

DESIGNING AND PRICING SERVICES

Course Outline

While all four Ps are important in marketing services, the heart of the process is service offering design and pricing. If you get this right, good things are more likely to happen. This is also where companies struggle the most. We get more requests for help in these two areas than all others combined.

This two-day program takes the most important content from our Best Practices of Services Marketing class and our Best Practices of Service Pricing and combines them into a compact format that is very focused. The first day is all about designing a service. It will cover service contracts on hardware and software and also packaged professional services. It starts with the market research that should precede design, although it also covers what to do if your customer and competitive data is less than perfect. It then goes through a six step process of design. A real world simulation exercise allows participants to practice design in the class. If time allows, an exercise in naming the offerings will end this day.

The second day will be spent on pricing. It starts with understanding the effect of price on service buying behavior. Hahn Consulting has researched thousands of service buyers and the results of this research are shared with the class. Then the most common service pricing techniques are explained. Good applications of the techniques are described, as are Best and Worst Practices. The day ends with attendees pricing the offerings developed in simulations the day before.

Schedule and Agenda

A tentative agenda and schedule follow. Starting, ending, and lunch times are firm. Times for beginning and ending specific topics are approximate.

Agenda – Day One

- 8:30 Goals of Services
 - Service organization goals
 - Service offering goals
- Research Before Design
 - Customer Research
 - Competitive Research
 - Product Research
- 10:15 Break
- 10:30 Market Segmentation
 - Market Research and Segmentation
 - Common Service Segments
- Service Product Strategies
 - Designing Services: A Six Step Process
- 12:00 Lunch
- 1:00 Service Product Strategies (continued)
 - Designing Services: A Six Step Process (continued)
 - Designing Services to be Tangible
- 2:30 Break
- 2:45 Service Product Strategies (continued)
 - Packaging Services
 - Branding & Naming Services
- Class Exercise in Small Teams
- 4:30 End of Day One

Agenda – Day Two

- 8:30 Pricing Services and Buying Behavior
 - Service Price Elasticity
 - Service Price and Customer Satisfaction and Loyalty
- Service Pricing Techniques and Applications
 - Market-Based
 - Competition-Based
 - Percent of Product Pricing
- 10:15 Break
- 10:30 Service Pricing Techniques and Applications (continued)
 - Cost-Plus
 - Tiered
 - Contract Versus T&M Strategy
 - Platform Pricing
 - Price Banding
- 12:00 Lunch
- 1:00 Value-Based Pricing
 - Process
 - Tools
- 2:30 Break
- 2:45 Pricing Increases
 - Gross Margins
 - Discounting
 - Class Exercise in Small Teams
- 4:30 End of Seminar

Who Should Attend

Service marketers, service product managers, Directors of service marketing, and any service person responsible for developing or pricing services.

Our Presenter

Al Hahn has taught more people service marketing topics than anyone in the business. He is considered an expert in this domain. Al writes a column on service sales and marketing for S-Business, the magazine of the Association For Services Management International.