

# SELLING SERVICES

Late Satish G. Hegde\*  
Lecturer Department of  
Management Studies  
Goa University

Nandakumar Mekoth\*  
Lecturer in the Department of  
Commerce  
Goa University

Selling services is becoming increasingly competitive with enhanced consumer expectations as well as availability of choices. Most of the services are moving from 'seller's market' to 'buyer's market'. Banking, professional education, health care, and airlines are a few examples. Service organisations are changing their approach from 'production orientation' to 'marketing orientation'. Professional services such as health care, legal advice, consultancy, advertising and market research are becoming as customer oriented as possible. For service firms, enhancing perceived image of the organisation is necessary for a clear positioning of their service. Interestingly, the firms selling tangible products are trying to differentiate their offer from the rest on the basis of service component. Companies such as Birla Yamaha, Coat, HCL Hewlett Packard, Hero Honda, LML, Maruti Udyog, Videocon, Lakme, Titan Industries and Phillips are concentrating on service attributes like after sales service, retailing, customer advice, follow up visits, complaint registration, etc, to mitigate the effects of competition. They define that the value of their product includes 'product plus service' (Chatterjee, 1975).

It is quite evident that service firms try to tangibilise and concretise their offer so that consumers can objectively evaluate them. It is often noticed that airlines advertise on punctuality and in-plane hospitality, banks on automatic teller machines, hotels on conference rooms and so on. At the same time, firms selling tangible products are trying to bring in intangible components to differentiate their offer. Services are gaining increasing importance both from micro and macro perspectives. It is even argued that every business is in service, only the service component varies (Levitt, 1981). From macro perspective, trends indicate that future belongs to intangibles. During the period, 1950-51 to 1985-86 contribution of tertiary sector in net Domestic Product (at factor cost by industry of origin) rose from 28.6 percent to 40.8 percent (Verma, 1993). Thus service is a crucial factor for individual firms to survive and national economy to grow.

## Competition and Services

Competition may not necessarily bring benefits to customers, more so in case of services. Competition in services is a new phenomenon. In addition, services are not amenable to physical comparison in evaluating performance which leads to lack of self-confidence among consumers to make buying decision on their own. Hence, firms selling services may prefer to tickle competition at the peripheral than at the basic level. Consequently, 'selling concept' which emphasises on aggressive selling, than the 'marketing concept',

which goes to the root of consumer's needs, may take priority.

In the present day world of competition, it is necessary to recognise that selling concept is not a substitute to but an extension of marketing concept (Manning and Reece, 1987). By nature, the difference between marketing and selling in services is lesser than that in tangibles, as the core need is identified and fulfilled during the buyer-seller interaction. Hence, for services, need identification and core value creation which are major part of marketing are performed in the process of selling. In their attempt to tackle competition, service firms are likely to claim that their offers are suitable to 'everybody's' need rather than 'somebody's' need. As a result targeting may become confusing. A product or service can not be every thing to everyone but only be something to someone (Ramaswamy and Namakumari, 1990). Hence, there is a danger of 'overselling' and/or 'undue selling'. There-

fore, it is necessary to adopt genuine and appropriate selling approach for mutual benefit of consumers and marketers.

#### Need for Different Approach

Services are typically different from tangibles. Gronross, (1990) working definition describes the characteristics of services. According to him, "a services is an activity or series of activities of more or less intangible nature that normally, not necessarily, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the service provider which are provided as solution to customer problems". Obviously, services are provided as solutions to customer's problems.

The differences in characteristics of services from that of tangibles call for a different approach in selling. The summary of differences is presented below.

#### Difference between Physical Goods and Services

No.	Physical Goods	Services
1.	Tanagible	Intangible
2.	Homogeneous	Heterogeneous
3.	Production and distribution are separated from consumption	Production, distribution and consumption are simultaneous processes
4.	A thing	An activity or process
5.	Core value produced in factory	Core value produced in buyer-seller interactions
6.	Customers do not participate in the production process	Customers participate in the production
7.	Can be kept in stock	Cannot be kept in stock
8.	Transfer of ownership	No transfer of ownership

Source : Christian Gronross, Service Management and Marketing,  
Lexington Books, Massachusetts, 1990, p. 28.

Usually, customers of services do not possess adequate information prior to purchase. They not only lack knowledge about existence of the service but also the need for it. Relatively, customers of services as opposed to customers of tangible products are unable to define their need specifically. Therefore, it requires the expertise on the part of the service provider to define the need based on the symptoms/problems. A patient, for example, goes to the doctor with health disorders (symptoms) but the doctor has to define the need (diagnose) and give solutions (prescribe medicine).

As the complexity of the service increases the capacity of the customer to define the need reduces. In simple services like transportation, it may be easier for the customer to define the need. In the case of simple tangibles too, such as soap, tooth paste etc., the customer is able to define the need and choose the brand as well. In general it may be said that higher the dependence of customers on the sellers/providers.

Many of the services are complex in nature; be they financial services, health care, legal service, management and technical consultancies, advertising or marketing research. To repeat, unlike in the case of tangibles sales persons of services are both producers and sellers, for core value in service is created in the process of buyer seller interaction. This entails a higher responsibility towards needful-fulfilment and hence a need for integrity on the part of the service providers.

As customers are unable to translate their needs into demands there is a higher possibility of suspicion among them. To elaborate, possibility of doubts about the provider's integrity is high even if he/she is honest and sincere.

Therefore, integrity of the service provider should be convincingly high.

Generally, there is a tendency to exploit ignorant people and service providers might find it easy. But such shortcut methods are short-living. Basically, services involve a great deal of 'relationship marketing'. Obviously, no one would like to develop relationship with those whom they perceive as exploiters. Kotler (1994) stresses on the need for long term, trusting, win-win relationship with valued customers, distributors, dealers and suppliers. A service seller must sell confidence first and then services. While there is a higher possibility of exploitation in selling services, there is a higher need for integrity on the part of the providers for the benefit of the firm as well as the customer.

Quite often, selling services involve 'concept selling'. Credit cards, factoring services and health insurance are a few examples. In such cases service idea needs to be sold prior to actual service and for new services the effort of selling the idea (concept selling) is considerably high. For new services, concept selling is difficult yet important. Poor product knowledge about services leads to high estimation of risk by customers. In case the service seller does not act as a true friend, the business will lose relationship.

The question is how a service seller must practice relationship marketing to learn the art of selling services. Customers expect total satisfaction from services. Hence, most of the service sellers stress on delighting the customer. A guest in a hotel may be dissatisfied even if a minute lapse, such as the door attendant not wishing him/her, occurs in service delivery. Even if the entire service delivery was satisfying, a small service failure might spoil customer satisfaction. So a service seller

does not sell only the core value but the total package of satisfaction. Satisfaction is a cognitive state of being adequately rewarded in a purchase situation (Howard and Sheth, 1969). Thus, satisfaction is determined by the customer's perception.

### **Suggestive Selling**

Customer's confidence in service provider is fundamental to develop customer-provider relationship. Service providers must remember that 'hard sell' does not necessarily foster confidence. Therefore, to develop confidence, service sellers must shun 'hard selling' and practice 'suggestive selling'. The reality remains that no customer does business with any seller because the seller wants money but because the customer perceives value for his money. Satisfaction in case of tangibles is largely created in 'factory' but in case of services it is created in 'shop'.

Suggestive selling guides the customer from the state of ambiguity to clarity in identifying the need. It tries to satisfy the need only if there are facilities and competence with the provider. Under suggestive selling one prefers no sale to undue sale because loss of integrity is costlier than loss of sale.

For practicing suggestive selling, the provider needs to have role identity with the buyer. By role identity, it is meant that the provider must emotionally get absorbed in remedying the customer's problem. In other words for suggestive selling the service seller must ask a question "if I were in customer's place would I have bought the service".

Suggestive selling appears culturally congruent in Indian context. Our culture does not seem to accept too expressive behaviour as

authentic. Similarly customers tend to discount and suspect aggressive selling to a great extent as blowing one's own trumpet. This could be observed from the general suspicion towards advertising and personal selling too.

Basic requirements of suggestive selling are competence and customer orientation. Specifically, service providers need expertise to turn the customer's problems into specific needs. Customer orientation is necessary to develop positive attitudes towards customer's needs and sell the services only if they satisfy them. A customer depends on seller for both need identification and fulfillment. There are many instances to show that the doctors who suggested unwanted caesarean for making fast money had lost practice in the long run. Therefore, it is essential to practice suggestive selling for the benefit of customers and marketers.

The following steps are proposed to successfully practice suggestive selling.

#### **1. Role Identity with Customers :**

A service seller must place himself in the shoes of the customer and answer the question 'is the service appropriate and adequate'?

#### **2. Development of Competence :**

To define the need from the clues present in the problem, competence is necessary. This is the function of knowledge, skill and experience.

#### **3. Designing the Service ;**

Need definition is followed by service design and application. Designing the service needs facilities and competence especially for customisation.

#### 4. Ensuring Customer's Confidence :

In this context, confidence has two dimensions. One, the provider's confidence in satisfying customer's need and two, the customer's confidence in the provider's ability. While the provider's confidence is largely determined by competence, the customer's confidence depends on provider's communication skill, sincerity and positive word of mouth. The customer's confidence is important as it is a perception rather than reality. Customer's confidence is a function of his/her perception of provider's competence and integrity.

#### 5. Owing responsibility :

Service seller must own the responsibility of his/her performance and compensate the customer for losses, if any. For this, culture of giving value to customers, money is essential. Some of the professional services assure 'service guarantee' to their clients. For example, Times Guarantee assures minimum 14% rate of return and Kotak Mahindra 17% in their portfolio services on the client's investment failing which fees are not charged.

#### 6. After-service Service :

No doubt, 'zero defect service' would reduce the need for 'after-service service'. Wherever necessary it should be provided at no or negligible cost. Some doctors and lawyers follow the practice of pricing their service on the basis of benefits to customers rather than on the basis of labour involved. For example, a patient may not be charged for repeat consultations for same disease if it is not chronic.

#### Conclusion

Unlike tangibles, services have the inherent

constraint of inseparability from the provider. As a result, service evaluation necessarily involves the evaluation of provider as a person and marketer. Obviously, if customers rate a provider as insincere, incompetent and exploitative, they suspect the service quality too. Therefore, it is essential to market the provider as a person genuinely interested in the maximisation of customer satisfaction. In service selling, the provider of the service should have role identity with customers. Customer satisfaction is largely determined by real quality as well as perceived quality. The real quality is an outcome of integrity, competence and facilities. And perceived quality results when the real quality is rightly communicated and understood by the customers. Service quality which takes place in the customer provider interaction can improve only when the provider willingly strives for it.

In services, poor knowledge among customers leads to their high dependence on sellers. Ignorant customers may become easy target of exploitation. While it is easier to exploit customers in selling services, the need for not resorting to it is high. Suggestive selling proposes a better means to achieve customer satisfaction and to sustain confidence and relationship in the long run for organisational success. In services, the difference between marketing and selling is less than that in tangibles, as the core value is created through interaction. The tendency of service providers to draw generalisations from marketing of tangibles and to apply in selling services would prove disastrous. The distinction between selling and marketing is meagre in services. But the service seller may widen the gap leading to customer dissatisfaction and organisational failure. Therefore, suggestive selling is a mechanism to orient people more towards marketing while being on the job of selling.

## References

1. Chatterjee, Adite, "Morph Marketing", Business Today, April 22 - May 6, 1995, pp. 70-77.
2. Gronross, Christain, Service Management and Marketing, Lexington Books, Massachusetts, 1990, p. 27.
3. Kotler, Phillip, Marketing Management : Analysis, Planning, Implementation and Control, Prentice Hall of India, New Delhi, 1994, p. 11.
4. Levitt, Theodore, "Marketing Intangible Products and Products Intangibles", Harvard Business Review, May - June, 1991, pp. 94-102.
5. Manning, Gerald L. and Reece, Berry L., Selling Today : A Personnel Approach, Wm. C. Brown Publishers, Dubuque, Iowa, 1987, p.
6. Ramaswamy, V. S. and Namakumari, S., Marketing Management : Planning, Implementation and Control, The Indian Context, Macmillan India Limited, New Delhi, 1990, p. 159.
7. Verma, Harsh V., Marketing of Services : Strategies for Success, Global Business Press, New Delhi, 1993, p. 4.

---

Continued from Page No. 14

- |  |   |
|--|---|
| (6) Denesh Kumar - "Computerization in Government", Proceeding of 27th annual convention of CSI.   | (8) Merten, Micheal S. - "Strategy formulation methodologies and IT", Oxford University press, 1988.  |
| (7) Jayant P. - "Impact of information technology on productivity, training and management development : The Air India experience", Proceeding of 22nd annual convention of CSI, 1987. | (9) Shams K., Patel N. R. & Kaul M. - "Searching for a paddle : Trends in IT Applications in Asian Govt. Systems", Asia and Pacific Development Centre, Vol. 1, 2, 3, 1987. |