

Selling the Invisible – Highlights

Almost three out of four Americans work in service.

A service does not exist when you buy it.

You cannot see, touch or try out a haircut before you buy it.

You usually know when a product fails - it stops working. How do you know when the service fails?

Services cannot be warranted because the outcome is so often not measurable.

Service acts and processes cannot be easily routinized.

We usually don't take product failures personally. However, services are usually provided by people we have met and we blame them when our expectations are not met. Services are often bought because they are needed, while products are bought because they are wanted. Often when selling products the support services makes or breaks it. This is what adds the value.

Better reality in your service will make marketing easier, cheaper and more profitable. Fix your service before you start advertising. Too often service sucks. The average person thinks he is above average. Sixty percent of students said they were in the top 10% in getting along with others. Ninety-four percent of University professors say they are doing a better job than their average colleague. Most men think they are good looking. Assume your service is bad. It can't hurt and it will force you to improve it. How can McDonald's deliver spotless rest rooms and world-class French fries in 50 seconds for 79 cents? Forget the excuses - do it.

Who sets your standards: the industry, your ego or your clients? Our expectations have been raised by McDonald's, Walt Disney and Federal Express. Develop new benchmarks of service quality.

The Butterfly effect: Tiny efforts huge results - Tiny Cause - Huge Effect.

Hire the right people.

When you make mistakes, how you treat the customer is critical.

Write an ad for your service. If, after a week, the ad is weak, stop working on the ad and start working on your service.

Delta was the best airline. American developed Sabre electronic reservations. Travel agents found it easier to book through American. Delta's heart was Customer Service but it didn't have the "brains" to support it.

Don't just think better, think differently.

Is this viable anymore? Is this what the world wants? Have we added capabilities or skills that suggest we should enlarge our scope? Should we develop or acquire related skills and capabilities? Should we narrow our scope and leverage our specialized skills?

Stage one is product driven. Give the customer the basic model - The Model T. Stage two is Market Driven. Offer the desired product - the fully loaded Lincoln. Stage three is going beyond client's expectations and expressed needs: heated car seats, consoles that tilt towards the driver (Lexus quality).

Surveying

Even your best friends won't tell you. Have a third party do your surveys.

Your customers appreciate the survey. They'll see you are trying to improve

Written surveys can be ambiguous, e.g., How do you define quality. Beckwith recommends doing it by phone.

His concern about Focus Groups is that the dominant people will prevail. You are selling individuals; talk to individuals. A voice conveys feelings that words can hide.

Never ask "What don't you like?" You are asking someone to admit they made a bad decision.

Marketing is not a department; it is your business.

Everyone in your company is responsible for marketing your company. Seeing the real scope of your business is hard. Ask for help. You are in a tunnel, talking about yourself. You need to know about your customers and prospects.

Don't open a shop unless you know how to smile.

Every act is a marketing act. Make every employee a marketing person. WHAT ARE YOU GOOD AT? In planning your marketing, don't just think of your business. Think of your skills. Your strength might be outside your industry (particularly if your industry is mature).

Find out what clients are really buying. McDonald's is selling an experience. Burger King's better flame broiled burger did not win over the customers.

THIS IS (FOR ME) THE MOST IMPORTANT SECTION IN THE BOOK:

Most companies in Expert Services (Professionals) think their clients are buying expertise. Most of your prospects cannot evaluate your expertise. They can't identify a good tax return or a great diagnosis. **They can tell if the relationship is good.** Clients know if they feel valued. Your professional expertise is assumed - you are selling a relationship. **Before you try to satisfy "the client," understand and satisfy the person.**

Who are your competitors? They include the customer who does nothing or does it himself. Your client has four options: Use you, Use someone else, Do it themselves, Do nothing. Your biggest competitor can be your prospects. Go where others aren't. Who can you serve that is not being served?

Every service company should have a director of technology. A lack of technology will hamper you. Your competitors will leap ahead if they have better technology. **"Have we carefully considered innovative ways that new technology can be used to improve our service and grow our business?"**

Study every point at which your company makes contact with a prospect. Your receptionist, business card, office, brochure, sales call. **What are you doing to make a PHENOMENAL IMPRESSION at every point?"** Does your client feel respected, amazed, impressed, delighted? **Study each point of contact. Then improve each one - significantly.**

School teaches us that technical competence ensure success. **In large part, service marketing is a popularity contest.** Your competence, your excellence, your talent - just pay the entry fee. **Be professional - but more importantly - be personable.**

Planning - The 18 Fallacies

1. Forecasting the future is impossible.

The baby boom was supposed to create unemployment in the '60s.

Women were not supposed to enter the workforce. Still there were plenty of jobs.

Labour force grew 40%; number of jobs grew 50%

Many people would work from home; not as many as expected.

VCRs were going to kill the movie business. Look at the new theaters.

TV was going to kill books. Don't tell Chapters. Books get promoted on talk shows, etc.

Smoking. No one should, but they do. Healthy eating - we should but so, why are so many fast food and steak houses doing so well?

Plan for several possible futures (outcomes?).

2. How do you know what you want?

Accept the limitations of planning.

Don't value planning for its results. It's the process that counts.

Don't plan your future; plan your people.

3. Tactics are more important than strategy. Do something, correct it and go again.

4. The better mousetrap? NO! Marginal strategies executed passionately almost always outperform brilliant strategies executed marginally.

5. Today's good ideas will almost always beat out tomorrow's better one. **Do it now. Don't wait.**
6. Act like a shark - keep moving.
7. Think dumb. Smart ideas often develop from dumb ones.
8. The research shows . . . planning is not a precise science. Mistrust "facts". Planning is an imprecise act.
9. Beware of focus groups. They focus on today. Planning is for tomorrow.
10. Beware of what you think you remember.
11. Have a healthy mistrust of what experience has taught you.
12. The Fallacy of Confidence
Our customers buy on price.
Telemarketing does not work with this audience.
Our clients won't pay for higher quality, even if we could achieve it.
Opinions become "facts". Maybe others are right and you are wrong!
13. Perfection
Very good
Good
Best
Not good
Truly god-awful
Being best can be too complicated - Aiming for perfection can be stifling.
14. Failure is failure. **Start failing and you can start succeeding.** Fix as you go.
15. Expertise: Don't look to experts for all your answers. There are no answers, only informed opinions.
16. Authority: The bosses have authority. The people with the good ideas often don't. The bosses have much to lose. They protect their positions. Listen to others.
17. Common sense can be a shield, not a sword. For inspiring results, you need inspiration.
18. The Fallacy of Fate - You gotta believe. "We tried that. It didn't work." TRY IT (OR A VARIATION) AGAIN.

HOW PROSPECTS THINK

Why do people buy what they buy?
 Why use American Express credit card? No logical reason why there are 25 Million in the US.
 Choosing the familiar. Familiarity breeds business. Spread your word however you can.
 The Recency Effect. Follow up brilliantly. Have a well thought out follow up approach.
 Choosing "Good Enough."
 Forget looking like a superior choice.
 Make yourself an excellent choice.
Eliminate anything that might make you a bad choice.

THE ANCHORING PRINCIPLE

People do not simply form impressions - they become anchored to them. What anchors have your prospects already attached to you? Can you overcome them? **Identify and polish your anchors.**

Last Impressions Last

Each impression you make will - temporarily, at least - be your last. Make it strong.
 Risky Business

Hungry in a strange town? You are likely to choose a food chain you know rather than risk some local spot.

Customers like to minimize their risk.

Eliminate the prospect's fear. Try Risk Reversal

Show your warts: Rather than hide your weaknesses, admit them.

Tell the truth. Even if it hurts, it will help.

BUSINESS IS IN THE DETAILS (In my opinion this is critically important).

The more alike two services are, the more important the differences.

Prospects look for differences. **Accentuate the trivial.**

Remember: *The more similar the services, the more important the differences.*

Positioning & Focus - The more you say the less people hear.

Fanatical Focus: Positioning

You must position yourself in the prospect's mind

Your position should be singular: one simple message

Your position must set you apart from your competitors

You must sacrifice. You cannot be all things to all people; you must focus on one thing

Stand for one distinctive thing that will give you a competitive advantage

The fear of positioning: To stand for one thing you must sacrifice the others.

SAS created EuroClass for business travelers. By charging more for this, they were able to charge less for tourist travel.

Regular US law firms wouldn't handle M&A (mergers & acquisitions). New firms did this. One became the largest law firm in the US. The result was that clients said if they could do M&A they could do anything!

In your service, what's the hardest task? Position yourself as the expert at this task, and you will have lesser logic in your court.

HALO EFFECTS: People associate. We tend to think that attractive people are smarter, friendlier, more honest and more reliable than less attractive ones. We associate one positive thing with many other good things. We assume poor people lack initiative and intelligence, are less trustworthy and less concerned with cleanliness and appearance. We associate one negative thing (poverty) with other negatives. ***Say one thing and you will become associated with many.***

NO TWO SERVICES ARE THE SAME: Every service is different. Creating and communicating differences is central to effective marketing. Everything can be made different: ketchup, flour, pickles, sugar, salt, gasoline. Because service is people, it is easier to be different: passion, energy and optimism. ***If you cannot see the differences in your service, look harder.***

Position is a passive noun, not an active verb. We want to position ourselves as the market leader. We can't. No company can position itself as anything. Your position is a place. Someone (your customers) put you there. All you can do is influence the prospect. Take your position and turn it to your advantage. Avis - We're Number Two - We Try Harder. ***Don't start by positioning your service. Instead, leverage the position you have.***

CREATING YOUR POSITIONING STATEMENT

A positioning statement states how you wish to be perceived:

Who: Who are you?

What: What business are you in?

For whom: What people do you service?

What need: What are the special needs of the people you serve?

Against whom: With whom are you competing

What's different: What makes you different from those competitors?

So: What's the benefit? What unique benefit does a client derive from your service?

Have seven good answers to these seven questions

Who	Bloomingdale's
What	Fashion-focused department stores
For whom	For trend conscious, upper-middle-class shoppers
What need	Looking for high end products
Against whom	Unlike other department stores
What difference	Bloomingdale's provides unique merchandise in a theatrical setting
So	Makes shopping entertaining

Generic Sample	
Who	John Doe Inc.
What	Small service company
For whom	To serve smaller clients, who want pretty good quality but do not want to pay for the services of a larger company
What need	Looking for reliable service
Against whom	Unlike its bigger and better-known competitors
What difference	Smaller, owner operated, lower overhead, faster response time
So	We meet your needs faster and at a lower price

Narrow the gap between your position and your positioning statement. Get prospects to move from how they see you to how you want them to see you. Will people believe your positioning statement? Canadian Tire has gone against the rules. It positioned itself for tires but now does a wide range of products. ***If the gap between our position and your positioning statement is too big, your customers won't make the leap. Keep your steps small.*** An over ambitious Positioning Statement can be your long term goals. Choose a position that will reposition your competitors, then move a step back toward the middle to cinch the sale. ***In positioning don't try to hide your small size. Make it work by stressing its advantages, such as responsiveness and individual attention.***

Focus: Neiman Marcus: "Stuff to die for!"

Wal-Mart "good stuff so damn cheap you won't believe it".

If your prospects cannot define your position, you don't have one.

No matter how skilled you are, you must focus your skills.

PRICING

Pricing often defies logic. How does American Express do so well when it is so expensive? Logical pricing might not work for you.

If no one complains about the price it is too low. If almost everyone complains it is too high.

Ten percent will always complain about the price. You should expect to get about 20% complaining if your price is right.

A little resistance to your pricing is a good thing

Pricing your service in the middle tells your customers you aren't that great. You are saying that you are middle of the road in price and service - a busy and not great place to be.

THE LOW-COST TRAP

Low cost retailers usually don't survive.
It is a relatively easy market for competitors to enter.
Have to deal ruthlessly with suppliers.
Hard to motivate employees.
There is nothing unique about pricing.
There is always someone out there who will be lower than you.
Beware of rock bottom.

VALUE IS NOT A POSITION

Value is not a competitive position. It is what every service promises (implicit or explicit). If good value is the first thing you communicate, you won't be effective. **If good value is your best position, improve your service.** Give your service a name not a monogram. No IBM, HRAI, etc. Don't get funny with your name. Stand out - don't be generic. Make sure your name doesn't get confused with others. Never choose a name that describes something that everyone expects from the service. The name will be generic, forgettable and meaningless. A company called Creative Design does not have a very creative name. Likewise Quality Cleaners. The mind remembers names that are unique, sensory, creative and outstanding. John Jones is an ordinary guy. How about Michel Germain or Faith Popcorn? Be distinctive - and sound it. The name is often the first impression. How much valuable information per inch does your name imply?

IN SERVICE MARKETING ALMOST NOTHING BEATS A BRAND.

Store and generic brands have 7% of the market. Name brands have 93%. A brand is a warranty in itself. A brand is a guarantee that the warranty won't even be needed. **A service is a promise, and building a brand builds your promise.** The most desirable service is the one that keeps its promise. Likely a brand. Preach integrity. A brand will have three effects on your sales:

1. Someone hears a good story but may forget the company or brand name and therefore cannot pass it on. Word of mouth for a branded service spreads easier.
2. Prospects feel more comfortable with a brand. You get a higher closure rate on prospects. You are making it easier for them to buy.
3. To justify buying a generic product, you have to do a lot more "due diligence". Nobody ever got fired for buying IBM.

Make selling easier, faster and cheaper. Build a brand. Never underestimate the value of your brand or the difficulty in creating a new one. Leaving a well established company to go on your own means you have to create the new brand. **A brand is money.** If you are building your own brand choose an unconfusable name. Building your brand doesn't take millions it takes imagination.

Communicating

We trust products more than services. We can kick the tires. Make the service visible, and make the prospect comfortable. YOUR GREATEST COMPETITOR IS INDIFFERENCE. People are interested in themselves. Tell them what's in it for them. They don't care about your great company. Say one thing - saying many things usually creates confusion. The prospect says "Give me one good reason . . ." After you say one thing, repeat it, I said "repeat it." One story beats a dozen adjectives. Attack your first weakness; the stereotype the prospect has about you. Do dentists cause pain? Is so, that's what they need to address. Create the evidence of your service quality. Then communicate it. No tricks. Skip silly or unprofessional ideas.

PROSPECTS DO NOT BUY HOW GOOD YOU ARE AT WHAT YOU DO. They buy how good you are at who you are. People deal with you because they feel comfortable with you. Convey that you are "positively good." It is better to say too little than too much. Watch what you show - lobby, clothes, business card, etc. Make sure people see who you are. Make the invisible visible. There is no correlation between the orangeness of an orange and its flavour. Growers pick oranges when they are green. They never get any riper or juicier. The oranges are coloured artificially. Seeing is believing, so check your peel.

Restaurants are in the entertainment business not the food business. People go for the experience.

Watch - and perfect the visual clues you send
Repeat yourself visually. It makes you look more organized and easier to remember
Give your marketing a human face: People deal with people
If you are selling something complex - simplify it with a metaphor.
Words are the weapon. Active, powerful, fresh words can do more than describe reality.
Sometimes, it's all in how you say it.
Don't use clichés.
Don't talk unless you can improve the silence - get to the point or you will never get to the close.
Tell people in a single compelling sentence why they should buy from you.
In your words and pictures make yourself vivid.
You cannot bore someone into buying your products.
Get publicity.
Advertise, that's part of publicity.
Anything can be made to sound interesting - look harder.
Devote half your time to creating the reply form when doing a direct mail program.
Make your services easy to buy.
Don't sell your service. Sell your prospect
Find out what they want; what they need and who they are. Talk about the prospect.
Be passionate about what you are doing.
Mission statements are not for marketing materials. If your mission statement isn't producing - fire it.
Sell happiness or the hope of it! Sell hope.

Relationships

Watch your relationship balance sheet - assume it is worse than you think and fix it
Don't raise expectations you cannot meet
To manage satisfaction, you must carefully manage your customer's expectations
You cannot thank your client too much. Send more thank you notes
It is much easier to fail in a service than to succeed. Relationships are often not very deep. Trust takes time
Advertise your successes. Show your client what you have done. If you do better than expected tell them.

Make sure the client knows

With a product the item is there to remind you how pleased you are with it. Not so with a service. You forget you got it.
Will you remember for the next time you need the service? Out of sight out of mind!

Quick Fixes

Sweat the smallest stuff. How good is your phone manner?
Be fast. Then get faster Say P.M. Deliver A.M.
Make every client happy every day. Put this note by your phone.
To fix your messengers, fix your message.
Make the message effective.
Selling a service involves personal risks - risk yourself.
Get out there. Let opportunity hit you.