

Service Marketing – Deal or No Deal?

By Joe Siderowicz

Most executives running companies that manufacture and distribute technology based products answer in the affirmative when asked if they have a service marketing function. Historically speaking, this has not always been the case. Early on software companies identified the need to implement professional services initiatives, while many long standing product manufacturers were late comers in recognizing that service held more than a break-fix opportunity. Remaining constant is the wide ranging role service marketing plays. High impact service marketing functions are not uncommon. Unfortunately, many service marketing efforts are little more than service support functions.

Many companies have aggressively grown their service revenues by implementing well thought out and executed plans. Still common are those primarily focused on supporting product marketing. Others masquerade as service marketers, using cloaking strategies reliant on tactical pricing, and repackaging variations on the same theme. Uncommon are companies that value service marketing similarly to product marketing.

There are many reasons why companies continue to ignore the huge amounts of revenue and profit available by aggressively marketing service. This paradox is one for the ages. Many companies believe, unfortunately, they are service marketing enabled. These companies have recognized the opportunity, but are not fully engaged. Most are missing their window of opportunity and the desired revenue stream.

The following list outlines key components of an aggressive, growth orientated, service marketing program. How does your company measure up?

Service is a Business – Marketing current service capabilities to support product sales does not constitute a service marketing program. In this environment service is relegated to the position of a product feature. With rare exception, if service is a support function and not a business unit, an effective service marketing effort is not present. It's difficult to motivate management to invest in a business if there are not quantifiable returns. Although models can be developed that demonstrate significant positive implications to customer satisfaction, contract renewals, or additional product sales, nothing beats a profit and loss statement in measuring business success.

Equal Voice – The fragile balance between product support needs and service delivery capabilities are inherently in conflict. In reality, there should be a degree of stress between the groups. From my experience if a state of harmony exists between sales and service, somewhere unnecessary resources are being expended. What is required, and often difficult to achieve, is a balanced view by executive management. Typically management communicates their vision of service and sales as equal partners in moving a company forward. Often lacking is the special vigilance required, when sales are soft, to insure the partnership remains intact.

Strategic Plan – Companies spend large amounts of time and expense developing intricate plans for product businesses. Once these plans are drafted they are usually forwarded to service as a guideline for service planning. Typically service strategic plans include the tactics and resources required to synch the plans. Unfortunately, most service strategic plans come up short identifying new service business development opportunities. A service strategic plan should include a service marketing plan that outlines growth goals independent of product support needs.

Market Research – Most service organizations have some vehicle for gathering customer feedback. Customer satisfaction and Voice of the Customer surveys, as well as, feedback from product marketing research are most common. Lacking, in most cases, is specific service market research that examines new or adjacent markets. All too often service marketing strategies are based on hunches or what is considered to be a safe, incremental step, from current practices. Progressive service marketing organizations recognize the need to measure the performance of their service organization, competitor's service operations and other potential market segments.

Brand Management – Successful companies have well defined brands that support their business goals. Marketing communications plans are crafted to insure the intended messaging and positioning is communicated to the marketplace. Most companies spend considerably less, if any, time developing their service branding. Often service's brand identity is defined by product marketing. This situation creates a major barrier to service growth. Brand extension strategies are critical to accelerating the growth of a service business. Developing a service branding plan that supports existing business, as well as, opens the door for service business development is critical.

Resources Available – Service marketing initiatives commonly suffer from under funding. The manpower, training, tools, and marketing expenses required to launch a new initiative can be considerable. Typically assigned budgets are short on time and long on expected returns. This problem is usually the result of either a misconception that new initiatives can be rolled out sharing

already over burdened resources, or the program will immediately gain traction. New initiatives require new and dedicated resources to drive the business. They also require enough time to test, develop, and implement. Trying to do more, with the same resources, is rarely successful.

Commitment to Change – For service to attain accelerated growth, or enter new markets, commitment is required at all levels of an organization. Company executives, division managers, support functions, and field personnel must all share the same vision. Commonly, service marketing programs are given the go ahead with the caveat that they don't upset the apple cart. All parties involved must recognize that new issues and challenges will surface that may negatively impact other areas of the business. Typically, for a service marketing program to succeed, someone has to feel some pain. It may be the existing distribution channel, product sales, technical support, or hopefully a competitor. Without a solid commitment by all potentially affected parties the effort may wither at the first sign of stress.

It's possible to be successful marketing service without all of the key components discussed. It's probable that measured success can be attained when a majority of the items are in place. Success is almost assured when a company has committed to all of the listed requirements. The result will be a service marketing function empowered to grow revenue far in excess of current projections.

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