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# Winning Strategies for Marketing and Selling Professional & Technical Services

Presented By

*Michael R. Blumberg, CMC*



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# TODAY'S *AGENDA*

- ❖ Capabilities & Credentials of Michael R. Blumberg
  - ❖ Classroom Rooms
  - ❖ Strategic Concepts
  - ❖ Seven Principles of Service Marketing
  - ❖ Pricing Services
  - ❖ The Role of Market Research & Segmentation
  - ❖ Indirect Marketing = Low Cost + High Returns
  - ❖ A Call To Action...
  - ❖ Wrap Up / Q & A
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# CAPABILITIES & CREDENTIALS

- MICHAEL R. BLUMBERG IS A CERTIFIED MANAGEMENT CONSULTANT (CMC)
    - ▣ MBA IN MARKETING
    - ▣ BA IN POLITICAL SCIENCE & ECONOMICS
  - TWENTY PLUS YEARS PROGRESSIVE EXPERIENCE IN SERVICES INDUSTRY
  - BUILT MULTI-MILLION DOLLAR CONSULTING ORGANIZATION VIS-À-VIS IN-DIRECT MARKETING PROGRAM
  - A CONSULTANT TO CONSULTANTS
  - CLIENTS INCLUDE TECHNICAL & PROFESSIONAL SERVICES ORGANIZATIONS
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# CLASSROOM RULES

- Take the “devil” off your shoulder; No “Yes, But” comments permitted here
  - Remain open to ideas and concepts
  - Smorgasbord of strategies & tactics; take what you’d like...Make them yours
  - Remember the real learning starts after the class ends
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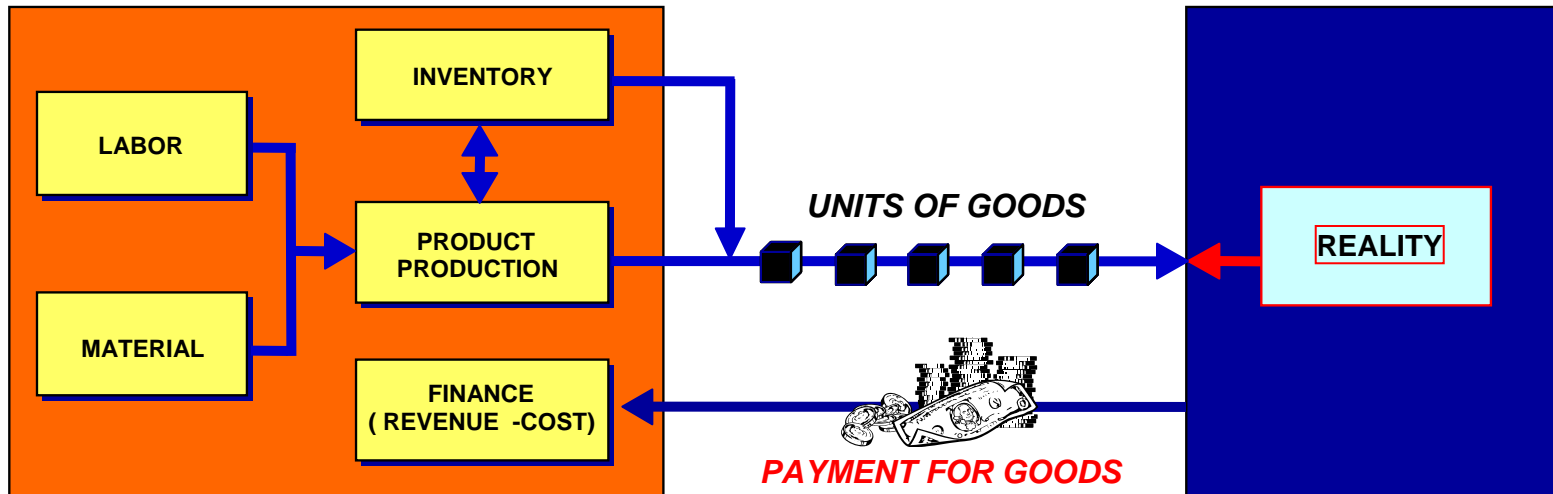
# STRATEGIC CONCEPTS

## *MARKETING 101*

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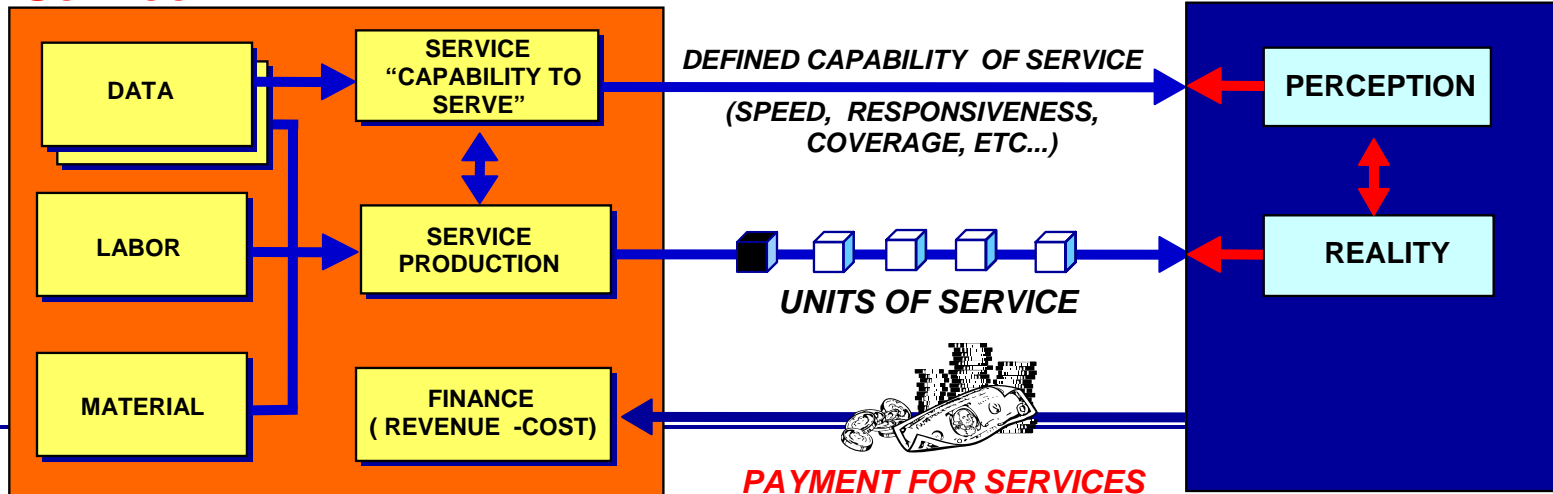
# COMPARISON OF PRODUCT AND SERVICE BUSINESS MODELS

## *Product Firm*



## *Market*

## *Service Firm*



## *Market*

# Marketing Components of Product and Services

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

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# ***Marketing 101***

- MARKETING AND SELLING OF SERVICES IS A COMPLEX TASK**
  - MARKETING IS A COMMERCIAL WAY OF THINKING WHERE THE NEEDS OR THE WANTS OF THE CONSUMER ARE REGARDED AS CENTRAL**
  - SELLING 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**
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## *Marketing 101*

 **MARKETING IS THE ART OF FINDING A NEED AND TURNING IT INTO A WANT**

 **CHALLENGE: CLIENTS DON'T WANT OR NEED CONSULTANTS;**

 **CLIENTS HIRE CONSULTANTS WHEN THEY NEED AN EXPERT TO SOLVE A PROBLEM THEY CAN ANSWER ON THEIR OWN DUE TO:**

❖ **LACK OF TIME**

❖ **LACK OF KNOWLEDGE**

❖ **LACK OF RESOURCES**

❖ **LACK OF INTERNAL AGREEMENT**

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- CLIENTS HAVE A PROBLEM. THEY NEED A SOLUTION
    - **MAKE THEM WANT AN EXPERT = YOU**
  - CLIENTS NEED THE FOLLOWING TYPES OF EXPERTS:
    - FUNCTIONAL (I.E., MARKETING, FINANCE, SALES, ETC.)
    - PROCESS (E.G., SIX SIGMA, BENCHMARKING, PLANNING, ETC.)
    - INDUSTRY OR MARKET (I.E., TRENDS, DYNAMICS, COMPETITION, ETC.)
    - CONTACTS (I.E., DEAL MAKER, BROKER, ETC.)
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**TYPICAL MARKETING MISTAKES THAT PEOPLE MAKE:**

- **SELL SERVICE WITHOUT REALLY UNDERSTANDING HOW TO EFFECTIVELY MARKET IT FIRST**
  - **APPLY “WORN OUT” PRODUCT BASED MARKETING CONCEPTS TO SERVICES**
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# **PRODUCTION ORIENTATION VERSUS MARKET ORIENTATION**



**CONSULTANTS 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  
PERCEIVE THAT THAT IF THEY MAKE IT PEOPLE WILL BUY**







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

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## **PRODUCT ORIENTATION VERSUS MARKET ORIENTATION**

-  **THE CONSULTING INDUSTRY HAS CHARACTERISTICS WHICH MAKE IT DIFFICULT FOR A MANAGER TO AVOID THINKING IN THESE TERMS**
  -  **SOME CONSULTANTS HAVE A CAPTIVE MARKET**
  -  **IN MOVING TO A COMMERCIAL ENDEAVOR, A CHANGE IN PERSPECTIVE IS REQUIRED**
  -  **THE INDUSTRY LIFE CYCLE CAN ALSO CHANGE A FIRM'S ORIENTATION**
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# 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.

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# SEVEN PRINCIPLES OF MARKETING SERVICES

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# WHY THE FOUR P's *DON'T WORK*



**ALL MARKETING PROGRAMS ARE BASED ON FOUR PRINCIPLES**

■ ***PRODUCT***

■ ***PRICE***

■ ***PROMOTION***

■ ***PLACE***



**THESE 4 P'S WERE DEVELOPED FOR PRODUCT MARKETING;  
THEY DON'T WORK FOR SERVICES**

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# THE SEVEN “P’s” OF SERVICE MARKETING



**ENLIGHTENED SERVICE MARKETERS REALIZE THAT SERVICES MARKETING ISSUES REVOLVE AROUND SEVEN (7), PRINCIPLES.**

- 1. PROMISE; DEFINED AS THE OFFER THE SERVICE PROVIDER MAKES TO THE CUSTOMER; THIS IS ALSO REFERRED TO AS A PORTFOLIO**
  - 2. PROCESS; DESCRIBES PROCESSES AND PROCEDURES THE SERVICE PROVIDER WILL UTILIZE TO DELIVER SERVICES TO THE CUSTOMER**
  - 3. PROVIDER; DEFINES ANY TANGIBLE ELEMENTS OF AN INFRASTRUCTURE THE SERVICE ORGANIZATION UTILIZES TO DELIVER SERVICE**
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## THE SEVEN “P’s” OF SERVICE MARKETING

4. **PERFORMANCE**; WHICH IS THE ACTUAL RESULT OF DELIVERY
  5. **PERCEPTION**; WHICH IS THE RESULT OR END GAME OF PROMOTION; PERCEPTION IS THE EMOTIONAL RESPONSE FROM CUSTOMERS TOWARDS THE CAPABILITY, QUALITY, AND VALUE OF THE SERVICE
  6. **PLACE**; DEFINES WHERE THE SERVICES ARE PURCHASED, HOW THEY ARE SOLD, AND WHO WILL DETERMINE WHERE THE SERVICE WILL BE PROVIDED
  7. **PRICE**; DEFINES THE VALUE OF THE AMOUNT OF MONEY OR FEES THE BUYER MUST PAY TO THE SUPPLIER FOR RECEIPT OF SERVICES
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# The Seven Principles of Service Marketing

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

# Comparison of Market Principles Between Products and Services

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

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# PRICING SERVICES

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# **IMPACT OF PRICING STRATEGY ON MARKETING EFFECTIVENESS**



**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**

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## **EXAMPLES OF MARKET STRATEGIES BASED ON ARBITRARY PRICING DECISIONS**



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

**1. MERCENARY**

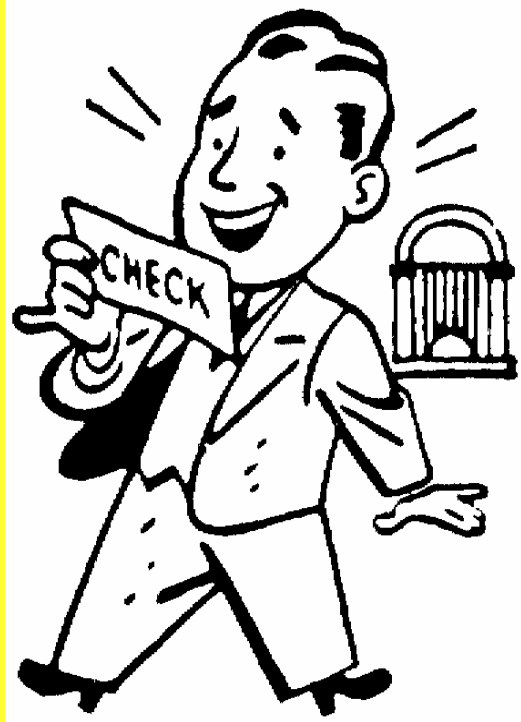
**2. ELITIST**

**3. BARGAIN BASEMENT HENRY**

**4. TRADE-OFF ARTIST**

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# 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**

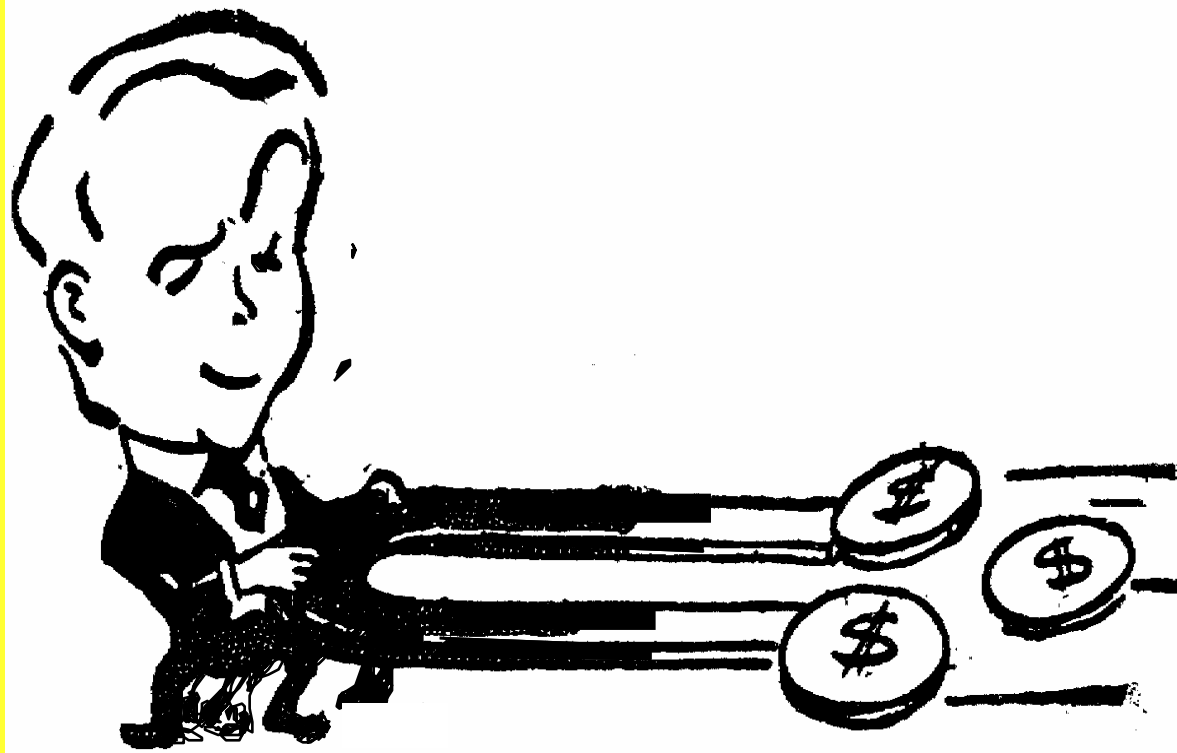


***Similar to situation described above but there is a segment of customers that are willing to pay; vendors take approach that services are only offered to those who can afford it.***

**BARGAIN BASEMENT**

**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.***

# TRADE-OFF ARTIST



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

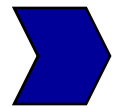
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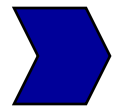
## **EXAMPLES OF MARKET STRATEGIES BASED ON ARBITRARY PRICING DECISIONS**



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



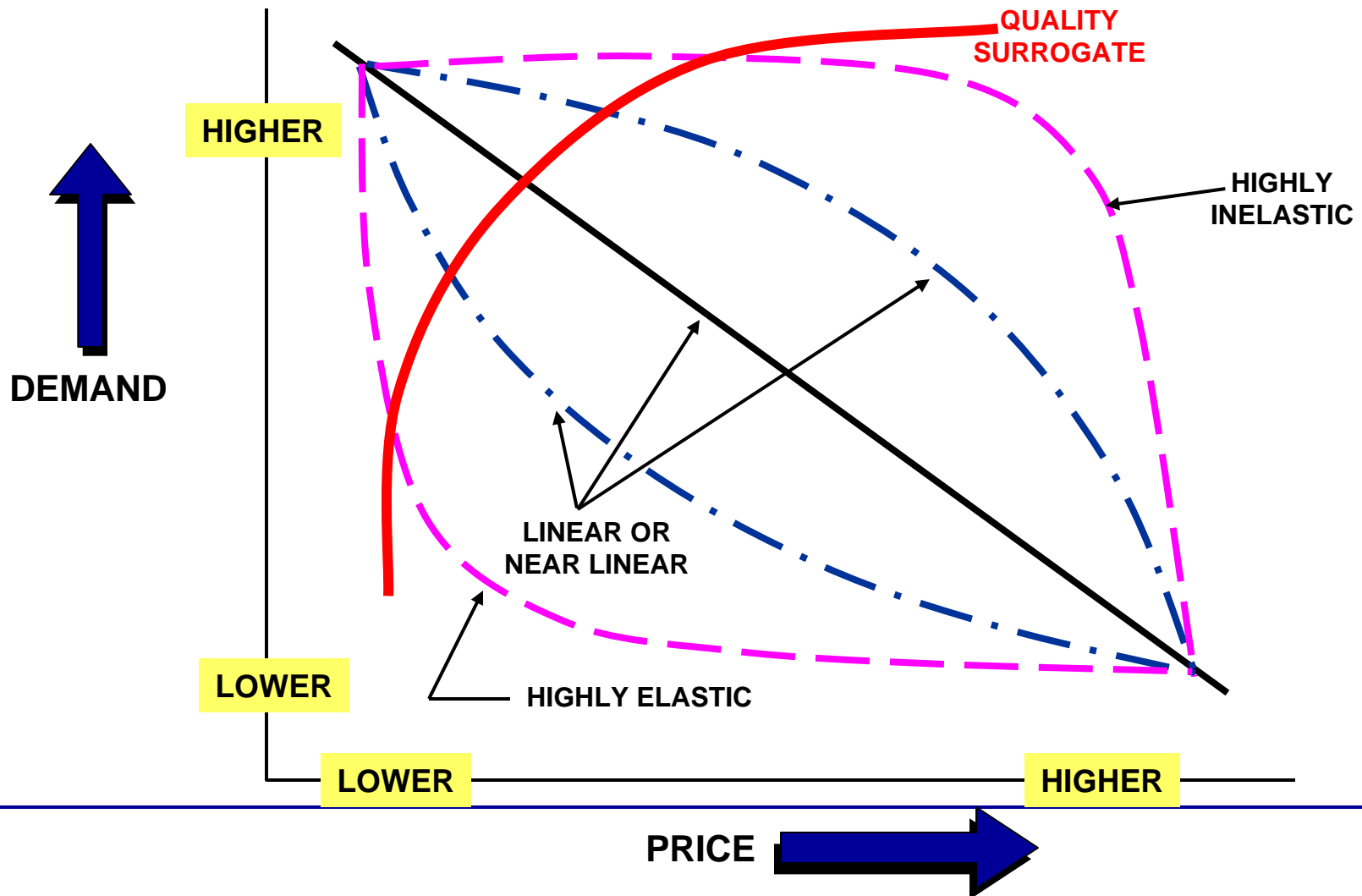
**PRICE MUST BE CONSIDERED STRATEGICALLY AS PART OF THE COMPANY'S OVERALL SALES AND MARKETING OBJECTIVES**



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

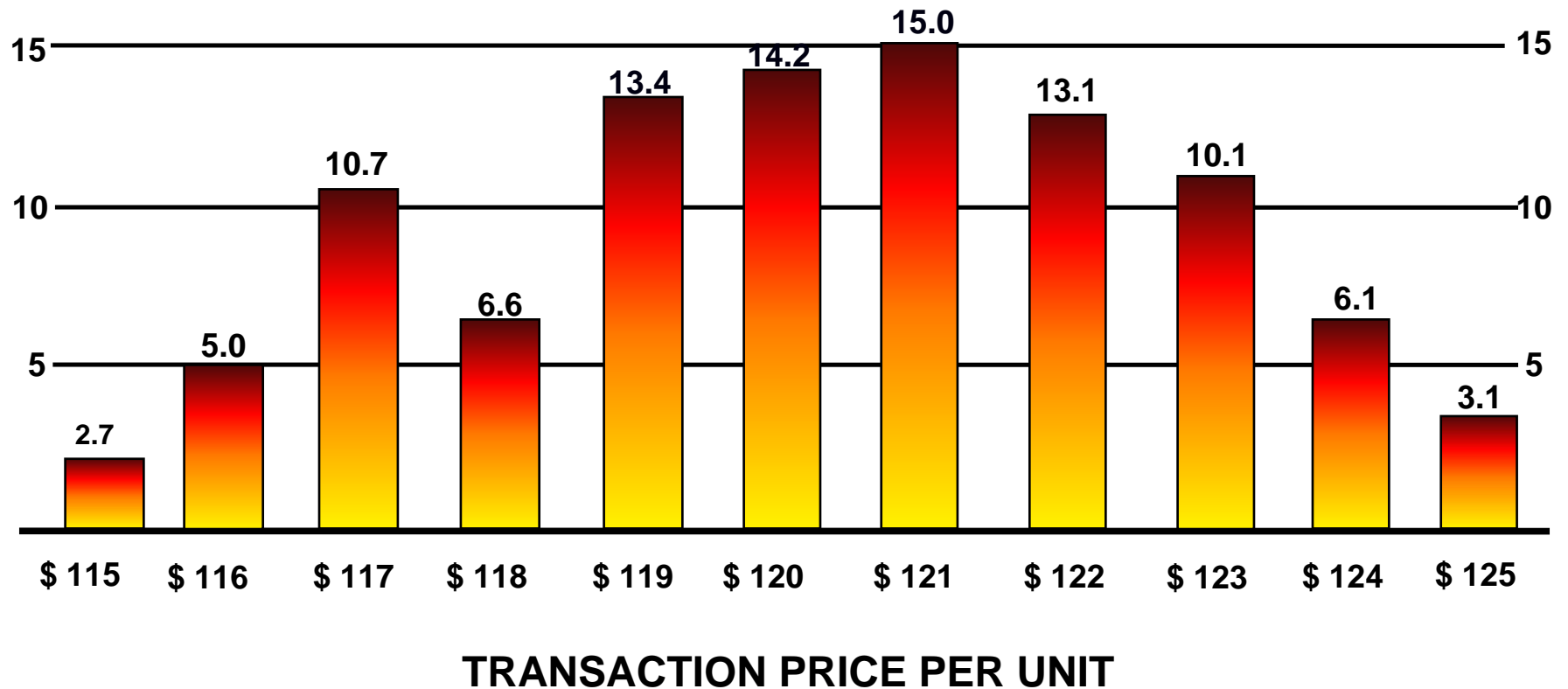
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# Service Price Elasticity of Demand

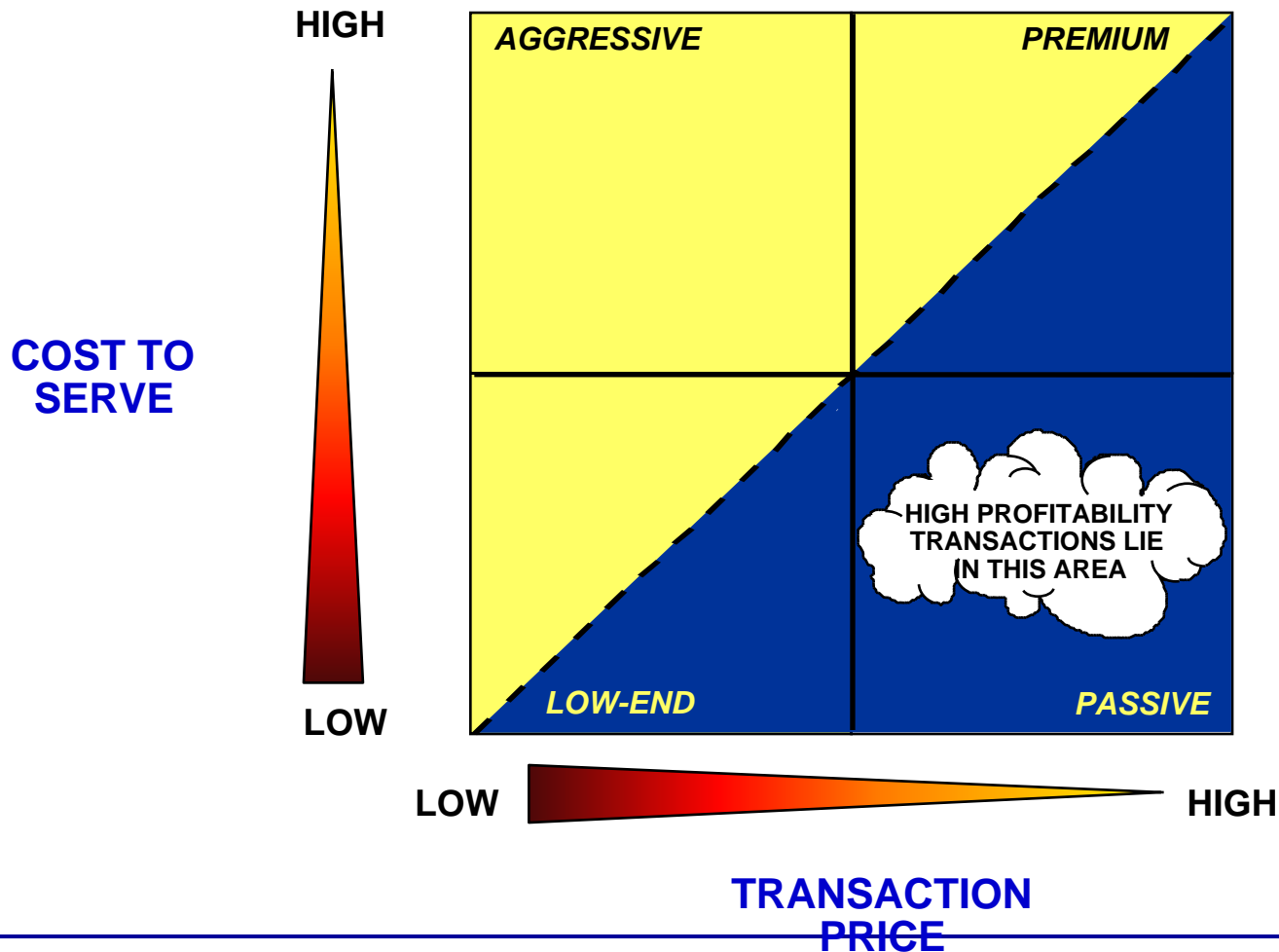


# Hypothetical Frequency Distribution for Transaction Prices

- % OF TRANSACTIONS-



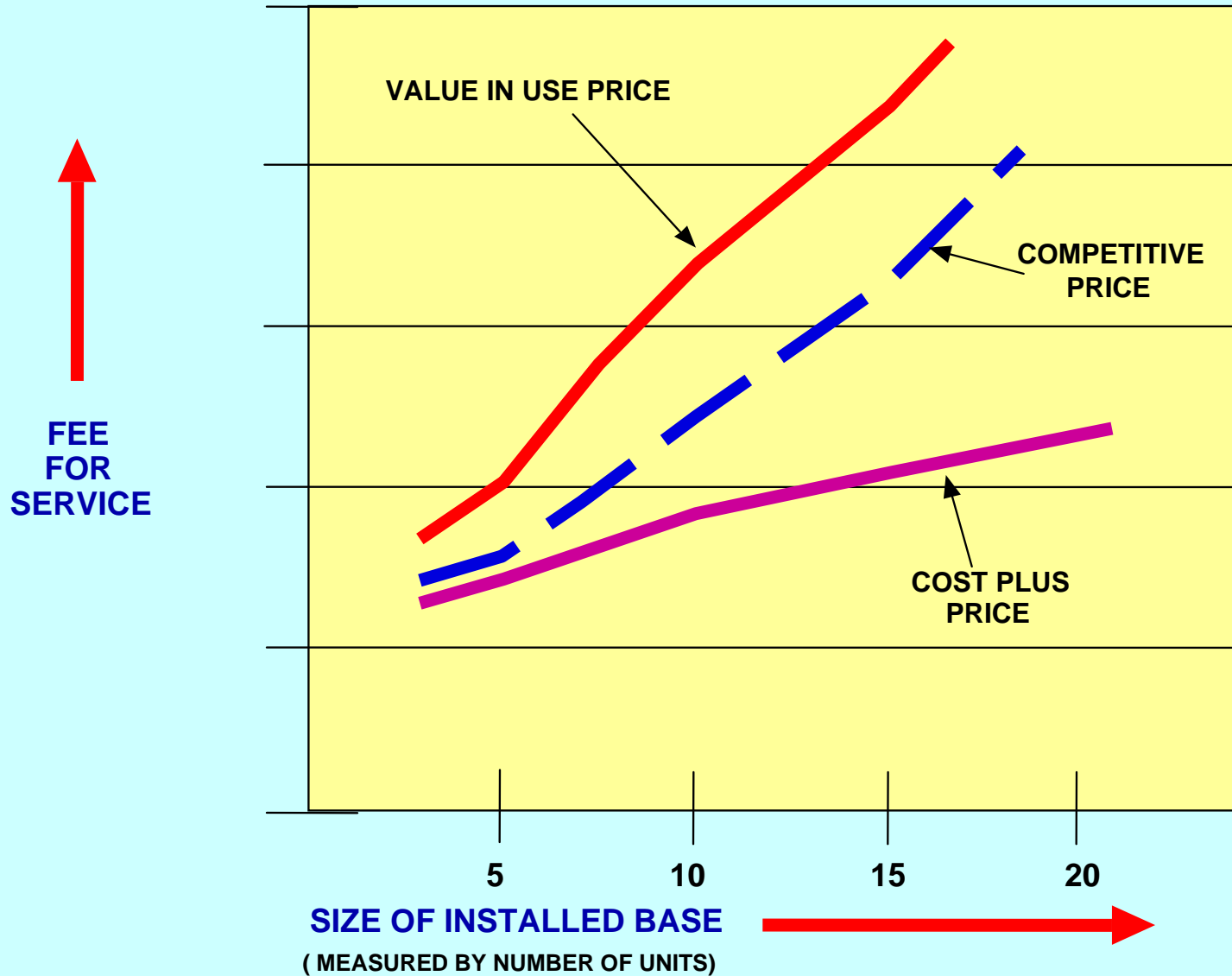
# Customer / Channel Profitability Analysis



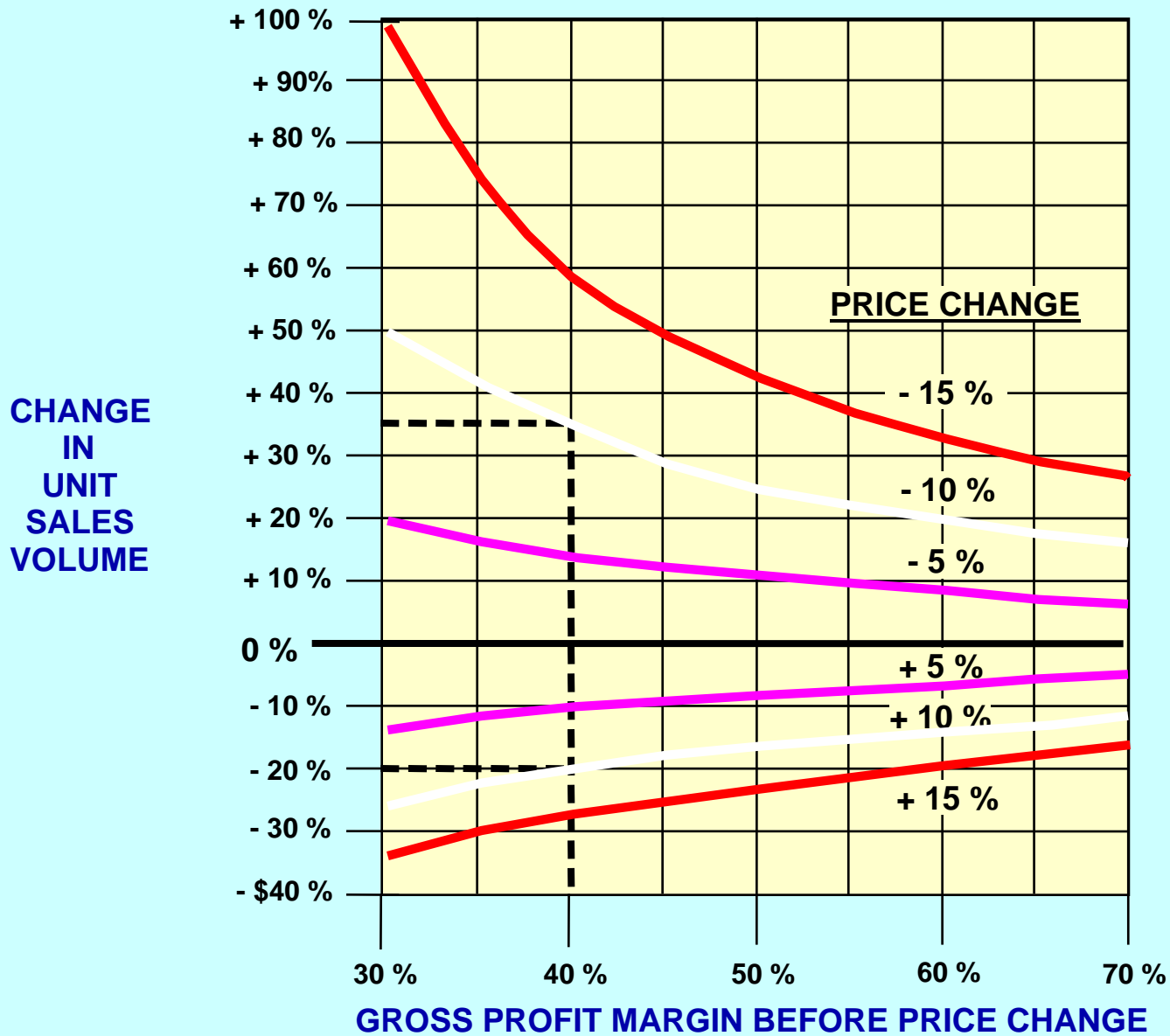
# Service Price Strategy Alternatives

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

# Comparison of Alternative Pricing Strategies



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



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# ***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**
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# THE ROLE OF MARKET RESEARCH & SEGMENTATION

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# WHY DO THEY REALLY BUY FROM YOU ?



**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**

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# **Niche / Segment Marketing is Critical To Business Development**

<b>ADVANTAGES</b>	<b>ISSUES / FACTORS</b>
<b>EASY ACCESS TO DECISION MAKERS</b>	<ul style="list-style-type: none"> <li>• TRADE SHOWS</li> <li>• PROFESSIONAL SOCIETIES</li> <li>• TRADE MEDIA</li> <li>• DEFINED, AVAILABLE MAILING LISTS</li> </ul>
<b>ABILITY TO BUILD SPECIALIST KNOWLEDGE, DATABASE, AND CONTACTS</b>	<ul style="list-style-type: none"> <li>• NICHES HAVE “OLD BOY” NETWORK</li> <li>• NICHE CONTACTS &amp; KNOWLEDGE GIVES SPECIAL PRIVILEGES</li> <li>• MARKET SEGMENT KNOWLEDGE CAN BE INVALUABLE AND ACTS AS A BARRIER TO ENTRY</li> </ul>
<b>PEER RECOMMENDATIONS AND REFERENCES</b>	<ul style="list-style-type: none"> <li>• PROVIDES SELF INITIATED BUSINESS DEVELOPMENT</li> <li>• REDUCES REFERENCE ISSUES / PROBLEM</li> </ul>
<b>IMPROVED PERCEPTION OF PERMANENCE THROUGH REINFORCEMENT OF NAME AND BUSINESS FOCUS</b>	<ul style="list-style-type: none"> <li>• GIVES CONSULTANCY A MATURE APPEARANCE</li> <li>• PROVIDES REINFORCEMENT TO SPECIFIC SEGMENTS</li> </ul>
<b>ABILITY TO FORECAST INDUSTRY /NICHE TRENDS</b>	<ul style="list-style-type: none"> <li>• CROSS SECTIONAL INTERFACES</li> <li>• PROVIDES ABILITY TO FORECAST</li> </ul>

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# WHY DO THEY REALLY BUY FROM YOU ?

- **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”**
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# WHY DO THEY REALLY BUY FROM YOU ?



## FIRMGRAPHICS DESCRIBES:

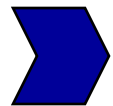
- CORPORATE CULTURE
  - HUMAN RESOURCE POLICIES
  - PHILOSOPHY
  - MISSION
  - BUSINESS OBJECTIVES
  - ETC.
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# **WHY DO THEY REALLY BUY FROM YOU ?**



**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**

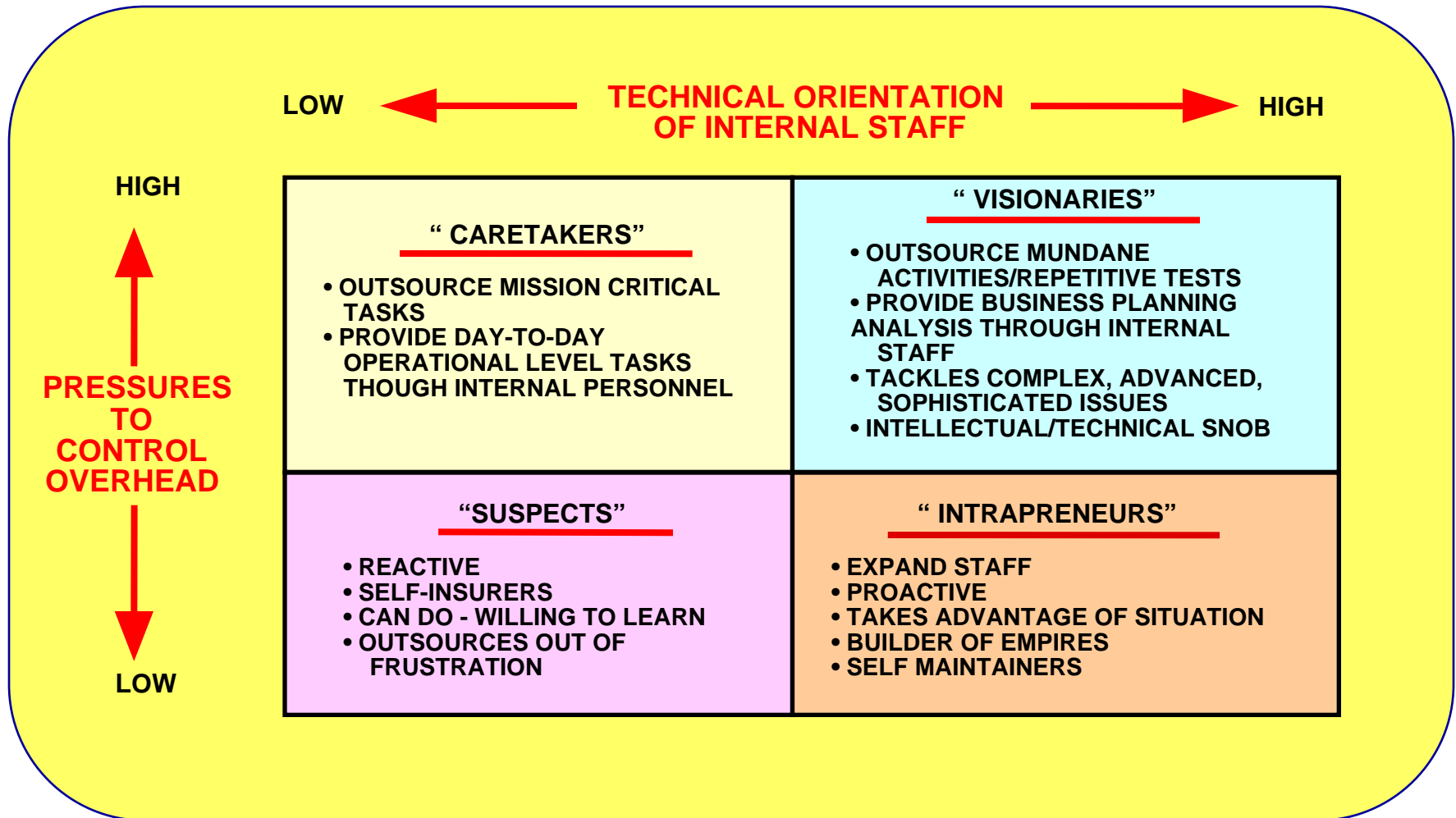
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# Generic Levels of Service and Support

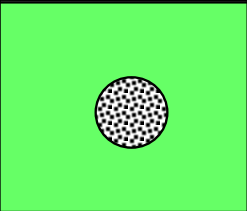
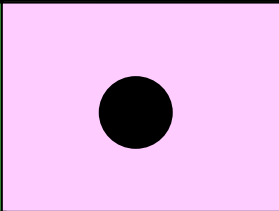
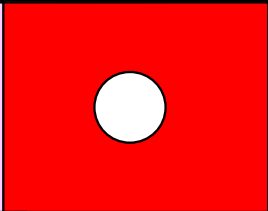
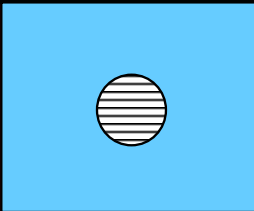
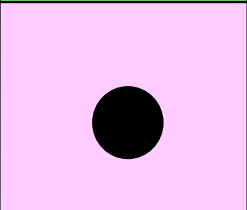
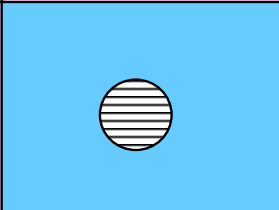
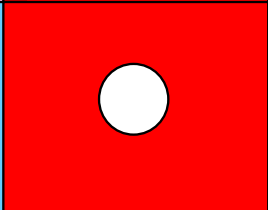
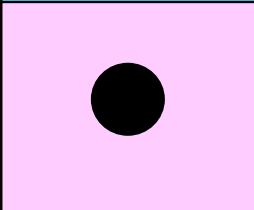
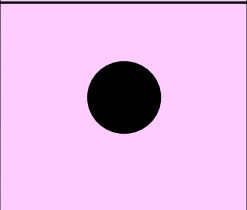
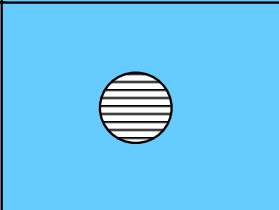
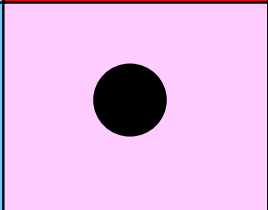
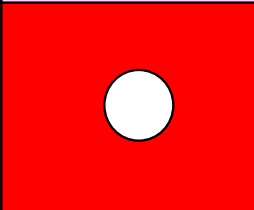
## WITHIN THE INFORMATION TECHNOLOGY SERVICE MARKET

	KEY QUESTIONS	TYPICAL SERVICES	VENDOR EXAMPLES
STRATEGIC	<ul style="list-style-type: none"> <li>• HOW CAN I IMPROVE MY EXISTING INVESTMENT IN TECHNOLOGY?</li> <li>• WHAT DIRECTIONS DO WE TAKE?</li> </ul>	<ul style="list-style-type: none"> <li>• BUSINESS PROCESS RE-ENGINEERING</li> <li>• SYSTEM INTEGRATION</li> <li>• STRATEGIC PLANNING</li> </ul>	<ul style="list-style-type: none"> <li>• EDS</li> <li>• ACCENTURE</li> <li>• DELOITTE</li> </ul>
TACTICAL	<ul style="list-style-type: none"> <li>• WHAT TECHNOLOGY DO WE USE?</li> <li>• HOW DO WE IMPLEMENT/CHANGE?</li> </ul>	<ul style="list-style-type: none"> <li>• TRAINING</li> <li>• APPLICATION DEVELOPMENT</li> <li>• SYSTEM DESIGN</li> <li>• NEEDS ASSESSMENT</li> </ul>	<ul style="list-style-type: none"> <li>• UNISYS</li> <li>• IBM</li> <li>• SIEMENS</li> </ul>
OPERATIONAL	<ul style="list-style-type: none"> <li>• WHO WILL IMPLEMENT?</li> <li>• WHICH VENDOR WILL PROVIDE HARDWARE AND/OR SERVICE SUPPORT?</li> </ul>	<ul style="list-style-type: none"> <li>• HARDWARE MAINTENANCE</li> <li>• HELP DESK</li> <li>• SOFTWARE SUPPORT</li> <li>• NETWORK SUPPORT</li> </ul>	<ul style="list-style-type: none"> <li>• SAME AS ABOVE</li> <li>• LOCAL PROVIDERS</li> </ul>

# 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



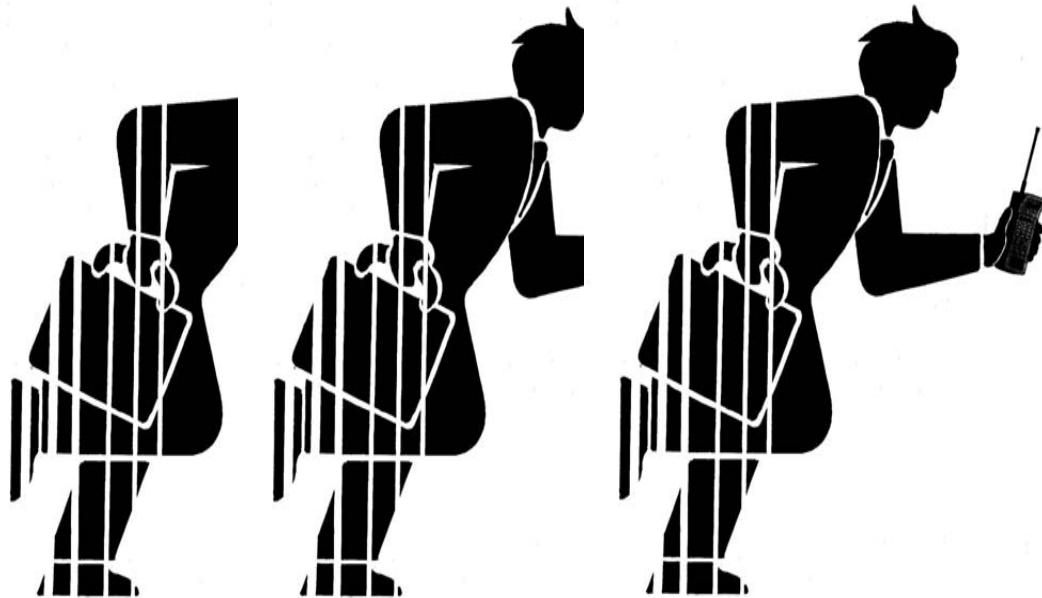
INTERNAL



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

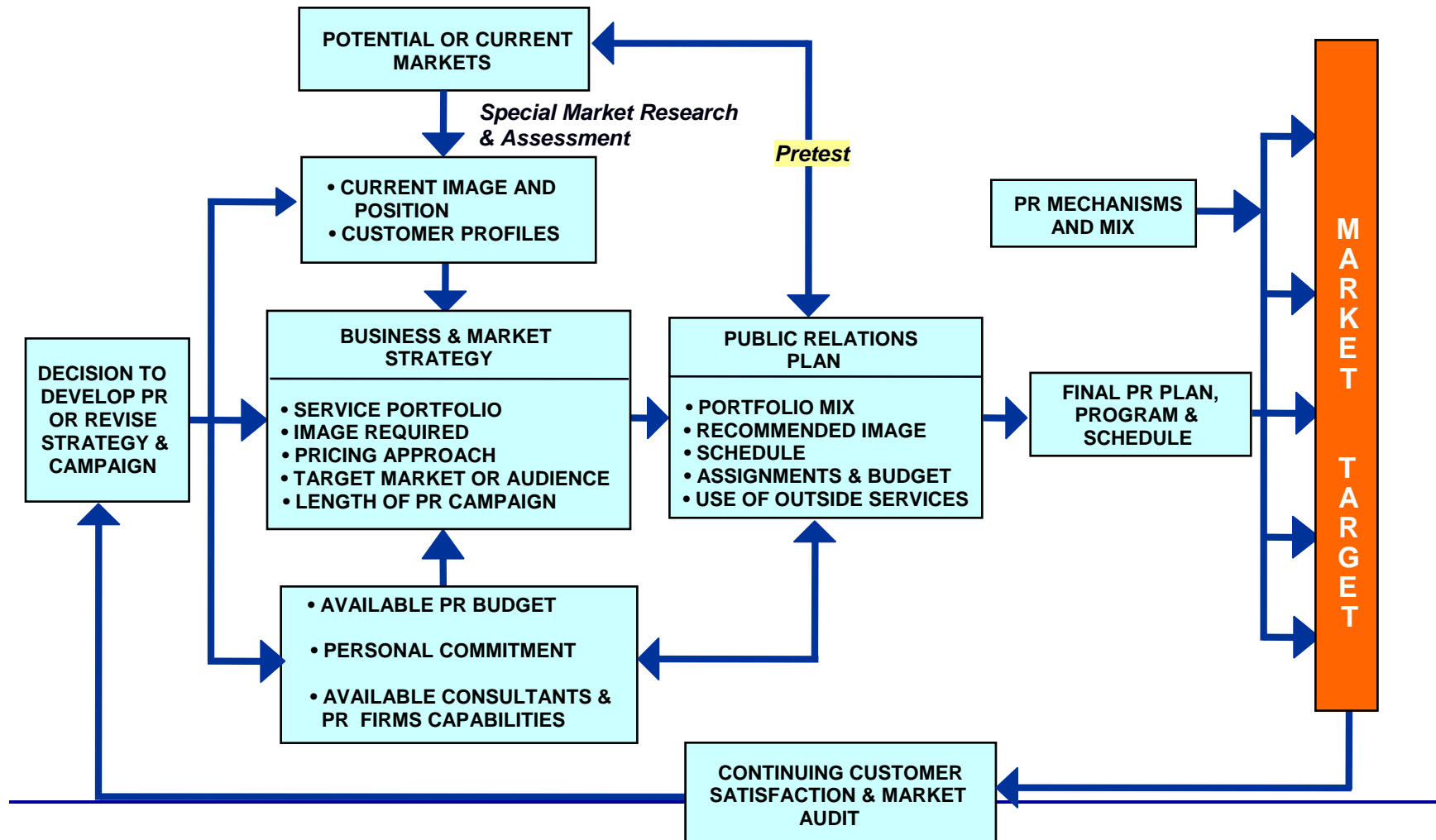
# ***Evaluation of Public Relations Mechanisms***

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

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

# General PR Development & Implementation Process



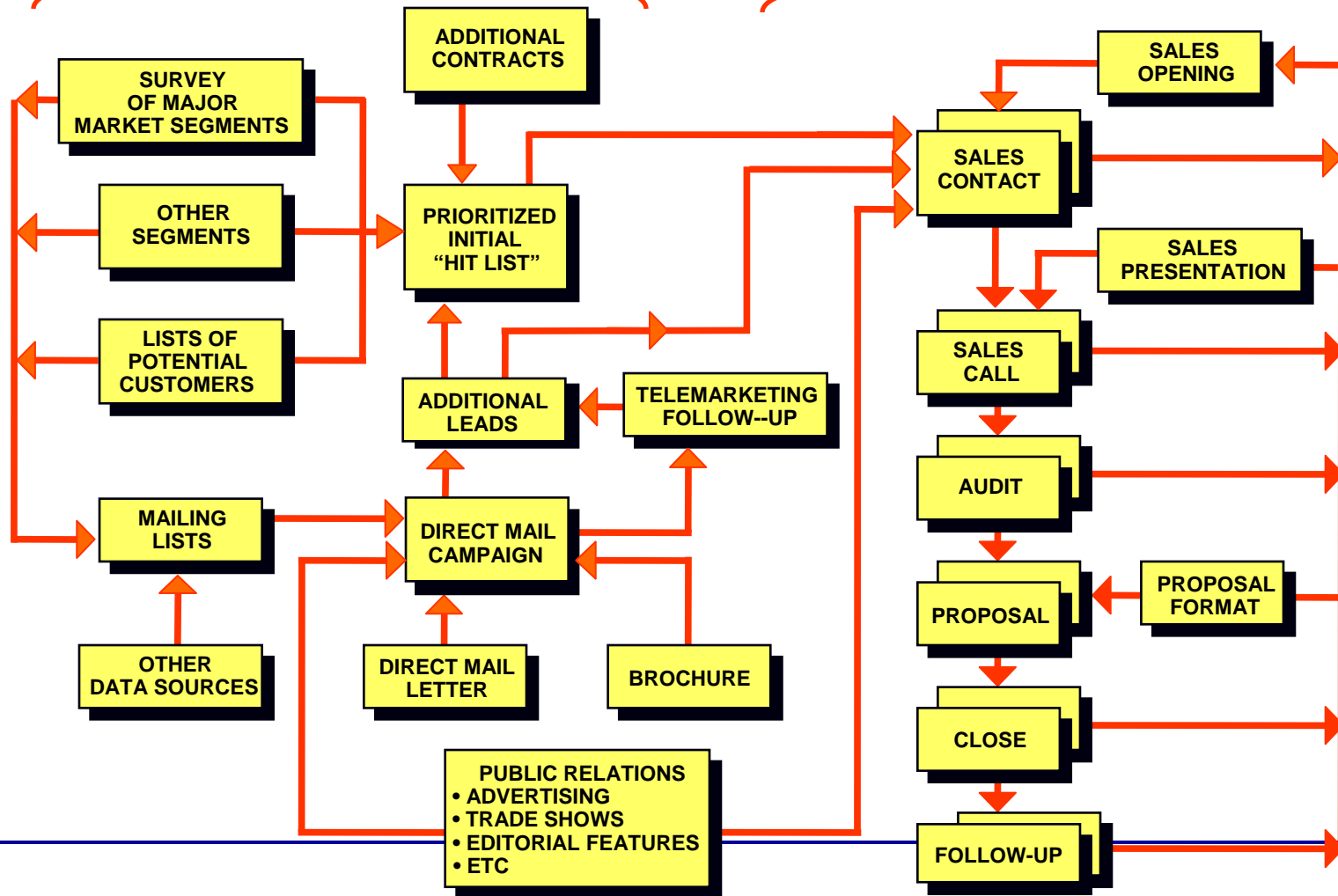
# Recommended Service Marketing & Selling Process

## MARKETING;

## SELLING;

### GENERAL SALES LEAD GENERATION

### SPECIFIC SALES OPENING AND CLOSE



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

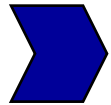
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# A CALL TO ACTION

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# **A CALL TO ACTION !**



**SERVICES MARKETING POSES A VERY DIFFICULT TASK FOR CONSULTANTS**



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

- 1. FOCUSING ONLY ON INTERNAL CAPABILITIES AND RESOURCES**
  - 2. UTILIZING TRADITIONAL APPROACHES TO MARKET SERVICE THAT ARE VERY BIASED TOWARDS A PRODUCT MARKETING MENTALITY**
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## A CALL TO ACTION !



**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**

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# Q&A





**500 Office Center Drive  
Suite 400  
Dresher, PA 19025**

**Email:** [michaelb@blumberg-advisor.com](mailto:michaelb@blumberg-advisor.com)  
**Phone:** 1-215-643-9060  
**Website:** [www.blumberg-advisor.com](http://www.blumberg-advisor.com)  
[michaelb@blumberg-advisor.com](mailto:michaelb@blumberg-advisor.com)

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