

Service Marketing as a Strategic Element

Al Hahn

Executive Director

503-668-9004, ext.2

ahahn@asponline.com

www.asponline.com



The Association of Support Professionals

- **Mostly managers, directors and VPs of service and support organizations**
- **Approximately 1200 members worldwide**
- **Approximately 300 members in Europe**
- **Started as all software companies in 1995, now about 30% hardware or combination hardware/software**
- **Over 6,500 in our LinkedIn group, very active discussions**
- **Inexpensive, individual membership is only \$95**
- **Get access to 4 Reports per year**
 - **2014 - Salary Survey, Social Media in Svc &Support, Virtual Agent Report**
- **Annual Top 10 Best Web Support Sites Competition & Report**
- **Discounts for other organizations events, such as this one**



Where To Get Services Strategic Thinking

- **Lack of strategic thinking is often our biggest weakness**
- **Service operations unlikely because of reactive thinking, but common promotion path**
- **Service Marketing backgrounds often different**
- **More women in service marketing**
- **Can balance the organization**



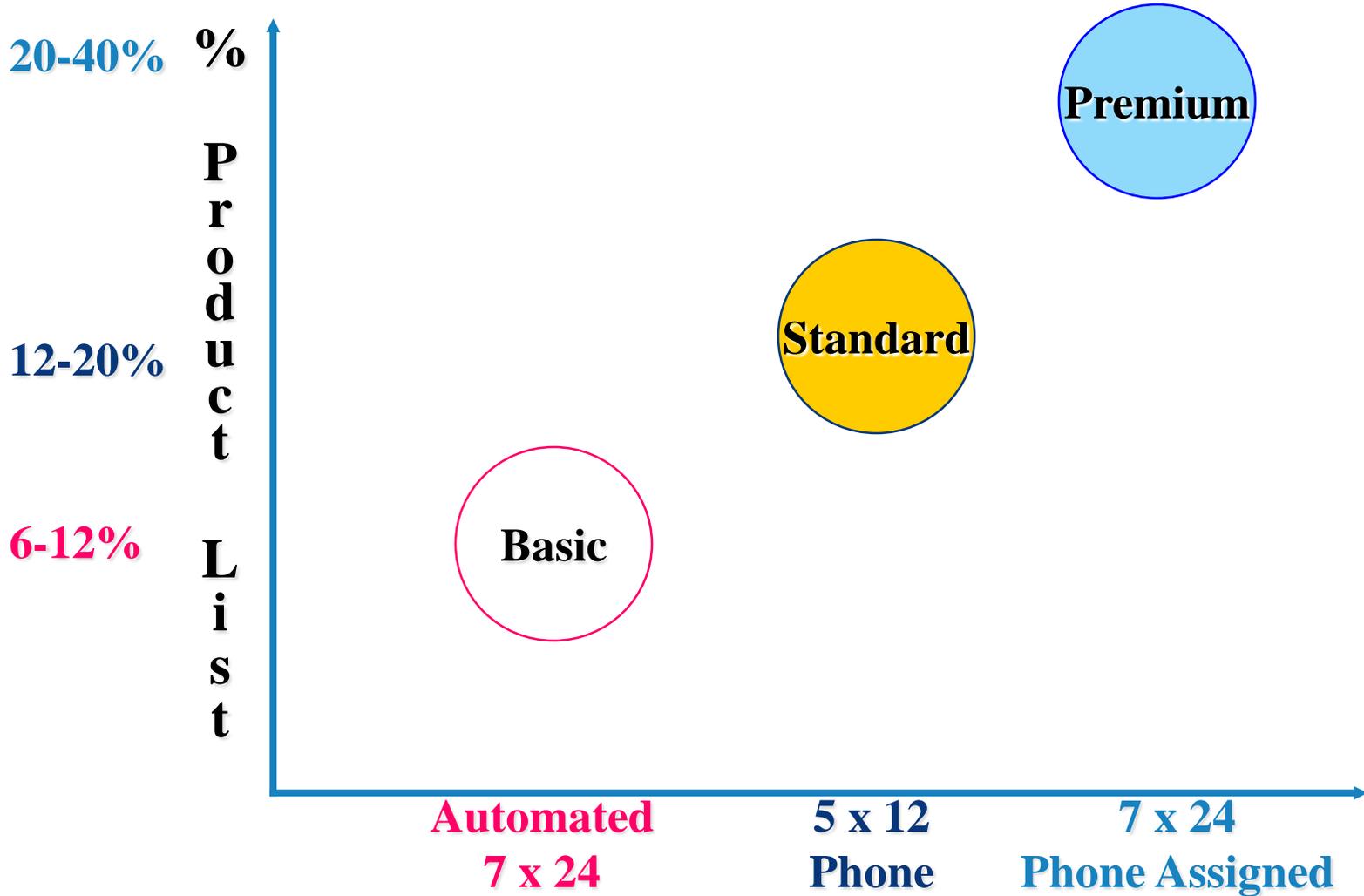
Not strategic

Strategic



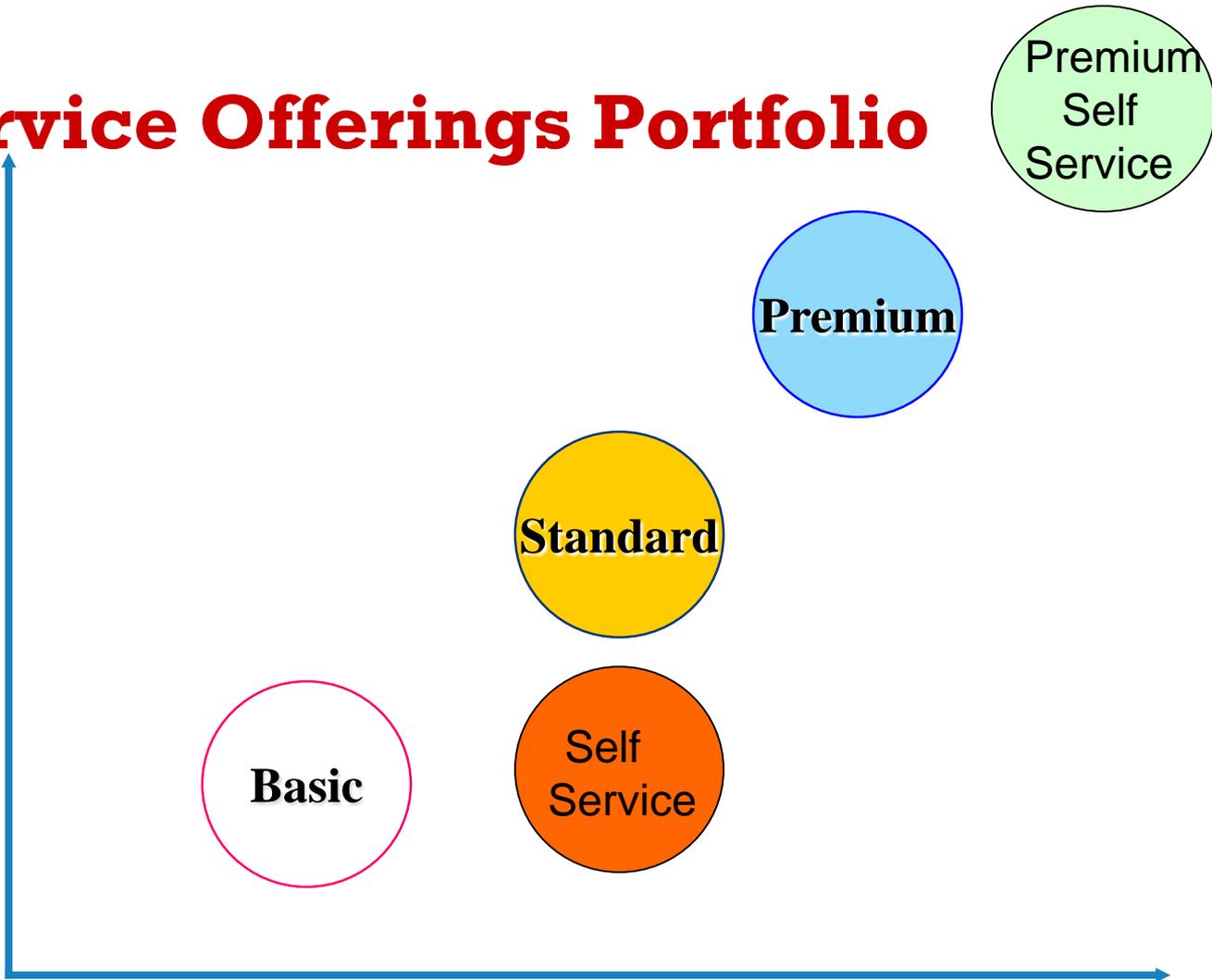


Software Support





Service Offerings Portfolio





Service Pricing & Buying Behavior



- **Best Practice: Design packages to meet target market needs**



Service Pricing & Buying Behavior

- **< 1% of reasons to choose product are price of service**
- **< 1% of reasons for vendor loyalty are price of service**



Service Pricing & Buying Behavior

- **It takes a 20 – 25% price difference to impact buying behavior in a consistent & measurable way**
- **The market leader is allowed (and expected to take) a 20-25% premium**

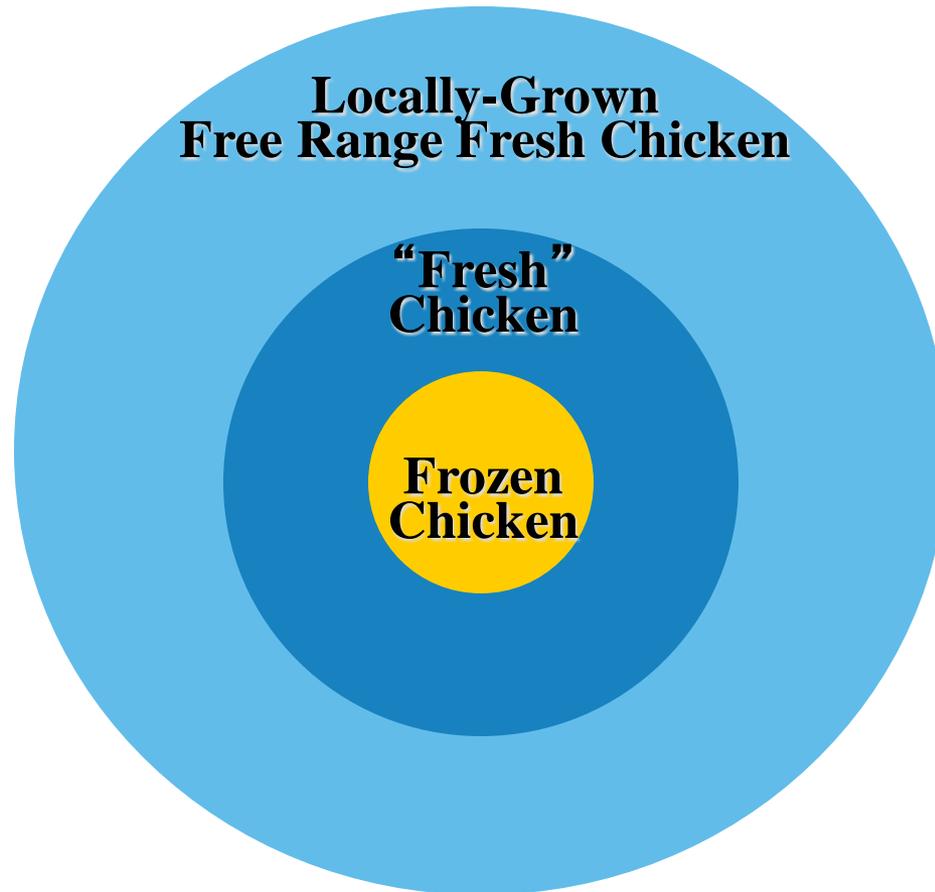


Common Service Pricing Methodologies

- **Cost-plus**
- **Percent of product price**
- **Market-Based**
- **Value-Based**



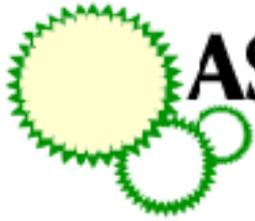
Value Pricing – A Best Practice, Where It Fits





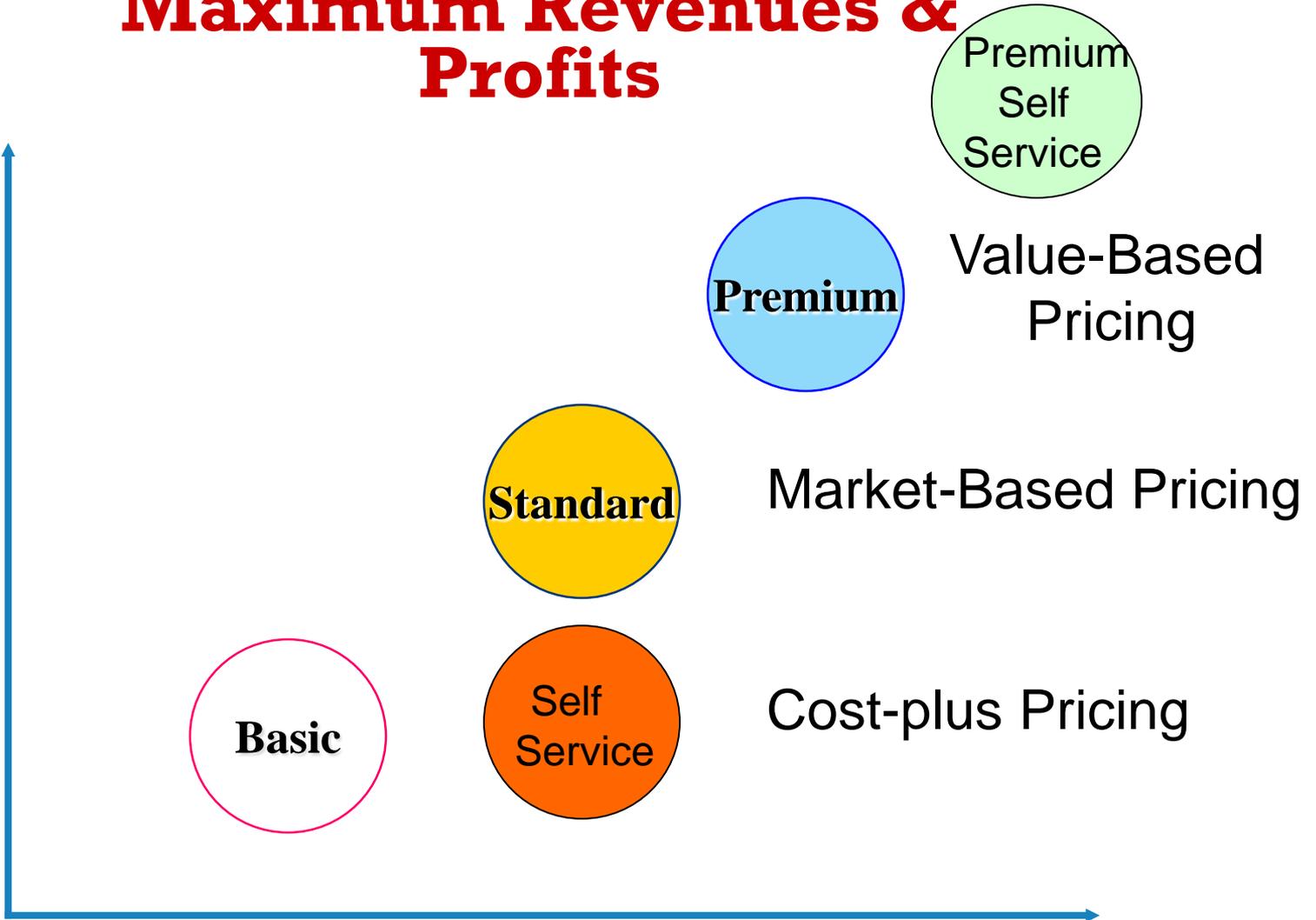
Value-Pricing Process

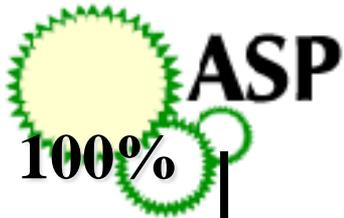
- Design high-value package, based on user research
- Select model or technique to establish value
- Set price based on the model
- Check margin against cost-plus
- Perform market test
- Fine-tune
- Finalize price
- Send (sell!) model to sales to use with customers



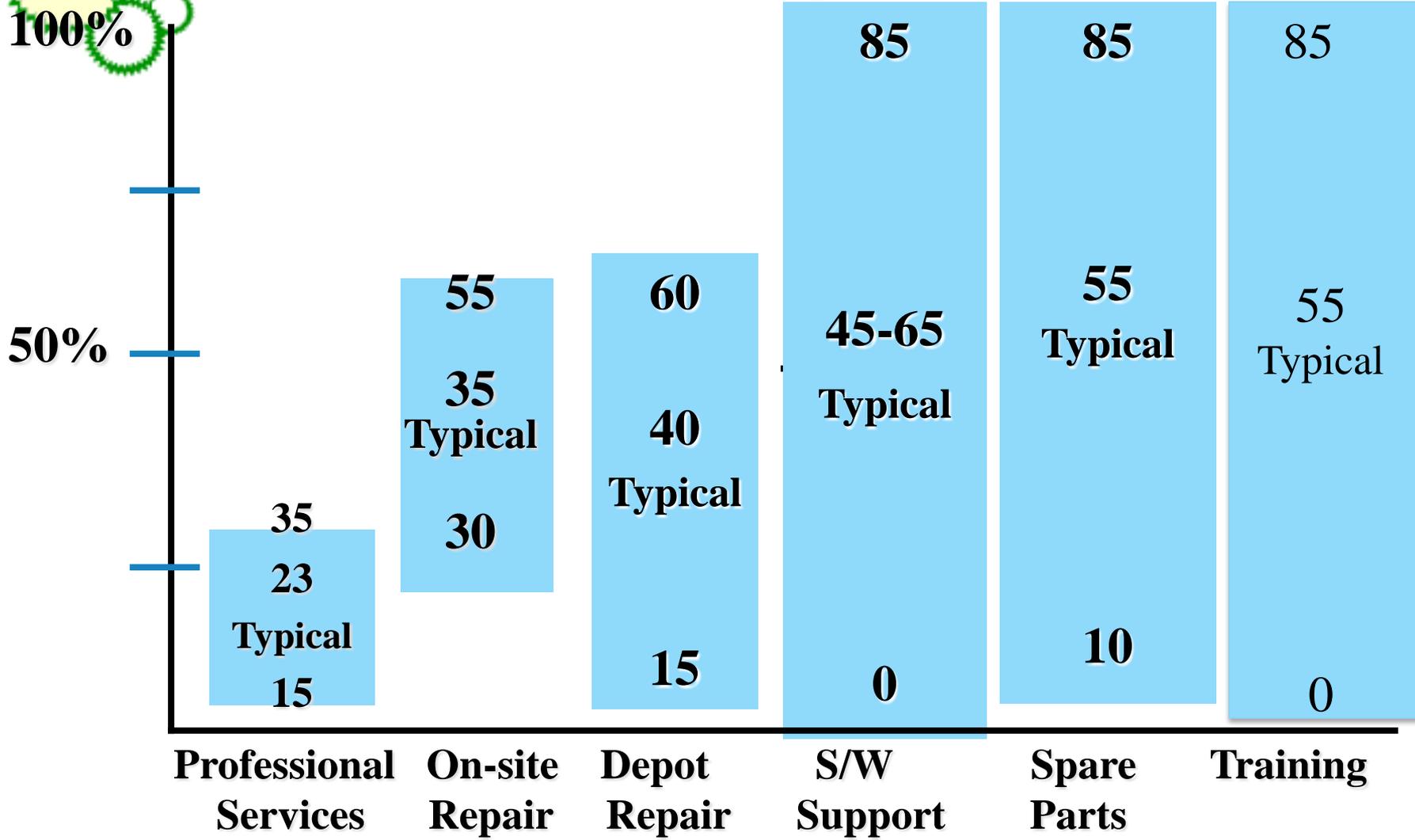
ASP

Mix Pricing Methods for Maximum Revenues & Profits





Gross Margins



Look for the High Margin Opportunities



Thank You

- **I can be reached at
ahahn@asponline.com**
- **We're on the Web at www.asponline.com**