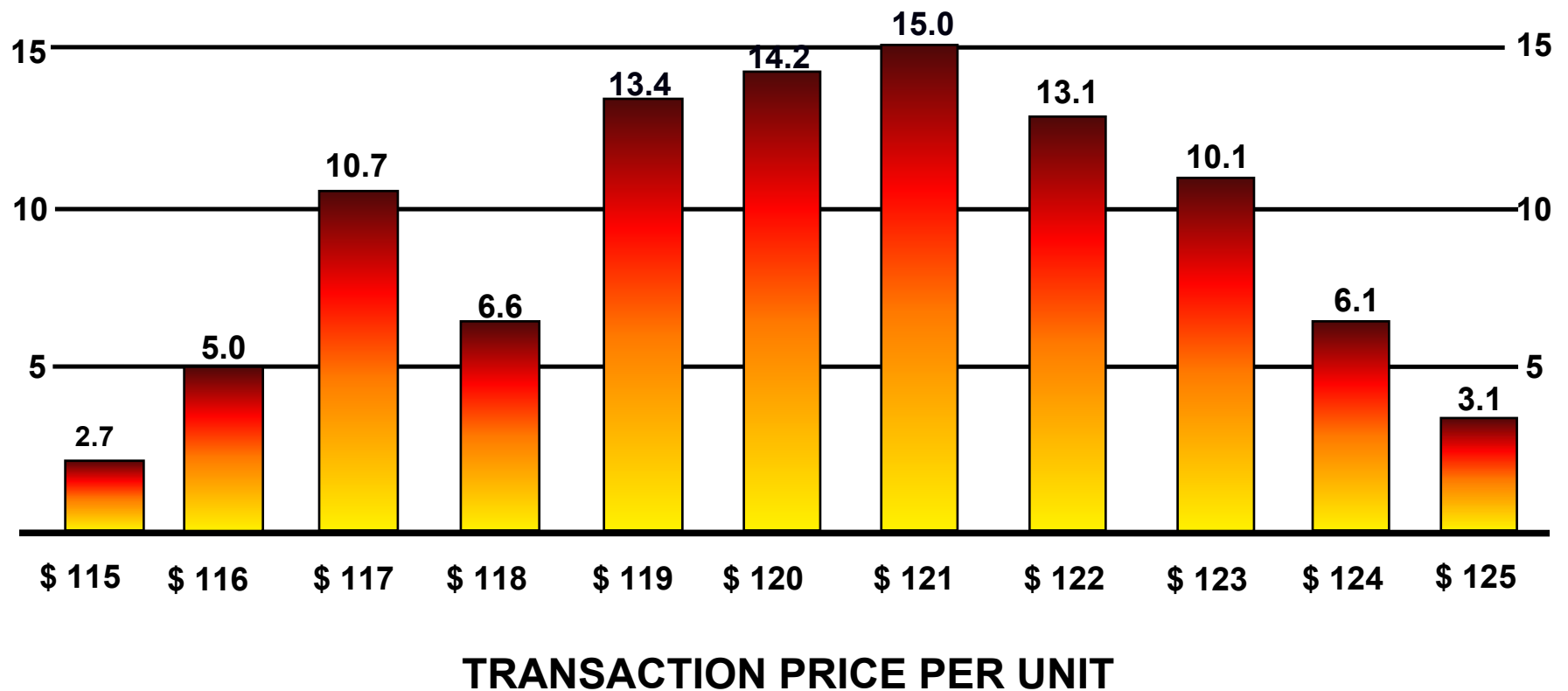
**PRICE MUST BE CONSIDERED STRATEGICALLY
AS PART OF THE COMPANY'S OVERALL SALES
AND MARKETING OBJECTIVES**



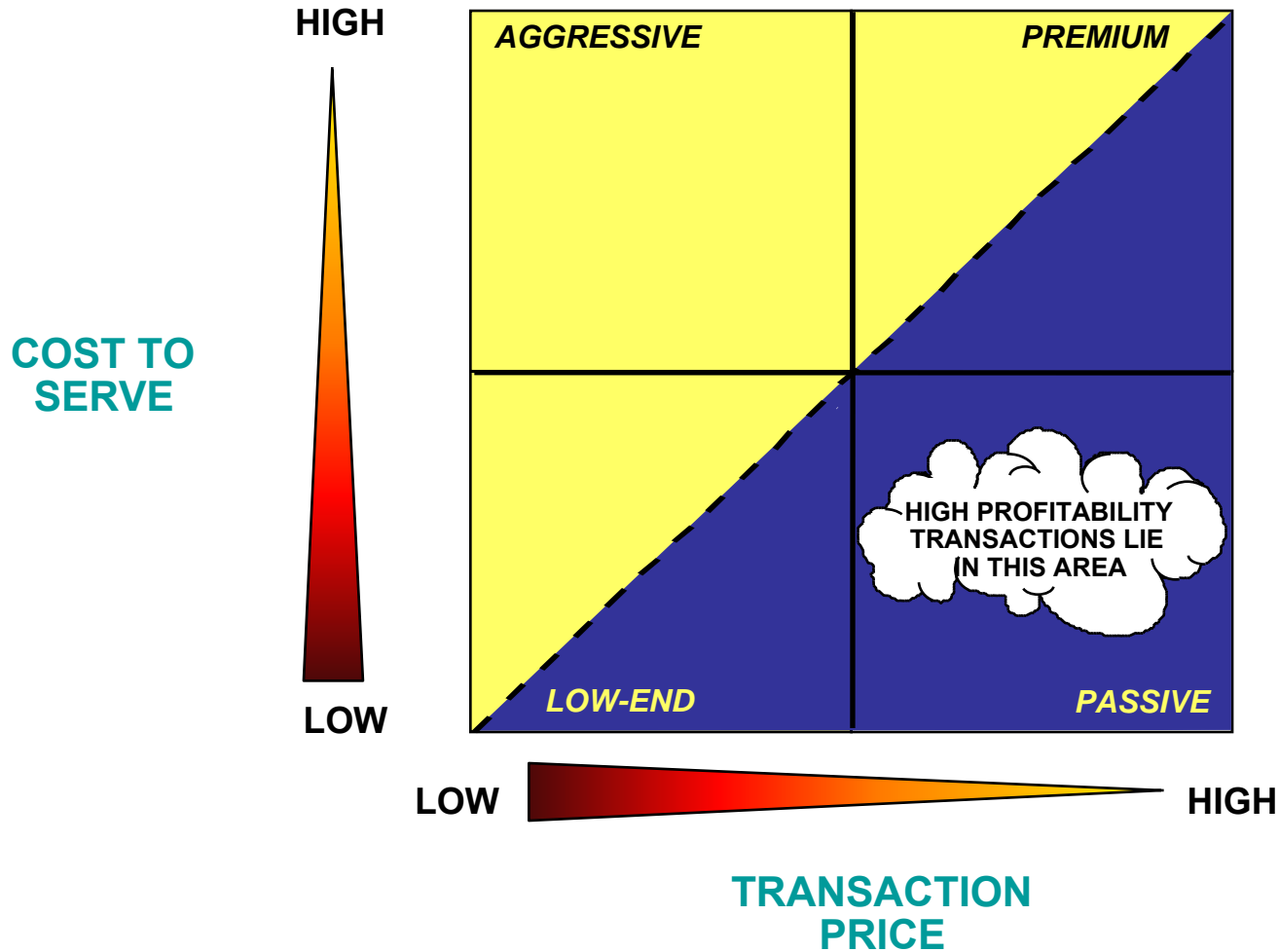
**SERVICE MARKETERS MUST CONSIDER
AVAILABLE OPTIONS AND ALTERNATIVES
AS A FRAMEWORK FOR STRATEGIC DECISIONS**

Hypothetical Frequency Distribution for Transaction Prices

- % OF TRANSACTIONS -



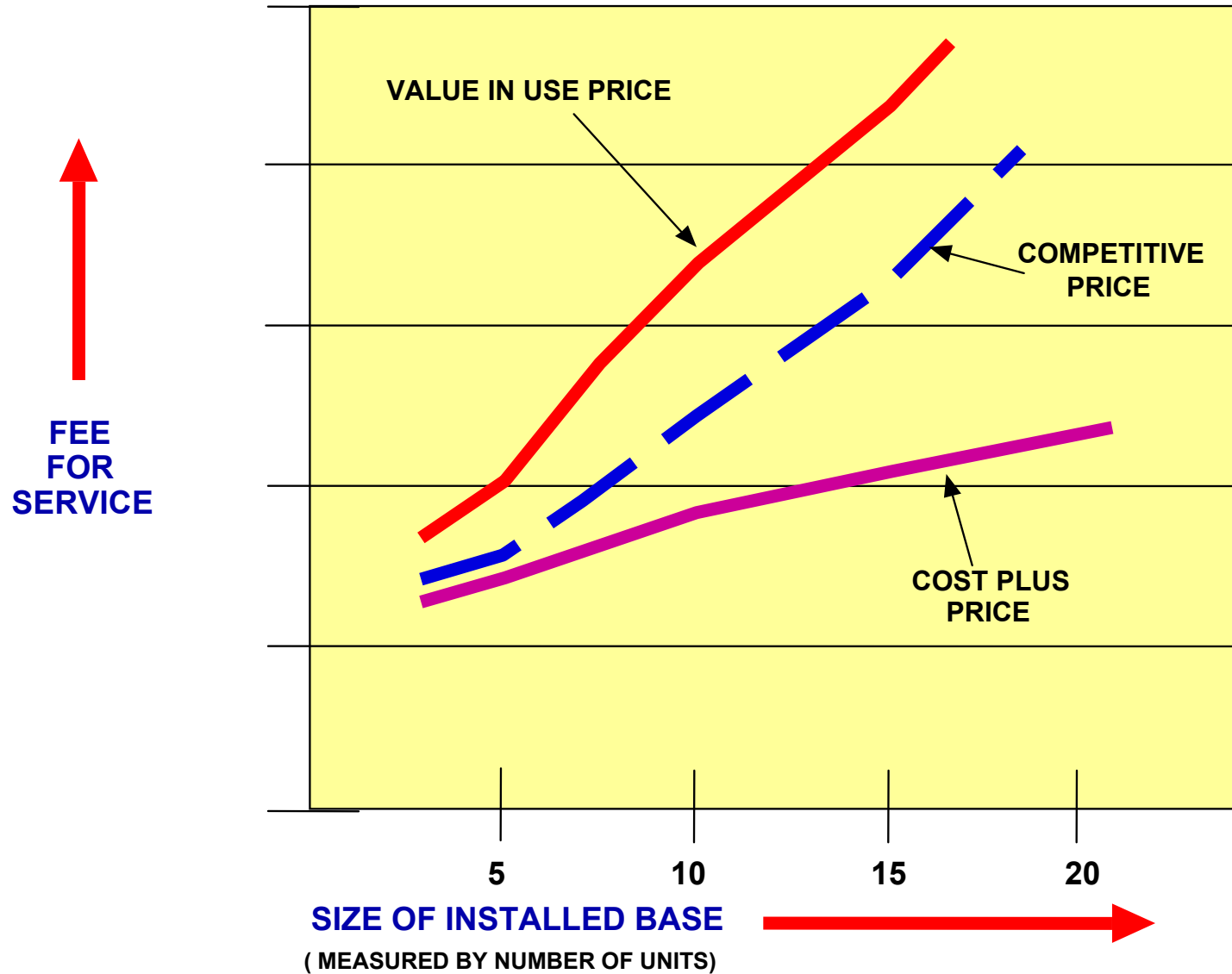
Customer / Channel Profitability Analysis



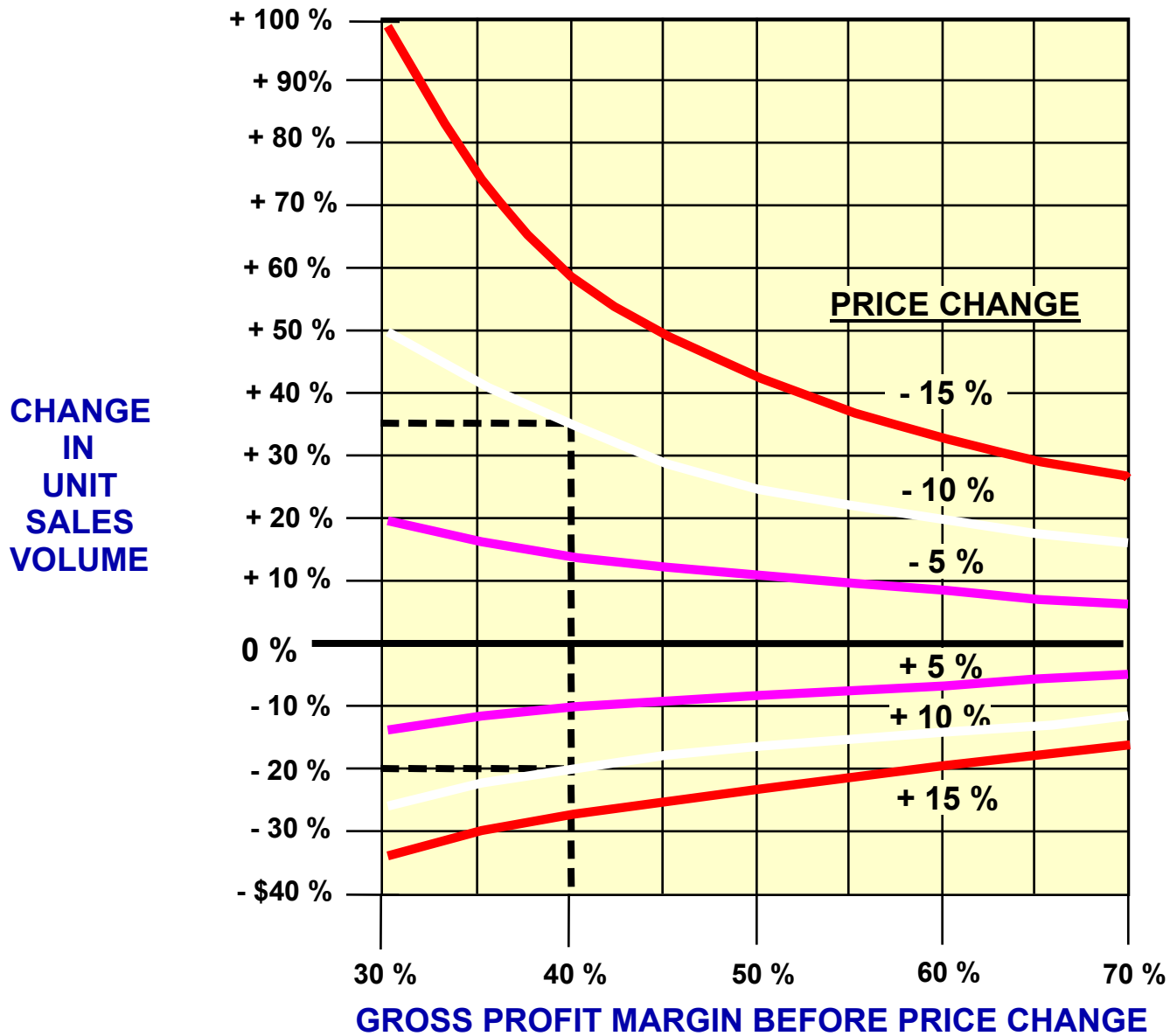
Service Price Strategy Alternatives

PRICING STRATEGY	APPROACH	ADVANTAGE	DISADVANTAGES
COST PLUS PRICING	<ul style="list-style-type: none"> • DETERMINE MTBF, MTRR, TRAVEL & LABOR RATES TO ARRIVE AT PRICE 	<ul style="list-style-type: none"> • INSURES COVERAGE OF COST 	<ul style="list-style-type: none"> • FAILS TO PROVIDE SERVICE QUALITY BASED ON CUSTOMER NEEDS • FAILS TO PROVIDE BASIS FOR PRICING TO DIFFERENT SEGMENTS
COMPETITIVE PRICING	<ul style="list-style-type: none"> • DETERMINE PRICE OF MAJOR COMPETITORS AND PRICE AT OR UNDER 	<ul style="list-style-type: none"> • PROVIDES SOME COMPETITIVE ADVANTAGE IN THE SHORT RUN 	<ul style="list-style-type: none"> • MAY CAUSE PERCEPTION BIAS; CHEAPER SERVICE MEANS CHEAPER QUALITY • ACTUAL REVENUE MAY BIAS TOWARDS LOWER QUALITY WHEN COMPETING WITH AN EFFICIENT FIRM
VALUE - IN - USE PRICING	<ul style="list-style-type: none"> • DETERMINE COST TO CUSTOMER IN ABSENCE OF SERVICE BASED ON TARGETED MARKET SEGMENT NEEDS 	<ul style="list-style-type: none"> • DIRECTLY SATISFIES CUSTOMER NEEDS & REQUIREMENTS FOR SERVICE AT REASONABLE PRICE BASED ON CUSTOMER VALUE 	<ul style="list-style-type: none"> • REQUIRES MARKET RESEARCH TO MEASURE VALUES • MAY NOT BE COMPETITIVE IN PRICE SENSITIVE MARKET

Comparison of Alternative Pricing Strategies



Percent Change in Unit Sales Volume Required to Maintain Gross Profit in Dollars After a Given Price Change



REMEMBER....



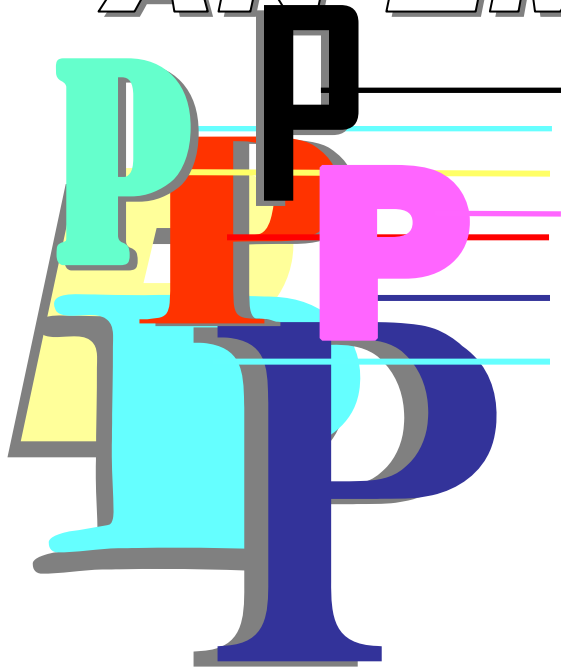
SERVICE PRICING STRATEGIES ARE EXTREMELY COMPLEX. THE USE OF VALUE-IN-USE PRICING STRATEGIES CAN RESULT IN:

- SIGNIFICANTLY HIGHER PROFIT MARGINS FOR ESSENTIALLY THE SAME SERVICE QUALITY**
- A SIGNIFICANT INCREASE IN MARKET PENETRATION AND MARKET SHARE IN MARKET SEGMENTS WHO PLACE A HIGH-VALUE ON QUALITY SERVICE**

SELLING SERVICE



*SELLING FROM
AN EMPTY STORE !*



SELLING SERVICE SELLING FROM AN EMPTY STORE

(Continued)



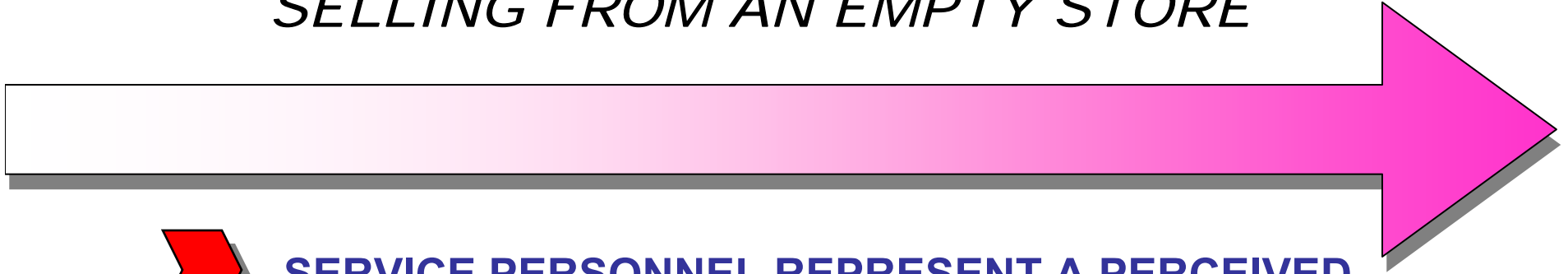
OUR RESEARCH HAS FOUND THAT MOST PRODUCT SALESPEOPLE PLACE A LOW EMPHASIS ON SELLING SERVICE FOR A NUMBER OF REASONS

- **FOR FEAR THAT CUSTOMERS MAY ASSOCIATE THE PRODUCTS' NEED FOR SERVICE WITH POOR PRODUCT QUALITY AND RELIABILITY, AND THUS "KILL" THE INITIAL SALE**
- **SERVICE AS A "BARGAINING" CHIP IN ORDER TO ENCOURAGE THE CUSTOMER TO PURCHASE PRODUCT**



SENIOR MANAGEMENT MAY TURN TO ITS FIELD SERVICE STAFF TO SELL SERVICES SINCE THESE INDIVIDUALS ARE CLOSEST TO THE SITUATION

*SELLING SERVICE
SELLING FROM AN EMPTY STORE*



**SERVICE PERSONNEL REPRESENT A PERCEIVED
READILY AVAILABLE SALES DISTRIBUTION CHANNEL
FOR GENERATING ADDITIONAL SERVICE REVENUE**



**QUITE OFTEN SERVICE PERSONNEL DO NOT FEEL
COMFORTABLE WITH THESE NEW SALES TASKS**



**MANY TIMES SERVICE PERSONNEL ARE NOT
PROVIDED WITH SUFFICIENT DIRECTION OR SALES
AIDS OR GUIDANCE**

Assessment of Sales Situations

- KEY QUESTIONS -

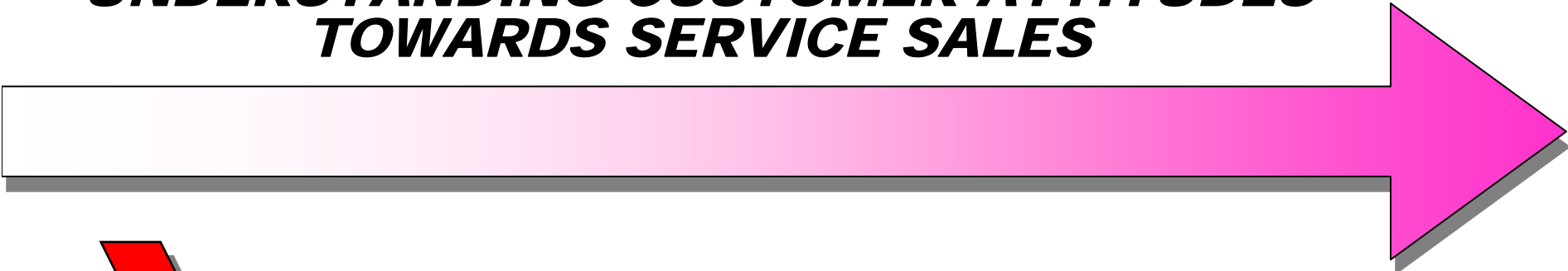



FOR CUSTOMERS

- 1. WHAT ARE THE COSTS OF MAKING THE WRONG DECISION ?**
- 2. HOW MUCH INFORMATION IS NEEDED TO MAKE DECISIONS ?**
- 3. HOW OFTEN WILL SERVICES BE PERFORMED ? WHAT IS THE LENGTH OF ENGAGEMENT ?**
- 4. HOW EASY IS IT TO CHANGE SUPPLIERS DURING THE ENGAGEMENT ?**
- 5. WHO HOLDS ULTIMATE RESPONSIBILITY FOR PURCHASE DECISION ?**

FOR VENDORS

- 1. WHAT ARE THE RAMIFICATIONS OF PROVIDING THE WRONG SOLUTIONS ?**
- 2. HOW MUCH INFORMATION IS NEEDED ABOUT CUSTOMER'S PROBLEM TO PROVIDE A SOLUTION ?**
- 3. HOW MUCH TECHNICAL INFORMATION MUST BE COMMUNICATED TO CUSTOMER ?**
- 4. HOW COSTLY WILL IT BE TO MODIFY OR CHANGE SERVICE OFFERING ?**

UNDERSTANDING CUSTOMER ATTITUDES TOWARDS SERVICE SALES

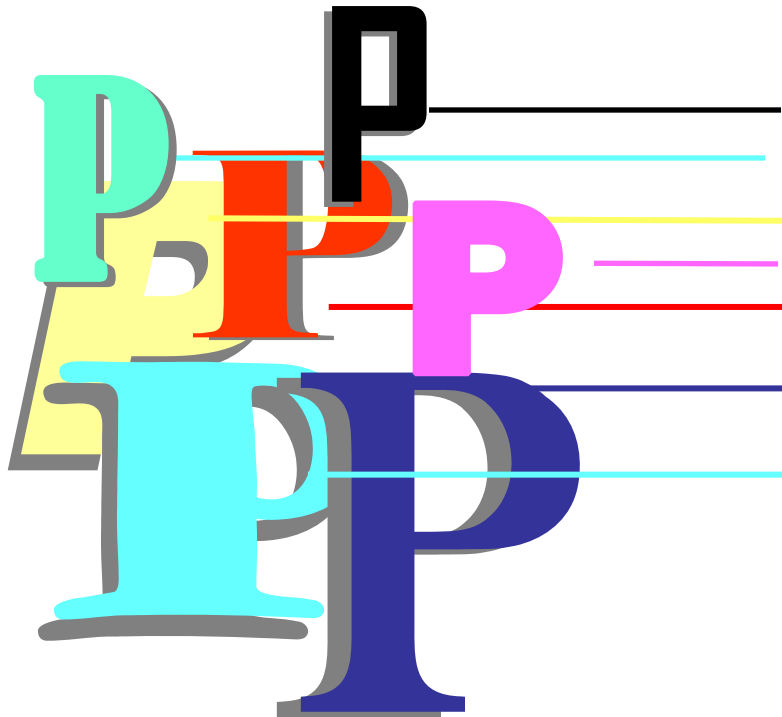
- 
-  A GOOD RULE OF THUMB IS THAT SALES SITUATIONS INVOLVING HIGH RISK TO BOTH VENDOR AND CUSTOMER ARE BEST HANDLED BY A DEDICATED, EXPERIENCED, AND PROFESSIONAL SERVICE SALES STAFF
 -  SITUATIONS OF LOW RISK JUSTIFY THE INCLUSION OF SERVICE TECHNICIANS AND/OR DIRECT MARKETING (I.E., TELEMARKETING, DIRECT MAIL) , BECAUSE THESE SITUATIONS TEND TO BE ORIENTED MORE TOWARD ORDER-TAKING THAN ACTUAL FACE-TO-FACE SELLING
 -  SALES SITUATIONS OF MODERATE RISK CAN BE HANDLED BY PRODUCT SALES PEOPLE AS THEY TEND TO ARISE DURING THE PRODUCT SALES PHASE RATHER THAN AFTER

Optimal Sales Candidates Based on Service Portfolio Risk

EXAMPLES OF SERVICE	LEVELS OF RISK		RECOMMENDED SALES CANDIDATES
	TO CUSTOMER	TO VENDOR	
ON-SITE MAINTENANCE	LOW	LOW	TELEMARKETING SERVICE TECHNICIAN
DEPOT REPAIR	LOW	LOW	TELEMARKETING SERVICE SALES FORCE
DESIGN & ENGINEERING	MODERATE TO HIGH	HIGH	SERVICE SALES FORCE
SYSTEM INTEGRATION	HIGH	HIGH	SERVICE SALES FORCE
SOFTWARE SUPPORT / HELP DESK	HIGH	MODERATE	PRODUCT SALES FORCE
REMOTE DIAGNOSTICS	MODERATE	LOW	PRODUCT SALES FORCE SERVICE TECHNICIAN
TECHNICAL ASSISTANCE	LOW	MODERATE TO HIGH	TELEMARKETING PRODUCT SALES FORCE
DISASTER RECOVERY	HIGH	HIGH	SERVICE SALES FORCE
TRAINING	MODERATE	MODERATE	PRODUCT SALES FORCE
CONSULTING	HIGH	HIGH	SERVICE SALES FORCE
INSTALLATION	MODERATE	MODERATE	PRODUCT SALES FORCE

DEMOGRAPHICS AND FIRMGRAPHICS

WHY DO THEY REALLY
BUY FROM YOU ?



WHY DO THEY REALLY BUY FROM YOU?



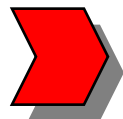
MARKET RESEARCH IS AN IMPORTANT ELEMENT TO DEVELOPING A MARKETING STRATEGY AND DEFINING THE MARKETING MIX



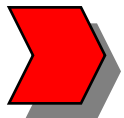
COMPANIES CAN ONLY PROVIDE CUSTOMERS REQUIREMENT WHEN THEY UNDERSTAND WHO THE CUSTOMERS ARE AND WHAT THEY BUY

WHY DO THEY REALLY BUY FROM YOU?

(CONTINUED)



THE GOAL OF PRIMARY MARKET RESEARCH SHOULD BE TO DETERMINE WHO BUYS AND IDENTIFY WHY PEOPLE BUY



DEMOGRAPHICS DESCRIBES THE STATISTICAL OR PHYSICAL MAKE-UPS OF A POPULATION

- NUMBER OF EMPLOYEES PER COMPANY
- REVENUE SIZE
- GEOGRAPHIC LOCATION
- TYPE OF BUSINESS



DEMOGRAPHICS DESCRIBES WHO THE BUYERS ARE

WHY DO THEY REALLY BUY FROM YOU?

(CONTINUED)

- **FIRMGRAPHICS, DESCRIBE THE BEHAVIOR CHARACTERISTICS OF MEMBERS WITHIN A POPULATION**
- **FIRMGRAPHICS IS SIMILAR TO PSYCHOGRAPHICS IN CONSUMER MARKETING**
- **PSYCHOGRAPHICS DESCRIBES THE BUYER'S**
 - **LIFESTYLES**
 - **VALUES**
 - **PREFERENCES**
- **PSYCHOGRAPHICS MARKET TECHNIQUES CAN BE USED TO DEVELOP, TO PRODUCE, AND FIND NEW MARKET EXAMPLES:**
 - **“SPRITE HAS ATTITUDE”**
 - **“THE PEPSI GENERATION”**
 - **“COORS THE SILVER BULLET”**

WHY DO THEY REALLY BUY FROM YOU?

(CONTINUED)



FIRMGRAPHICS DESCRIBES:

- **CORPORATE CULTURE**
- **HUMAN RESOURCE POLICIES**
- **PHILOSOPHY**
- **MISSION**
- **BUSINESS OBJECTIVES**
- **ETC.**

WHY DO THEY REALLY BUY FROM YOU?

(CONTINUED)



FIRMGRAPHIC FACTORS PROVIDE A MECHANISM TO GROUP AND CATEGORIZE BUYER BEHAVIOR IN TERMS OF WHAT THEY BUY



THIS FIRMGRAPHIC SEGMENTATION IS STILL WITHIN ITS EARLY STAGES IN THE HIGH-TECH SERVICE INDUSTRY



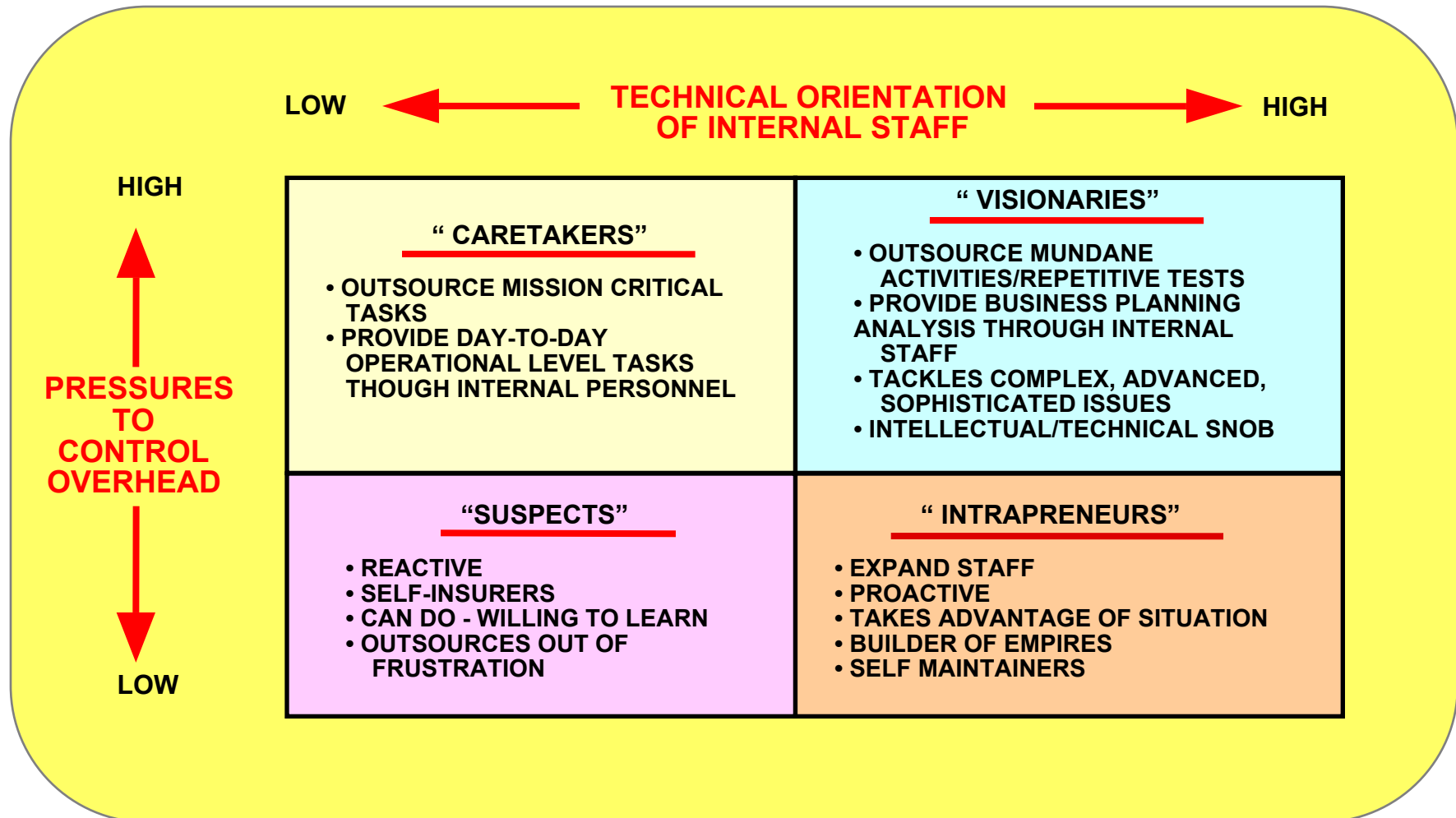
WE STRESS THAT “ENLIGHTENED” SERVICE MARKETERS FURTHER DEVELOP AND ADVANCE THE USE OF FIRMGRAPHICS IN HIGH-TECH SERVICE MARKETING

Generic Levels of Service and Support

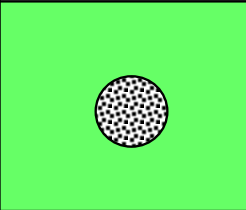
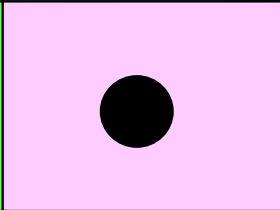
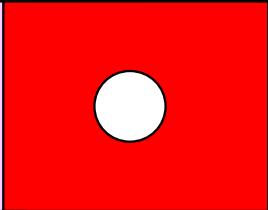
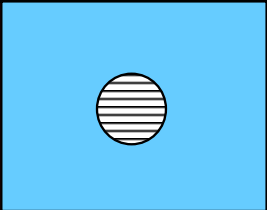
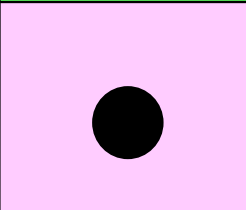
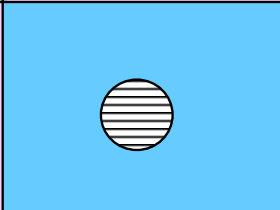
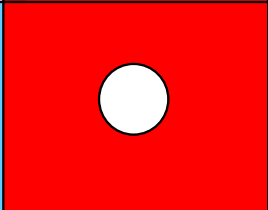
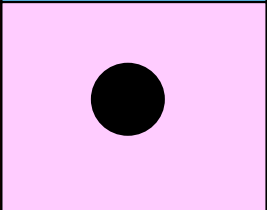
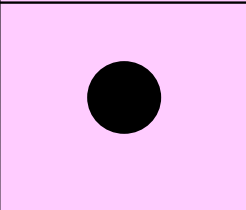
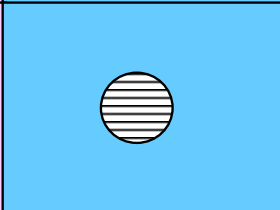
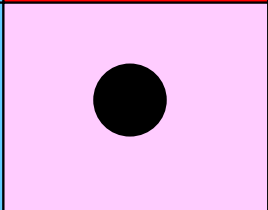
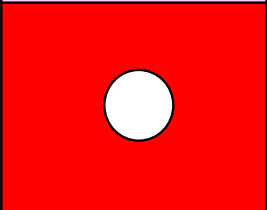
WITHIN THE INFORMATION TECHNOLOGY SERVICE MARKET

	KEY QUESTIONS	TYPICAL SERVICES	VENDOR EXAMPLES
STRATEGIC	<ul style="list-style-type: none"> • HOW CAN I IMPROVE MY EXISTING INVESTMENT IN TECHNOLOGY? • WHAT DIRECTIONS DO WE TAKE? 	<ul style="list-style-type: none"> • BUSINESS PROCESS RE-ENGINEERING • SYSTEM INTEGRATION • STRATEGIC PLANNING 	<ul style="list-style-type: none"> • EDS • ANDERSEN CONSULTING • PRICE WATERHOUSE COOPERS
TACTICAL	<ul style="list-style-type: none"> • WHAT TECHNOLOGY DO WE USE? • HOW DO WE IMPLEMENT/CHANGE? 	<ul style="list-style-type: none"> • TRAINING • APPLICATION DEVELOPMENT • SYSTEM DESIGN • NEEDS ASSESSMENT 	<ul style="list-style-type: none"> • UNISYS • IBM • TSC
OPERATIONAL	<ul style="list-style-type: none"> • WHO WILL IMPLEMENT? • WHICH VENDOR WILL PROVIDE HARDWARE AND/OR SERVICE SUPPORT? 	<ul style="list-style-type: none"> • HARDWARE MAINTENANCE • HELP DESK • SOFTWARE SUPPORT • NETWORK SUPPORT 	<ul style="list-style-type: none"> • COMPAQ • DECISION ONE • WANG / GETRONICS

GENERIC OUTSOURCING PROFILES



LEVELS OF OUTSOURCING BY TYPE OF ORGANIZATION

LEVELS OF SERVICE	OUTSOURCING PROFILE			
	SUSPECTS	INTRAPRENEURS	CARE-TAKERS	VISIONARIES
STRATEGIC				
TACTICAL				
OPERATIONAL				



NON-EXISTENT



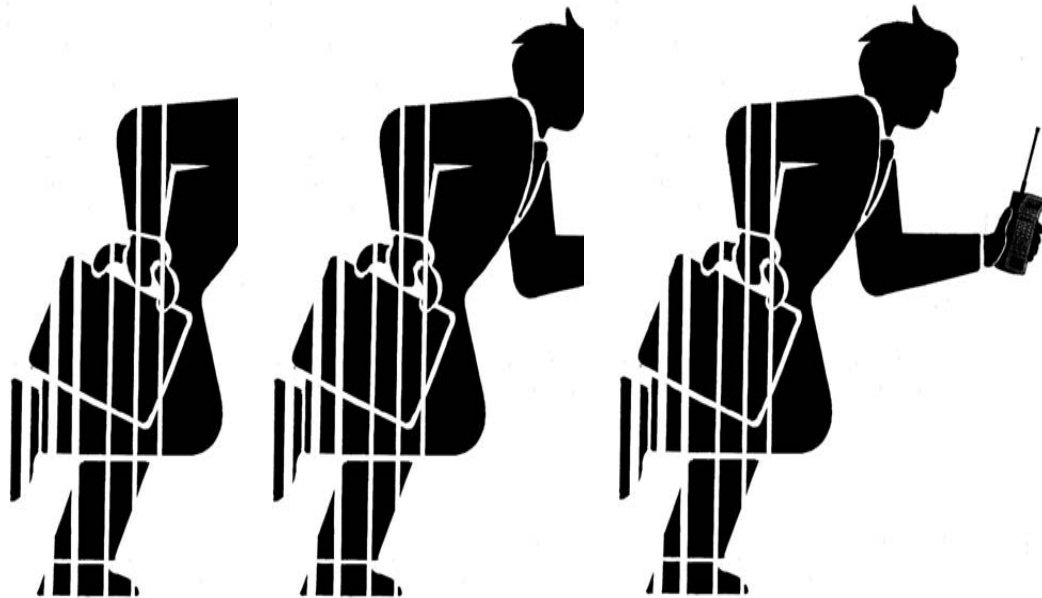
INTERNAL



LIMITED
OUTSOURCING



FULL
OUTSOURCING



*Using
Invisible
Selling
Techniques
to Win New
Service
Business*

COMPARISON OF DIRECT VS INDIRECT SALES APPROACH AND SUCCESS RATIOS IN SELLING PRODUCTS VS SERVICES*

TYPES	APPROACH	MARKET SALES SUCCESS EXPERIENCE		
		PROBABILITY OF OPENING DIALOGUE	PROBABILITY OF CLOSING SALE ONCE DIALOGUE OPENED	OVERALL SUCCESS PROBABILITY (OUT OF 100% PROSPECTS)
PRODUCT	DIRECT SALES**	33%	30%	9.9%
	INDIRECT SALES APPROACH***	36%	32%	10.2%
SERVICE	DIRECT SALES**	18%	12%	2.2%
	INDIRECT SALES APPROACH***	48%	41%	19.7%

*SOURCE: DFBA SURVEY OF 753 INDUSTRIAL & COMMERCIAL CUSTOMERS

**DIRECT SALES CALL APPROACH

***USING PR MECHANISMS TO DRAW CUSTOMERS APPROACH

USING INVISIBLE SELLING TECHNIQUES TO WIN NEW BUSINESS

(CONTINUED)



THUS, IF WE WISH TO CONDUCT THE MARKETING AND SELLING OF OUR BUSINESS ON A COST EFFECTIVE BASIS, WE NEED TO UNDERSTAND THE VALUE OF MARKETING UTILIZING PUBLIC RELATIONS



THERE ARE MANY MECHANISMS FOR PUBLIC RELATIONS. SOME ARE INEXPENSIVE AND OTHERS ARE VERY EXPENSIVE; SOME ARE MORE EFFECTIVE THAN OTHERS

USING INVISIBLE SELLING TECHNIQUES TO WIN NEW BUSINESS

(CONTINUED)



IT IS IMPORTANT TO RECOGNIZE THAT JUST ABOUT EVERYTHING THAT IS DONE BY YOUR FIRM INFLUENCES THE PUBLIC RELATIONS IMAGE. IT IS IMPORTANT THAT YOUR PUBLIC RELATIONS PROGRAM INCLUDE CONSIDERATION OF:

- OFFICE APPEARANCE AND LOCATION
- BROCHURES AND HANDOUT MATERIAL
- APPEARANCE AND ATTITUDE OF STAFF
- TELEPHONE PROTOCOL AND PROCEDURES FOR INTERFACING WITH CLIENTS, POTENTIAL CLIENTS, AND CUSTOMERS WHO CALL IN
- LANGUAGE AND COMMUNICATION STYLE
- QUALITY AND COMMITMENT TO WORK
- PRICING APPROACH
- PERSONAL APPEARANCE, STYLE, AND CHARACTER

USING INVISIBLE SELLING TECHNIQUES TO WIN NEW BUSINESS

(CONTINUED)



THUS, IF WE WISH TO CONDUCT THE MARKETING AND SELLING OF OUR BUSINESS ON A COST EFFECTIVE BASIS, WE NEED TO UNDERSTAND THE VALUE OF MARKETING UTILIZING PUBLIC RELATIONS



THERE ARE MANY MECHANISMS FOR PUBLIC RELATIONS. SOME ARE INEXPENSIVE AND OTHERS ARE VERY EXPENSIVE; SOME ARE MORE EFFECTIVE THAN OTHERS

Summary Comparison Between Product and Service Sales Process

STEPS	SERVICE	PRODUCT	COMMENT
1. IDENTIFY AND ESTABLISH STRATEGIES AND PRODUCTS	<ul style="list-style-type: none"> • LOOK FOR PERCEPTION, VALUE-IN-USE, AND TIME 	<ul style="list-style-type: none"> • LOOK FOR FORM, FIT AND FUNCTION 	<ul style="list-style-type: none"> • STEPS USUALLY PERFORMED AT A CORPORATE OR PRODUCT MANAGEMENT LEVEL FOR PRODUCTS • OFTEN LACKING FOR SERVICE
2. MARKET RESEARCH	<ul style="list-style-type: none"> • IDENTIFY PROBLEM IN CUSTOMER TERMS • MEASURE TIME PARAMETERS AND OTHER REQUIREMENTS • MEASURE PERCEPTION 	<ul style="list-style-type: none"> • LOOK FOR NEEDS FOR FORM, FIT AND FUNCTION • MEASURE REALITY 	<ul style="list-style-type: none"> • STEPS USUALLY PERFORMED AT A CORPORATE OR MARKETING LEVEL, BUT <u>NOT</u> NORMALLY IN SERVICE • TYPICALLY DONE BY SALES PERSONNEL FOR SERVICE
3. DEVELOP SALES APPROACH	<ul style="list-style-type: none"> • CUSTOMIZED SALES APPROACH TO SPECIFIC CUSTOMER SEGMENTS AND NEEDS 	<ul style="list-style-type: none"> • SELL FORM, FIT, AND FUNCTION 	<ul style="list-style-type: none"> • SALES APPROACH TENDS TO BE DEFINED BY <u>PRODUCT</u> FORM, FIT, AND FUNCTION • SERVICE APPROACH MUST BE DEVELOPED
4. CARRY OUT SALES APPROACH & CLOSE	<ul style="list-style-type: none"> • ELIMINATE COMPETITION • FOCUS ON VALUE-IN-USE PRICE 	<ul style="list-style-type: none"> • SELL AGAINST COMPETITION • FOCUS ON COST PLUS OR COMPETITIVE PRICE 	<ul style="list-style-type: none"> • SELLING APPROACH AND CLOSE DIFFERENT
5. DELIVER	<ul style="list-style-type: none"> • INSURE DELIVERY OF "WARMS & FUZZIES" • MEET PERCEPTIONS 	<ul style="list-style-type: none"> • DELIVERY REALITY OFF-THE-SHELF 	<ul style="list-style-type: none"> • DELIVERY IMMEDIATE FOR PRODUCT • DELIVERY IN FUTURE FOR SERVICES

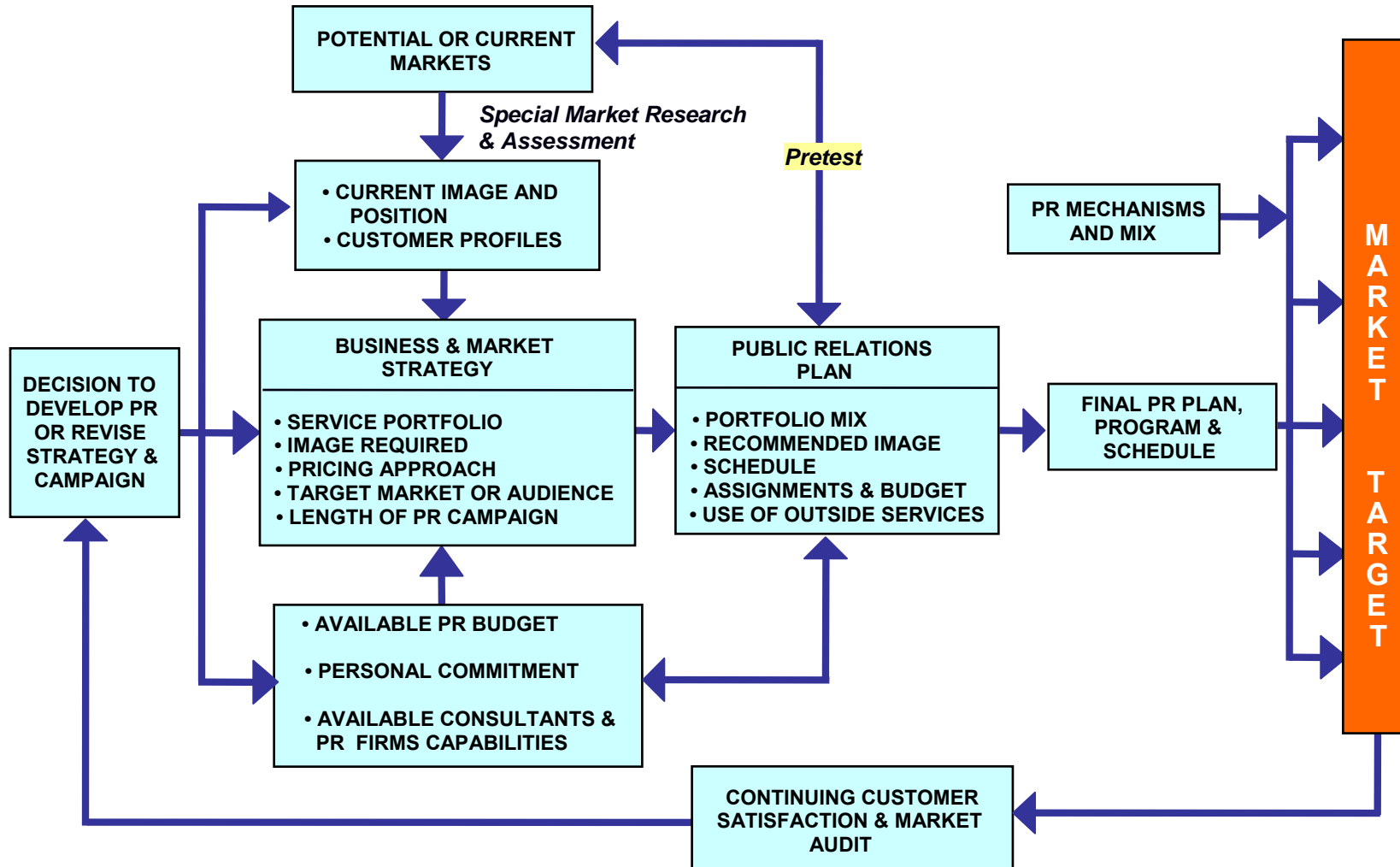
Key Factors in Determining a Successful Public Relations Program

STRATEGIC ISSUE	IMPACT	EFFECT ON PR CAMPAIGN
WHAT IS YOUR CURRENT IMAGE AND PUBLIC AWARENESS?	<ul style="list-style-type: none"> • NEGATIVE OR POSITIVE IMAGE EFFECTS TACTICS EMPLOYED 	<ul style="list-style-type: none"> • SIZE AND DIMENSIONS OF APPROPRIATE PR MECHANISM • DEGREE OF COMMITMENT AND ATTENTION REQUIRED
WHAT DO YOU WANT TO SELL; WHAT IS THE PORTFOLIO OF SERVICES TO BE OFFERED ?	<ul style="list-style-type: none"> • PORTFOLIO DETERMINES MIX OF PR APPROACHES AND LEVEL OF FOCUS 	<ul style="list-style-type: none"> • CHANGE MIX OF SERVICES OFFERED
WHAT IS YOUR PRICING STRATEGY AND IMAGE (HIGH PRICE, AVERAGE, LOW PRICE) ?	<ul style="list-style-type: none"> • IMAGE MUST BE CONSISTENT WITH PRICING APPROACH 	<ul style="list-style-type: none"> • DETERMINES TYPES OF MECHANISMS TO BE EMPLOYED AND DEGREE OF “GLOSS” OR “RICHNESS” UTILIZED
WHAT IS YOUR TARGETED AUDIENCE AND MARKET ?	<ul style="list-style-type: none"> • MARKET DETERMINES WHICH MEDIA AND DISTRIBUTION CHANNELS ARE OPTIMUM 	<ul style="list-style-type: none"> • CHOICE OF MEDIA AND MECHANISMS • USE OF SPECIFIC DISTRIBUTION CHANNELS
WHAT IS YOUR BUDGET FOR PR; HOW MUCH CAN YOU AFFORD ?	<ul style="list-style-type: none"> • WHAT MECHANISMS CAN BE USED; (i.e., PAID VERSUS UNPAID) 	<ul style="list-style-type: none"> • CHANGES MIX OF MECHANISMS • USE OF CONTROLLABLE VERSUS UNCONTROLLABLE MECHANISMS • DENIES SOME TECHNIQUES
HOW MUCH PERSONAL TIME OR INVOLVEMENT CAN YOU CONTRIBUTE ?	<ul style="list-style-type: none"> • PR STRATEGY AND TACTICS 	<ul style="list-style-type: none"> • DIRECT PERSONAL INVOLVEMENT CAN INFLUENCE SUCCESS OF CERTAIN PR MECHANISMS
HOW LONG SHOULD THE CAMPAIGN LAST ?	<ul style="list-style-type: none"> • ULTIMATE SUCCESS OF PR PROGRAM 	<ul style="list-style-type: none"> • BUDGET AND SCHEDULE
WHAT DO YOU WANT YOUR IMAGE TO BE ?	<ul style="list-style-type: none"> • PR STRATEGY AND TACTICS • MESSAGE EMPLOYED 	<ul style="list-style-type: none"> • PR PORTFOLIO MIX • PR MESSAGE AND IMAGE
WHAT ARE YOUR PR GOALS AND TARGETS; WHO DO YOU WANT TO REACH AND WITH WHAT MESSAGE ?	<ul style="list-style-type: none"> • PR STRATEGY AND TACTICS 	<ul style="list-style-type: none"> • REACTION TIME • MEASUREMENT AND FEEDBACK PROCESS AND PROCEDURES

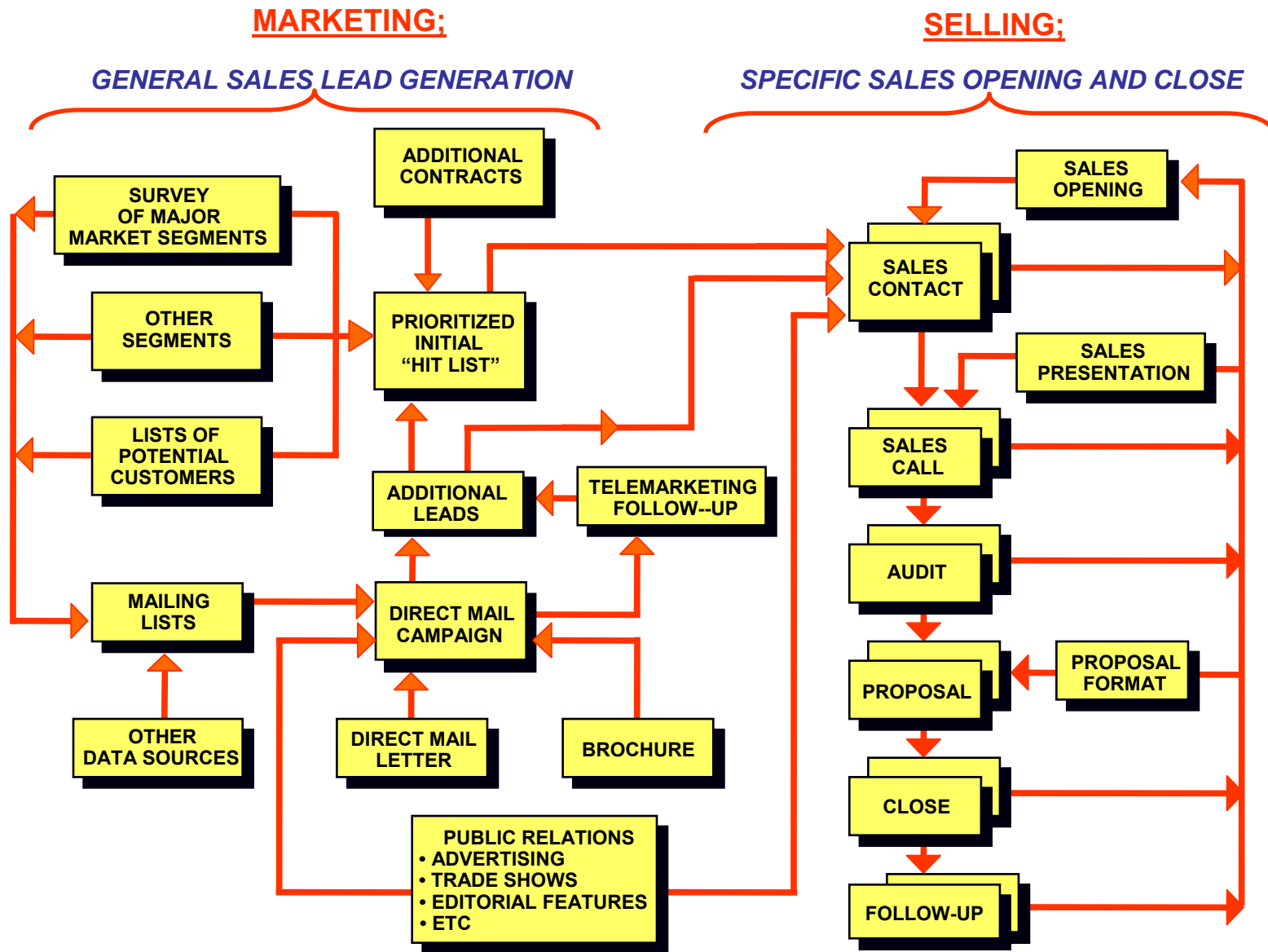
Evaluation of Public Relations Mechanisms

TYPE	COST	BENEFIT	OVER COST EFFECTIVE VALUE	SUGGESTED COMBINATION TO INCREASE VALUE
ARTICLE	2	9	9	• SPEECH
SPEECH	3	8	8	• ARTICLE
NEWS RELEASE	3	5	4	• ARTICLE (BACKGROUND)
SEMINAR	8	8	8	• SPEECH • ARTICLE (S)
BOOK	6	9	8	
SPECIAL STUDY OR SURVEY	9	8	7	
COMMUNITY OR ASSOCIATION ACTIVITY	2	5	4	
INTELLIGENCE SOURCE	2	4	3	• ARTICLE
PRINT ADVERTISING	8	2	4	
RADIO / TV ADVERTISING	8	1	3	
TALK SHOW	3	7	6	• BOOK
CONTESTS	6	5	6	
DIRECT MAIL	5	5	6	
TRADE SHOW BOOTH	7	6	6	• SPEECH • ARTICLE(S) • BOOK • SPECIAL STUDY • NEWS RELEASE(S)
NEWSLETTERS	7	5	5	• NEWS RELEASE • SPECIAL STUDY

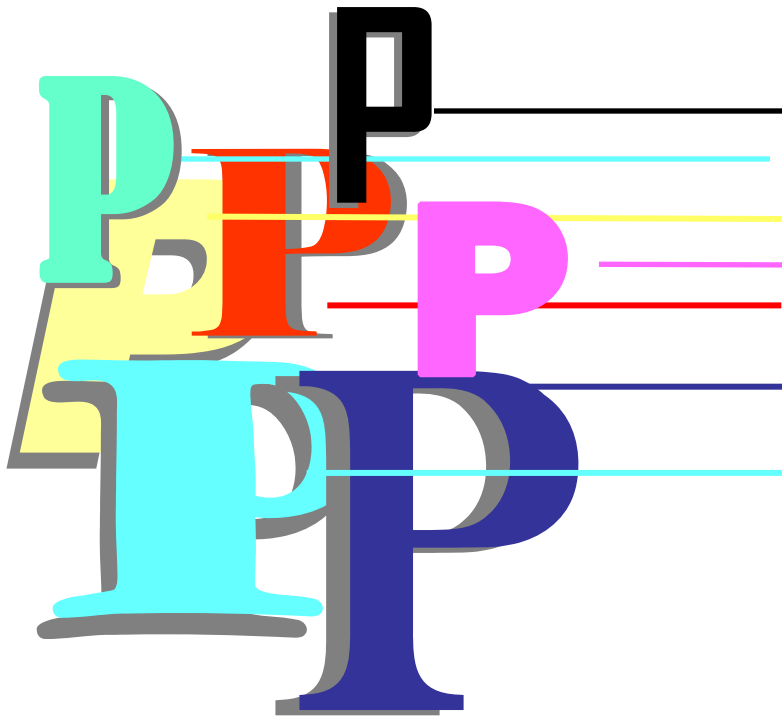
General PR Development & Implementation Process



Recommended Service Marketing & Selling Process



A CALL TO ACTION!



A CALL TO ACTION!

(CONTINUED)



SERVICES MARKETING POSES A VERY DIFFICULT TASK FOR BOTH SERVICE MARKETERS



THE DIFFICULTY IS ATTRIBUTED TO TWO (2) COMMON MISCONCEPTIONS IN SERVICE

- 1. FOCUSING ONLY ON INTERNAL CAPABILITIES AND RESOURCES OF THE COMPANY**
- 2. UTILIZING TRADITIONAL APPROACHES TO MARKET SERVICE THAT ARE VERY BIASED TOWARDS A PRODUCT MARKETING MENTALITY**


A CALL TO ACTION!

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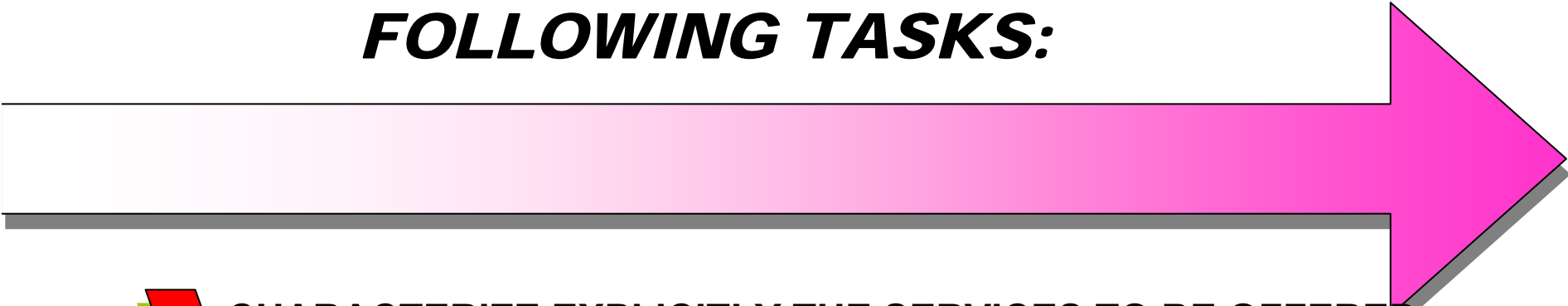




- **NEW STRATEGIC MARKETING MODELS EXIST TO DEAL WITH THE UNIQUE ASPECTS OF SERVICES**
- **THESE MODELS ARE UNIVERSAL TO ALL SERVICE BUSINESSES, DIFFER SUBSTANTIALLY FROM THE PRODUCT MODEL, AND MOST IMPORTANTLY, ARE LOGICALLY SOUND AND NONREFUTABLE**
- **SERVICE MARKETERS NEED TO UNDERSTAND HOW A PRODUCTION ORIENTATION AND PRODUCT BIAS CREATE UNNECESSARY HANDICAPS**

A CALL TO ACTION!

(CONTINUED)

-  **ENLIGHTENED SERVICE MARKETERS UNDERSTAND MARKETING THE PRINCIPLES OF SERVICE MARKETING**
-  **ENLIGHTENED SERVICE MARKETERS FOCUS ON THE REQUIREMENTS OF THE MARKET BASE BY CONDUCTING PROACTIVE MARKET RESEARCH**
-  **SUCCESSFUL MARKETERS UNDERSTAND THE ROLE AND VALUE OF FIRMGRAPHIC AND DEMOGRAPHIC RESEARCH AND SEGMENTATION TO IDENTIFY:**
 -  **NEW AND EMERGING MARKET SEGMENTS**
 -  **CREATE NEW PROFITABLE SERVICES**

*THE MOST EFFECTIVE SERVICE
MARKETING PLAN INVOLVES THE
FOLLOWING TASKS:*

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-  **CHARACTERIZE EXPLICITLY THE SERVICES TO BE OFFERED, AND ESTABLISH THE CONTENT OF A SERVICE PORTFOLIO**
 -  **DEVELOP AND ARTICULATE THE SERVICE PORTFOLIO ON THE BASIS OF AN EXPLICIT CONSIDERATION OF THE CUSTOMERS' REQUIREMENTS AND WILLINGNESS TO PAY, DETERMINED FROM MARKET RESEARCH**
 -  **MERCHANDISE AND PACKAGE THE SERVICE PORTFOLIO**
 -  **SELL THE SERVICES OFFERED BOTH DIRECTLY AND INDIRECTLY**

Q&A





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