
Productization of Services



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ABSTRACT

The thesis was written as the bachelor's thesis of the author. It was commissioned by a company referred to as "the commissioning company" due to request by the said company. The thesis was commissioned as part of a larger productization effort of services by the commissioning company to evaluate the success of the productization of their services.

The objectives of the thesis were to research, analyze and evaluate the key factors of a successful productization of services and its effects on sales efficiency. Moreover, the thesis aspired to evaluate the success of productization effort of the commissioning company by analyzing its effects on the efficiency of sales of the commissioning company. Furthermore, based on the evaluations the thesis aimed to provide relevant information on how to improve the state of the productization of service, and therefore the efficiency of sales of the commissioning company in their future efforts.

The theory examined in the thesis includes service marketing and its challenges in comparison to product marketing in a business to business sales context, an introduction to sales process, as well as productization and its key methods and effects. In addition the thesis utilized statistical data of the sales of the commissioning company as well as an interview conducted on their sales team.

An analysis was conducted on the efficiency of sales before and after the productization effort and the causes were evaluated. Main results were that the commissioning company succeeded in increasing the efficiency of its sales through productization primarily by decreasing the time of its sales process by streamlining and standardizing its internal processes such as document and offer generation.

Lastly the thesis recommended that the commissioning company could implement service packaging to increase its sales efficiency even higher in its future efforts.

Keywords Productization, Services, Sales, Efficiency,

Pages 48 p.

TIIVISTELMÄ

Thesis on tilannut resurssienhallinta-alan yritys. Tilaus on osa suurempaa palveluiden tuotteistamisprojektia, jonka onnistumista thesiksen on tarkoitus tutkia ja arvioida.

Thesiksen taivotteena on tutkia, analysoida ja arvioida onnistuneen tuotteistamisprojektin syitä ja metodeita, sekä yleisesti- että tapauskohtaisesti tilanneen yrityksen kohdalla, minkä jälkeen thesis pyrkii tuottamaan ohjeita sekä neuvoja tuotteistamisen kehittämiseksi. Palveluiden tuotteistamisen onnistumista mitataan thesiksessä sen vaikutuksia myynnin tehokkuuteen verraten.

Teoriapohjana thesis tarkastelee palveluiden myyntiä sekä markkinointia, myyntiprosessia sekä niiden pohjalta johdettua palveluiden tuotteistusta ja sen ominaisuuksia ja vaikutuksia myynnin tehokkuuteen. Thesiksessä käytetään tilanneen yrityksen omia myyntitilastoja, sekä sen myynnin työryhmälle tehtyä haastattelua.

Thesis analysoi tilanneen yrityksen myynnin tehokkuutta tilasto pohjalta sekä haastattelua tukena käyttäen, ennen ja jälkee palveluiden tuotteistamisprosessin. Vertailun ja sen jälkeisen analyysin tuloksena todetaan, että tilannut yritys on onnistunut parantamaan myynnin tehokkuutta palveluiden tuotteistamista hyödyntäen etenkin myyntiin käytetyn ajan kuluessa. Tähän syiksi on arvioitu sisäisten palveluprosessien sekä asiakirjojen ja tarjousten yhdenmukaistaminen.

Lopuksi edellämainittuja arvioita hyväksikäyttäen thesis suosittelee että yritys hyödyntäisi tuotteiden paketoitua kehittäkseen palveluiden tuotteistusta, sekä sitä kautta myynnin tehokkuutta tulevaisuudessa.

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1 INTRODUCTION

The identity of the commissioning company will be kept a secret and will be referred to as “the commissioning company” for all purposes in the following thesis.

The thesis examines productization in context with service marketing from a business to business sales oriented perspective, and its consequent effects, it is based on the productization development efforts of the commissioning company in its efforts to increase the efficiency of its sales. As such, this thesis focuses on the processes and key factors involved in successful productization of services and its effects on sales efficiency. Moreover, it aims to explain and examine key concepts related to productization as well as defining and examining productization itself, and to examine the relevant benefits of productization and how its successful utilization can be used to increase sales efficiency and what are the most important factors influencing it. In short the research question is defined as follows: How does productization affect sales efficiency?

The commissioning company is a medium sized international resource management company providing digital solutions for asset and resource management as well as staff leasing services.

The commissioning company has evaluated that the current state of its productized services is not sufficient and that further development of productization is needed to increase the efficiency of its sales. For these purposes the company has hired an external consultant, which from the request of the commissioning company will remain unnamed and will be referred to as the external consultant for the purposes of this thesis. Furthermore, the commissioning company has commissioned the author of this thesis with researching, analysing and evaluating the success of its productization development efforts by examining the effect it has on sales efficiency through a comparative data analysis as well as qualitative research.

Productization of services is a widely utilized method that strives to apply benefits of tangible products to intangible services, acquired benefits include more stable service quality due to standardized procedures and practices which also leads to better predictability of production time and costs. Additionally a productized service benefits from added simplicity and more importantly reduced feeling of risk for the customer which benefits especially sales. As such productization is a widely popular method which many service providers all around the world have successfully utilized to increase their profit margins. Moreover, due to the obvious effect of its popularity on competition, successful productization of services is more often than not a key feature of a competitive service company and may additionally serve as an important competitive advantage and an opportunity for market differentiation that separates it from the rest of its competitors. Successful productization includes multiple components, and as

such discovering the methods which lead to the most effective outcomes can be difficult therefore, this thesis aspires to find out which methods have the most effective results, and how productization generally affects sales, and seeks to provide relevant information on successful productization of services that the commissioning company can then utilize to evaluate the success of its productization efforts.

The main objective of this thesis focuses on how the productization of services affect the sales efficiency of the said services and what are the key factors in successful productization. The thesis sets to examine, research and analyse the success and effectiveness of productization efforts of the commissioning company by comparing data of sales success rates and time utilized inside the company before and after the productization development effort and trying to find correlation between increased sales efficiency and productization. Moreover, qualitative research is utilized to examine the perceptions of the company staff on their perceived success of the productization development effort. The thesis aspires to provide visible and relevant evidence of the effects of productization for the commissioning company that can be applied to evaluate the overall value of such a process and whether or not the company has indeed succeeded in its productization efforts, and has the productization been worth the investment.

The thesis examines the effects of productization on sales efficiency on a more general level as even though multiple different aspects of productization are examined it is not purposeful to estimate the effects every single part of productization to the efficiency of sales. As such the thesis will examine the most relevant components, due to correlation focusing solely on the overall effect of productization on sales efficiency and success rate moreover, the thesis attempts to focus solely on the factors leading to successful productization and will not examine every single factor. Summer months are generally less intensive in activity for most companies as most of the company vacations are held at this time, however this usually means increased activity for resource management companies which try to find substitutes for employees on vacation for their customers. In spite of this not all the effects of seasonal changes can be predicted or measured as the commissioning company is in the process of rapid growth and the numbers from previous years are not comparative as a result. Moreover, other unforeseen factors that might influence the sales efficiency of the commissioning company might arise and while this thesis aspires to acknowledge any such major events globally, in the market or inside the company their true effects on sales efficiency are hard to predict. In addition, as the thesis does not focus on competitor analysis a topic that is suitable for a thesis of its own, the effects of competitors and other influences in the market might be like wise acknowledged but not thoroughly analysed.

Lastly as the identity of the commissioning company is kept a secret the numbers and the data provided and utilized in the thesis are representative but are not the exact numbers derived from the company customer relation management tool.

1.1 Methods

The primary research method used in this thesis is a comparative data analysis of data collected from the company customer relationship management tool and comparing it prior and after the productization development has taken place and examining which areas of sales have been affected and how much and in which way.

The commissioning company utilizes a customer relationship management tool for managing and monitoring ongoing deals with customers through the whole sales process. The said tool divides the sales process into 10 stages each representing a different stage in the sales process. Moreover the customer relationship management tool provides the data on the sales of the commissioning company which will be utilized in the analysis. The said tool and the stages will be described further in the research chapter of this thesis.

This thesis aims to examine what are the average changes in each stage of the sales process. The average time of days it takes for a sales process to convert to the next stage or gets discarded, this is then compared prior and after to estimate the change in the average time it takes to move from one stage of the sales process to another. The presumption is that the productization should speed up the sales process especially in the parts of process that require tailoring of products to customer needs mostly in the middle stages of the process.

The average deal conversion rate is also examined and compared in the very same manner. The average deal conversion rate from each stage of the sales process and the average deal conversion rate overall which is then compared prior and after productization to see the average change in the deal conversion rate. The thesis write presumes that productization will have most impact especially on this area and should have a considerable positive effect on the overall conversion rate of sales.

As the actual change in sales efficiency cannot be deduced from the two previous factors alone, for example, both the average time and average conversion rate could go up resulting in no actual change to sales efficiency and therefore profit, as such actual change in sales efficiency has to be calculated as well. To examine the actual change in sales efficiency the sales efficiency is calculated as a division of average time prior to productization with the average conversion rate prior to productization. Rate is then compared to the ratio of average time and average conversion rate after productization, from which and average increase in sales efficiency can be seen and examined. The increase is the calculated separately for each stage in the sales process to examine how productization has affected and what is the increase or possible decrease in efficiency in each stage. Lastly the average monetary value and value conversion are to be examined, to deduce how much money has been made, and whether there is an increase.

The secondary method used in this thesis is a qualitative interview conducted on the sales representatives of the commissioning company. The interview aspires to chart what relevant changes the productization has had on the sales process. The interviewees are asked to describe how they perceive productization has changed the sales process, which areas have developed positively, what is now more challenging. Moreover, the interviewees are inquired what components they perceive are the positive effects of productization on sales and what they would like to improve. As a qualitative research method, the aim of the interview is thus to examine the effects of productization on a more detailed and personal level and to offer an in-depth look into the immediate effects on the sales process, and thus provide an alternative viewpoint for the otherwise statistics oriented research.

All in all usage of two methods should provide sufficient amount of relevant data that is both precise and broad enough to demonstrate visible evidence of the effects productization has on sales efficiency, and presumably prove that the effect is indeed a positive one, and that it is considerable enough that the company utilizing productization can expect increased profitability and competitiveness.

2 THEORY

2.1 Service Marketing

2.1.1 Services Compared to Products in a Marketing Context

Traditionally in the field of marketing there exists a profound division of products and services. In some classification services fall under intangible products, products in a marketing context refer to any physically tangible merchandise or digital goods opposed to services which are intangible. Services are generally separated from products by intangibility, perishability, simultaneous production and consumption, inability to be tried out and variability or uniqueness of experience, as such marketing, production and providing services differs from that of products. (Kotler, P., Armstrong, G., Brown, L., and Adam, S. 2006) (Blythe, J. 2012) (Wilson, A., Zeithaml, V., Bitner, M. and Dwayne, D. 2012).

Intangibility refers to lack of physical tangible or touchable form, while many services might include physical objects, the key benefits of services are more usually than not untouchable, for example, “an insurance policy is more than the paper it is written on; the key benefit (peace of mind) cannot be touched” (Blythe, J. 2012, p. 261, Table 11.1), while in some cases the outcome of the service might be physical in nature such as a haircut, or car maintenance, the majority of the service process and partly the benefit stays in untouchable form.

Moreover, services are perishable, this means that services are time and space specific and will perish after production, and unlike most physical products services cannot be stockpiled or produced in advance. (Blythe, J. 2012) Due to this it is also virtually impossible to try out a service without already fully benefiting from it. However, there are some creative and popular ways in which trying out a service can be utilized, such as offering the first time for free, although in such a situation the provider is still paying full production cost and hopes to regain the value in later purchases.

As previously stated services are time and space specific, and indeed for a service “production and consumption often occur virtually at the same time” (Blythe, J. 2012, p. 261, Table 11.1). And as such, in many cases customer has to be present and is part of the production process of a service. For example, a massage therapy is mostly enjoyed in the process and the customer must be present for this to happen, although it might also leave a reflexed feeling to the customer and thus some of the consumption continues even after the service has been conducted, moreover as much as the customer has to be present in the production of the product so does the servicing staff, and while production of many products can be performed by machines, most services are performed largely by humans, therefore the importance of well trained and experienced staff in the service production is higher than in the production of physical products. Although with the case of digital and mechanical services, such as an automated car wash, the service can be conducted either by the customer themselves or by a specialised machine and as such staff is not required to conduct the service itself but are limited to maintenance and support roles (Störm, Roger, and Martin Vendel. 2015)

Lastly services are subject to variability even when supplied by the same service provider, as many variables are present in the production process of a service, such as the mood and personality of the servicing staff as well as the customer being served, and as such no two services are ever alike even when conducted by the same service provider or even the same set of servicing staff.

Having said all that, in many cases the difference between a product and a service in a marketing context may still prove negligible for some marketing professionals, if one thinks of a product through the benefits it provides. The actual benefit between a product and a service might not differ all that much, and indeed many sought out benefits and consumer needs can be satisfied by both a service and a product moreover, in the present day most physical goods contain parts of a service and the other way around, and thus the line between a product and service is less clear than what one might assume, and purely physical products or purely service merchandise are indeed increasingly rare these days. (Blythe, J. 2012. p. 260)

2.1.2 Services and Consumer Behaviour

Inherently as services function differently in a consumer behaviour context, due to the fact that they differ from physical products. The most

prominent feature is the added risk that is attached to a service. This consequentially leads to an elevated importance of word-of-mouth marketing between consumers, as well as customer loyalty, which in turn means that a successful service outlet must pay increased attention to the service process. All in all as a service requires higher involvement from a customer and thus results in more interaction between the provider and the customer, providing services requires more concentration on customer relationships on the part of the service provider than the production or marketing of a physical product. (Wilson, A., Zeithaml, V., Bitner, M. and Dwayne, D. 2012. p. 26).

Purchase of a service is slightly different process from that of a product. Firstly, as previously stated, consumption and production of a service happen virtually at the same time, as does most of the evaluation as customers often decide on the service quality while the service is still being conducted. This creates a risk for the provider as most services are paid after the evaluation (Blythe, J. 2012. p. 262).

Due to its specific characteristics, a service always inherently carries more risks to the customer. Moreover, faults in physical products can be easily identified and returning of a physical product is in most cases fairly easy. However, unless the service is missing critical features or fails to occur entirely it is much more difficult to point out faults that would be relevant enough to result in a full compensation.

Additionally, many services may result in consequential losses, that arise from either a poorly conducted service or due to the nature of the service and the environmental odds stacked against it “For example, a poorly handled legal case could result in the loss of thousands of pounds or even loss of liberty in a criminal case” (Blythe, J. 2012 p. 262). In such a case providing and properly handling compensation is vital part of successfully providing a service.

Also misunderstanding what a service includes or how it is conducted is more common when providing services than physical goods, inherently because services cannot be tried out, but also because the function of a physical product can in many cases be deduced on its appearance alone, a benefit that services often lack.

The high risks involved in purchasing a service also results in increased importance of customer loyalty, as in many service sectors customers prefer to stay loyal to one service provider over others, mainly once again to reduce risks as the customers are familiar with the providers procedures and know what to expect, and so can better avoid the previously mentioned complications such as misunderstanding, the previous holds true especially in personal services, such as a psychologist or a plumber (Blythe, J. 2012).

All of this results in consumers generally utilizing more time on choosing the most seemingly competitive and competent service, and gathering and analysing more information when doing so than when selecting a physical

product. This generally results in an increased emphasis on word-of-mouth marketing, as consumers will often ask their friends and relatives for opinions when choosing a service provider. As such the experiences of previous customers have an impact on an image of a service provider, and thus as previously stated a service provider must pay careful attention all the aspects of the experience it provides. (Blythe, J. 2012) (Wirtz, J., Chew, P., Lovelock, C. 2012)

2.1.3 Providing services

Providing services has a clear process oriented focus, as due to the high involvement of the customer in the production of a service, the process is as important as the end result. A service process can require a wide array of assets and resources from the provider, the number of which vary according to the complexity and divergence of the service. However in the end the service quality is the simple equation of expectations and the provider's ability to meet them.

Service process refers to the process of creating value from available resources. The main difference between the process of producing a physical product and an intangible service is that in a service process the customer is present almost the entire said process and thus is an important part of producing a service, and as previously mentioned the process should have as equal importance when providing a service as the outcome as a result.

According to the 5th edition of *Essentials of marketing* (Blythe, J. 2012) the basic resources combined by a service process are: basic assets, explicit and tacit knowledge and procedure. Basic assets refer to any tangible assets needed to produce the service, as well as intangible ones such as company reputation. Explicit knowledge is any recordable knowledge such as intellectual property. Tacit knowledge refers to the knowledge obtained by the employees of the company such as training, education, experience and so forth, and finally procedure is the set actions bringing all the previously mentioned resources together and thus creating value for the consumer.

Having said all that a service process consists not only of the main process conducted during sales but also of activities during and after the sales process, these include well informed and supportive employees that can provide the necessary information for the service to be conducted, as well as making sure that the customer is satisfied with the conducted service after it is done. Information gathered from the customer can prove valuable in future development of the service and related processes.

One of the previously mentioned distinct qualities of a service was the variability of each experience due to related variables such as staff and customer mood to seemingly unrelated ones discussed further in the part examining effects of the halo effect on service packaging, and as such the same service from the same service provider can be a different experience to different customers and even to the same customer across different service occasions, this is called divergence. Generally speaking divergence is

an undesirable phenomenon, since it introduces added unpredictability, which in turn makes difficult to calculate factors such as costs, time and service quality, making it harder to predict key aspects such as profitability of a service outlet, as such reducing divergence is generally favourable and will reduce costs and improve distribution and production, as the company can concentrate its resources. However in some cases a high divergence can be a competitive advantage of the service provider, as higher divergence increases customization and can meet specific and tailored customer needs more effectively, however such services will often come with high production costs and result in much higher prices.

Complexity in a service context refers to how many different assets and factors are needed in producing a service. Blythe gives an example in the form of a highly complex airline ticket which requires many different processes and companies to be successfully conducted from the beginning to the end, whereas a hair dressing service is fairly low in complexity, as it is to large extent conducted by a single employee. (Blythe, J. 2012).

While the production of physical goods can be largely automated and performed by machines, most services rely heavily on staff, as such training and experience of staff is more relevant to the overall quality of a service moreover, due to simultaneous consumption and production customer and service staff are both involved with each other in the production process, and as such other factors such as the personality and even appearance of the servicing staff have impact on the service quality

The 5th edition of *Essentials of marketing* defines service quality as “...the ability of the organization to meet or exceed customer expectations” (Blythe, J. 2012 p. 272). According to this it is seemingly simple to estimate service quality, however charting or influencing customer expectations is far from simple. In most cases customers base their expectations on previous experiences from either the same service provider or its competitors, and in some cases similar products and services or ones that offer the same benefits. As such increasing service quality requires extensive market research and good communication between the customer and the service provider as to reduce information gaps between the expectations of each group.

Lastly as services are inherently intangible, the customer rarely is left with physical evidence that the service was indeed conducted. Sometimes physical evidence such as a record is required to prove a third party that the service took place, such as a medical certificate, and as such the physical evidence is an integral part of the value provided by the service process. In some cases the benefits of the service are physical in nature such as car repair or a cleaning service and in such cases physical evidence is not required. However in other cases providing physical evidence is a means of marketing or increasing the service quality, such include giveaways, certificates of authenticity or visually pleasing package of informative frequent flyers. This kind of physical evidence helps the customer to remember the service experience and increases the feeling that they have gained additional long-term value.

All in all services and products from a marketing stand point do not differ all that much, however providing a service is a complicated set of processes, a guiding line through which is the customer oriented approach and the involvement of the customer through the whole production process of the service, and as such a successful service provider is considered to be the one that can meet or exceed the customer expectations, while retaining profitability.

2.1.4 Service Marketing in Conclusion

In conclusion while services inherently differ from products by their distinct characteristics of intangibility, simultaneous consumption and production, perishability and variability, from a marketing stand point their real differences come in the added risk to both provider and consumer which results in the importance of word-of-mouth marketing, process and customer oriented production and increased importance of customer relationships, Finally the quality of a service requires both market research and charting customer needs and expectations. For all intents and purposes a successful service provision requires all the aspects of the marketing mix (Blythe, J. 2012 p. 278).

2.2 Sales

Sales refers to the act and processes related to selling of products and services, tangible or intangible, to a third party with the intention of making profit. As a definition, sales is doing business in its purest and most primitive form, because only through selling and buying in one form or the other is business and therefore profit made. While sales can take many forms. this thesis focuses on the so called professional salesmanship and more over business to business sales, which refers to the sales conducted between businesses anywhere from small to large, by hired specialised sales staff whose primary function is the sales of products and services, mostly through the means known as personal selling, which refers to a form of sales where the sales staff is personally involved with the customer. (Roth, Charles. 1949) (Chunawalla, S, A. 2009) (Futrell, C. 2003).

2.2.1 Sales Process

In professional salesmanship the whole process of the sales from defining and contacting the potential customer to closing of the deal and delivery of the product or service is referred to as the sales process Sales process can take anywhere from a few minutes to years of sales negotiations. In professional salesmanship the concept of sales process is often used to train and improve the sales personnel as dividing the sales process into stages makes it easier to improve those areas to attain better sales success. In business to business sales the sales process is often divided into a number of stages. (Roth, Charles. 1949) (Chunawalla, S, A. 2009) (Futrell, C. 2003).

First stage is sometimes called prospecting, or the search of potential customers based on the company's target market.

Second stage is usually first contact with the customer, depending on the scope of the product or service being sold this stage can include the first form of sales negotiations however, in the case of large product or service entities, where long term customer relationships are more important, it usually serves as an introduction of the sales person and the company he or she is representing.

Middle stages of the sales process involve the primary sales negotiations themselves as well as requesting and presenting offers and proposals of the final deal. In short the actual selling takes place in the middle stages of the sales process.

Final stage of the sales process is referred to as closing the deal, or simply closing. During this stage the sales person finalizes the deal with the customer and the product or service is usually considered sold from this point in a sales context. After closing the delivery of the product or service as well as any legal- and other formalities are conducted.

All in all, the length and complexity of a sales process depends largely on the product or service being sold, and as such can include more stages. However, the previously mentioned stages examine rough outline on how sales are conducted on a general business to business context.

2.3 Productization of Services

The term productization refers to the act of applying features commonly perceived as characteristics of tangible products to intangible merchandise such as services or intellectual property or in other words making them more product-like. This can be done in order to benefit from the favourable characteristics of the said tangible products, This can be achieved with the standardization of service processes which result in stable value, easy copiability, predictability of production costs and time and moreover, decreased divergence, and therefore lower production costs, and through service packaging resulting in reduced feeling of risks involved with the purchase of a service and additional differentiation opportunities, which in turn are considered as advantages in marketing and sales situations. (Apunen, A., and Parantainen, J. 2014)

2.3.1 Standardization of Service Processes

One of the first steps of the productization of services is the standardization of service processes, this is done to decrease divergence of the production processes of a service, which in turn will lead to reduced costs and increased predictability of the process, allowing the service provider to better calculate profitability and time it takes to provide the service, which

in turn can affect service quality, more over standardized processes result in easier copying of a service, which offers the opportunity for licencing and franchising the service.

Standardization refers to making the service processes and content of the service standard, this means that all the procedures related to providing and producing the service should follow a documented standard pattern that stays the same every time it is applied. Developing an effective pattern that can be applied and functions in every situation is often a lengthy process of trial and error and requires considerable amounts of thorough planning and sufficient field testing. Moreover, standardization also requires careful documentation of procedures so they can be applied regardless of the staff or provider conducting them.

Having a set of well standardized service procedures has multiple benefits. Firstly, successful standardization will result in a lowered divergence, which introduces a more stable quality of service, moreover lowered divergence and standardized procedures also lead to more stable and effective timeframes which in turn lead to easily predictable costs and therefore the service can be priced accordingly. This has a number of advantages, firstly predictable costs allow a company to better calculate their profit margins, and secondly this allows for a pricing that is suitable to both the customer and the service provider, which in turn can be a major advantage in sales where providing clear numbers will reduce the feeling of risk the potential customer usually has when purchasing a service, which is the case when providing profit or efficiency increasing services such as consultation in a business-to-business sales situation. Moreover lowered divergence in the service procedures will reduce costs as the company can concentrate its resources and thus reduce the number of different assets it would need to have available for specific tasks that might arise in service processes with higher divergence, such as the training and experience required for the staff to provide the service moreover, if the procedure is always more or less the same even the front line employees can provide the service without constant supervision, as they can always follow the set line of procedures instead of consulting the management every time a new variable arises. In addition, a well standardized service is also subject to much easier copyability. Due to standardized and documented procedures, a standardized service can always be exported to another service provider, and as such standardization also offers an opportunity for licensing and franchising. (Apunen, A., and Parantainen, J. 2014)

As important as it is to standardize procedures it is also vital to follow the given standards, as such standardization requires process orientation and commitment to procedures and standards, without of which the benefits of standardization cannot be fully realized. Of course each standard and procedure requires careful evaluation during the development process, as it is unwise to follow ineffective or useless standards that do not create value or are not vital or cost effective compared to their created value.

All in all standardization of services offers multiple benefits from reduced divergence of the service procedures, resulting in reduced cost and intro-

ducing added predictability which benefits both the customer and the service provider as well as reducing the feeling of risks often associated with the purchase of a service, However standardization will often require lengthy development to achieve its full potential as the production processes must be field tested and honed to result in processes that can realistically live up to the given standards.

2.3.2 Service Packaging

Packaging defined by *American Heritage® Dictionary of the English Language, Fifth Edition*. Is “The manner in which something, such as a proposal or product, or someone, such as a candidate or author, is presented to the public” (*The Free Dictionary*. 2016)

Successful productization requires careful packaging, whereas standardization is about creating standard production procedures and reducing the divergence of a service procedure, packaging is the act of making standardized and clearly defined offers to the customer. This can be achieved by labelling the service as a package, listing and defining features and what is included in the service, restricting the number of choices, as well as providing optional services and physical evidence.

According to Apunen and Partanen in *Tuotteistajan taskuraamattu* clearly listing all the features a service offer includes and labelling them as a package is the first step in service packaging. The objective in a successful service packaging should be simplicity and transparency as the packaging is done first and foremost to make more easily comprehensible and measurable offers to the customer in order to reduce the feeling of risk. If a customer is able to comprehend what is included and what is not included in an offer, what it costs and is able to easily compare it to offers made by competitors, the feeling of risk the customer takes is greatly reduced, this in turn can be a major competitive advantage for a service provider, as generally a higher risk is considered one of the key aspects when comparing service provision to that of physical products. (Apunen, A., and Parantainen, J. 2014) (Wilson, A., Zeithaml, V., Bitner, M. and Dwayne, D. 2012. p. 26).

According to S.T. Lee Professor of Business Sheena Iyengar the number of choices one can process any given time is between seven and six, and that anymore choices will confuse and indeed reduce the willingness to choose (Iyengar, S, and Heinämäki, M. 2011). If the former is true it could be considered counterproductive to offer the customer more than six choices, as such it is generally advisable when packaging services to limit the number of service packages themselves and the optional choices inside those packages to a maximum number of six.

Multiple researches have concluded that when a patient gets to participate in the decisions of the medical operations conducted on them, they feel generally more satisfied with them, this also holds through even when the decisions ultimately lead to the same end result. As such the number and range of offers can be used to steer the customer to choose one of the of-

fers over another, often referred in sales training as illusion of choice, for example, giving an option of three different packages, from which the cheapest and the most expensive ones are there to merely make the middle one seem like the rational choice as it seemingly offers the most value, the customer will get the satisfaction of having chosen themselves while the choice is usually the one meant to be chosen. (Mills, R.T. and Krantz, D.S. 1979)

A Tailored service is the virtual opposite of a standardized service package. The benefit of which is that it can be tailored to suit the customer need exactly, however like previously mentioned such services have a high divergence and as such usually involve much higher production costs and time than a well productized service. One way of adding more flexibility to a productized service is by adding optional extra features that can be chosen by the customer for and added price, this allows to keep the standardized procedures and clear packaging along with low divergence, lower production costs and higher predictability, but also offers much needed flexibility and helps to meet the customer needs more accordingly. Again the previously mentioned rules of choice and illusion of choice can be used accordingly. (Apunen, A., and Parantainen, J. 2014)

In their publication *Dollarisaatio* Apunen and Ketola discuss productization and packaging of services from a business to business view point, their main point is that giving a monetary value to virtually everything included in a service package can be an effective way of adding more perceived value to an offer as well as to once again reduce risk, as such providing numbers and predictions can be an effective way of service packaging especially in the fore mentioned business to business sales. Moreover, instead of charging by the hour giving a single set price for a service package and provided extras is once again a way to increase predictability and reduce risks both in business to business as well as business to consumer situations.

In *Tuotteistajan taskuraamattu* Apunen and Parantainen discuss ways one can utilize the so called Halo effect in productization of a service. First discovered and named so by the United States psychologist Edward Thorndike, the halo effect refers to a characteristic in human perception where it is difficult for a person to distinguish distinct characteristics from the overall impression, and so seemingly unrelated factors can influence our perception of the characteristics of an object or a person. During his research in the First World War Thorndike discovered that officers would evaluate handsome and well postured soldiers as better shooters, even though statistic wise there was no true correlation between a soldier's marksmanship and external appearance. While Thorndike's research is anything but recent, multiple more recent researches referred to by Apunen and Parantainen suggest that factors such as the color of one's shirt are enough to decisively change people's presumptions about a person's personality and competence. (Apunen, A. and Parantainen, J. 2014 p. 14) It can be deducted from this that the halo effect has effect on almost everything and everyone, ranging from evaluating the performance of soldiers to businessmen, to thesis writers as well as products, premises and so

forth. It goes without saying that if the previous is true as the researchers suggest, there are also ways to utilize the halo effect in productization and service packaging, however, Apunen and Parantainen state that in most cases the halo effect is subconscious, and while most people deny its effects, especially on themselves it affects all people consistently, and as such while it can be utilized in making offers seem more attractive to customer, it also has its effects on the representative making the offer and as such caution is advised when making presumptions about the customer as well. (Apunen, A. and Parantainen, J. 2014 p. 21) (Rosenzweig, P. 2007)

Correct pricing of a service package is a relevant part of successful productization, firstly one has to cover all the necessary costs involved in providing the service, and secondly the price of the service package should be competitive. However Apunen and Parantainen suggest that due to the Halo effect one should not price the service too low either, since the common presumption is that good services are often also expensive. According to the research conducted by Baba, Carmon, and Ariely consumers perceive more expensive service or product as being of better quality than cheaper ones, even when the product or service is exactly the same (Shiv, B., Carmon, Z. and Ariely, D.), for this it is not suggested that one should use price competitiveness unless it is the main competitive advantage, moreover as previously stated having a single set priced for the whole package instead of charging by the hour increases predictability, and furthermore reduces the perceived risk the customer is taking and as such can make the package seem more attractive than the unpredictable one.

Lastly as stated earlier providing physical evidence can add a much needed feel of tangibility to the otherwise inherently intangible service. Apunen and Parantainen suggest that providing a physical package along with the non-physical service is a good way to increase the customers' sense of gained value for their money, and reduce the sense of risk the customer feels they are taking, and as their research on the halo effect suggest the heavier the package the more value the customer thinks they are receiving. (Apunen, A. and Parantainen, J. 2014 p. 14) It could also be deducted that due to the halo effect also the appearance and design of the package has an effect on the perceived value, furthermore this holds true to any other physical evidence provided, and as such it is advisable to evaluate the appearance and overall impression given by all relevant and even seemingly irrelevant components of the service package.

Service packaging is a vital part of productization of a service, and aims to create clear and tangible offers for a customer in order to reduce risk through clearly listing service features, giving a set price, providing the customer some choice over what the package includes and providing physical evidence.

2.3.3 Effects of Productization on Sales and Marketing in a Business to Business Context

As stated earlier productization offers a number of benefits ranging from lowered divergence and production costs to higher predictability and easi-

er copyability, in addition to these production related benefits productization offers multiple benefits to sales and marketing of a service, these include reduced risk through comparability and simplicity as well as offering additional opportunities of differentiation.

Inherently due to their intangible nature, simultaneous consumption and production and perishability purchasing services involves higher risks than the purchase of physical products, as productization aspires to apply the benefits of physical products to intangible service, a major component and objective of productization is reducing the mentioned risks, this can be accomplished firstly by standardization of service procedures resulting in more predictable production procedures and then further providing clear, comprehensible and comparable numbers and set list of features, as well as a set price in form of service packaging, where a customer can easily estimate costs and therefore the value of an offer as well as to compare it to the respective ones given by the competitors. This gives the customer greater assurance that their investment in service is not wasted. Moreover, in many business to business situations where negotiating representatives have their entire career on the line, a reduced risk can be a major competitive advantage, and will make the offer more attractive compared to ones that offer more risks, as such reduced risk is a clear benefit in sales and marketing.

Differentiation, as suggested by Chamberlin is the set of processes in making products or services distinct from other products and services of the same kind, and to moreover make them more attractive to certain target markets. As such differentiation involves distinguishing the products and services of a company from those of the competitors', as well as the ones provided by the company itself. Differentiation is considered beneficial as being different is considered to reduce competition. Productization offers additional opportunities for differentiation in form of offering service packages with unique set of features or by concentrating on particular service procedures and making promises involving them, for example, being able to deliver the service in a set amount of time. Moreover, these processes are quite simple to conduct, as such the differentiation opportunities provided by productization can be considered benefits in sales and marketing. (Chamberlin, E. 1962)

To conclude in addition to the benefits of production, successful productization has a number of benefits in sales and marketing context as well. Many benefits ultimately result in reducing the perceived higher risk inherently involved with the purchase of services, as well as offering additional opportunities for differentiation in order to distinguish from competitors, both of which can be considered benefits in sales and marketing.

2.3.4 Challenges With Productization

While most of the theory material utilized in the wiring of the thesis discusses the benefits of productization, due to their instruction manual nature they do not evaluate productization on a critical level. However, a few challenges can be deduced from the material on service marketing pro-

vided by Blythe as well as Kotler, Armstrong, Brown and Adam. (Kotler, P., Armstrong, G., Brown, L., and Adam, S. 2006) (Blythe, J. 2012).

Firstly while in productization context tailored services are considered ineffective and costly in some cases the added customizability is the main competitive advantage of the provided, and while it might be costly and ineffective to produce some customers are willing to pay extra if it means they will get the service that suits them exactly, this is especially true in some luxury services such as tailoring of a suit for example moreover, some services might be invaluable for the operation of a company but so rare that they are rarely needed, such as the maintenance and repair of a specialized machine, while other services might be highly personal or the problems solved by the service would unique in nature, in which case productization would most likely alienate customers, such as services provided by a psychologist. (Blythe, J. 2012)

Secondly not all the services should be productized, in some cases services provided might be small in comparison and the problem unique enough that productization would serve little to no purposes, for example haircuts or the repair services of a shoemaker, a plumber, or other such craftsmen.

Finally, as with the previously mentioned services, productization might not be worthwhile in the cases where the operation period of the service period is short, or if for any other reason the resources available for the company are too limited for proper productization to take place, as the development and field testing of service procedures is a lengthy process of trial and error.

The effect of productization depends according to the size and location of the service provider, the nature of services provided as well as the target market of the services, in some cases customers seek custom tailored products, while in other cases productization would alienate the target market or is not profitable, however all together these services are niche cases and do not represent the majority of the service industry, and as such in most cases productization brings benefits to service providers.

3 RESEARCH

3.1 Company Customer Relationship Management Tool

The commissioning company utilized a customer relationships management tool to manage, monitor and record its service deals with its customers across the entire sales process. The customer relationship management tool allowed the user to assign deals to the sales representatives, who in the case of the commissioning company were the users, and thus in most cases assigned the deals they were responsible for by themselves. Additionally, deals were assigned a contact person, an estimated price and a stage. During the conduction of this research the commissioning company utilized 10 different stages representing different stages of the sales process. When a sales process progressed, the sales representative simply

moved the deal from one stage to the next, making any edits necessary. Finally, when a deal was either won or lost it was recorded along with all the other data and thus displayed in the subsequent statistics of the customer relationship management tool.

The commissioning company utilized the following stages:

1. To do
All companies that could have been potential customers were listed in this stage. The most suitable ones were selected and moved to the lead stage according to a number of criteria such as potential customer size, annual turnover, current projects and number of subcontractors. The commissioning company generally favored large customer companies with many subcontractors due to the nature of services it provided.
2. Lead
Potential deals with potential customers were listed in this stage, from here the sales representatives attempted to contact the potential customers. Moreover, the potential service to be sold was defined in this stage
3. Contact Made
A deal was moved to this stage after the initial contact was made with the potential customer. The initial contact was usually made either by email or by phone, and acted as a small introduction with the intent of arranging a follow up meeting.
4. Meeting Arranged
Deals were moved to this stage after a meeting had been arranged with the potential customer. In most cases the meeting was to act as an opening move to better introduce the commissioning company to the potential customer as well as to identify any potential needs of the customer might have to better define the service that could be sold.
5. Meeting Held
After the meeting was successfully conducted the deal was moved to this stage.
6. Opening Position
In case of staff leasing deals this stage was utilized when opening a position to which the leased staff would then be assigned to. This can be considered the first stage of internal processes to produce the service.
7. Searching Candidates
In case of staff leasing deals this stage was utilized when suitable candidates were actively being searched for the staff leasing deals.
8. Proposal Requested
The deal moved to this stage when a customer had requested a proposal on a service. The final price of the deal is usually settled at this stage. This stage began the internal process of producing a proposal or an offer.
9. Proposal Presented
After a proposal was presented to the customer the deal moved to this stage.
10. Negotiating

This stage was used when a deal moved to the final negotiations after the customer's initial response to the proposal presented by the commissioning company. Final negotiations usually involved negotiating on details of the deal as well as waiting for the customer's final response. In the cases where the customer requested another offer the deal was moved back to the Proposal requested stage.

11. Won/Lost

When a deal was considered either won or lost it moves to this stage. A deal can be lost at any stage, but it can be only being considered won when its implementation had begun.

3.2 Sales Process Statistical Data

The following statistics taken from the aforementioned customer relationship management tool, as displayed by the program in its statistics section that is used to collect data from all the previous and ongoing deals. As the program is operated by humans and the deals must be assigned manually. As a result, the statistics has an added human element to it due to inadequate or misleading recording of the deals, the author aspired to acknowledge any such shortcomings through observation of the sales process and its subsequent recording by the sales staff of the commissioning company.

3.2.1 The Productization Effort

The productization effort of the commissioning company was primarily conducted during the month of May in 2016. It focused on the productization of the commissioning company's two major services: The digital asset management solution and staff leasing services. It included standardization and streamlining the sales process, the tasks included the standardization and clarification of sales offers, legal- and other documents. Moreover, an external consultant was hired to evaluate and improve the productization of the services provided by the commissioning company.

Thesis focused on two time periods recorded in the statistics. First period ranged from the 1st of February of 2016 till the end of April of 2016 which was the period prior to the commissioning company's most recent productization effort. The second period ranged from the 1st of May of 2016 till the end of July of 2016 and thus represented the period after the productization effort.

3.2.2 Average Deal Value

Average deal value represented average monetary gross value in Euros paid by the customer of all deals won or lost during a time period regardless of their start date. As not all lost deals had been assigned a value, and thus having the value of zero, as this was due to inadequate recording by the sales staff, as deals lost early in the sales process were rarely assigned with an estimated value or were test deals for training the sales staff in the

utilization of the customer relationship management tool, the deals of zero value were not counted towards the average value of lost deals.

While the pricing of the digital solution services was standard regardless of the customer, the value of staff leasing deals was based both on the staff leased as high competence experts were generally more valuable and the length of the deal which varies greatly from deal to deal.

	Average deal value Won	Average deal value lost
First period	€34,069.07	€94,014.58
Second period	€39,180.11	€65,695.20
Change	€5,111.04	-€28,319.38

During the first period the average value of all won deals was €34,069.07. Whereas the average value of all lost deals was €94,014.58. During the second period the average value of all won deals was €39,180.11. Whereas the average value of lost deals was €65,695.20. The average value of won deals rose by €5,111.04 since the first period an increase of approximately 15% and the average value of deals lost decreased by €30,049.16.

3.2.3 Average Deal Time

Average deal time was the average time it took for a deal from when it was first assigned to when was is either considered won or loss. These statistics surveyed only the deals that were concluded as either won or loss during the either of the time periods. Deals that had been suspended in an indefinite period of inactivity were not included for they would have greatly offset the average time of lost deals, and moreover were not relevant for the analysis of these statistics, since rest of the data only examined won or lost deals and deals that were either inactive or in progress were not counted towards any of the statistics.

	Average time deal won (days)	Average time deal lost (days)
First period	38	86
Second period	28	87
Change	-10	1

During the first period the average time a deal was won was 38 days, and the average time a deal was lost was 86 days. During the second period the

average time a deal was won was 28 days and the average time a deal was lost was 87 days. Overall while there is no significant difference between the average times a deal was lost between the second and first period, the average time a deal was won decreased by 10 days.

3.2.4 Sales Efficiency

Sales efficiency represented the average value return on won deals per day. This was deducted by dividing average value of won deals with the average time of won deals.

	Sales efficiency
First period	€896.55/day
Second period	€1,399.28/day
Change	€502.73/day

During the first period the average value return per day for a won deal was €896.55. During the second period the average value return per day was €1,399.28. Won deals witnessed an increase of €502.73/day, or about 55% in efficiency since the first period, this was due to the increase of the average value of a deal won, and the decrease of average time in days of a deal won.

3.2.5 Deal Conversion Rate

Deal conversion referred to the percentage of deals that were converted from the start of the sales process from when they were first assigned by the sales staff, going through each stage of the sales process until considered either won or lost. For the purposes of this thesis deal conversion was examined as a percentage representing the amount of deals converted to a stage in relation to the total number of deals from the beginning. This was due to the fact that this form of display was more convenient in presenting and examining the sales process as a whole. Deal conversion was a valuable tool for the sales staff of the commissioning company since it allowed monitoring at which stage most of the deals were lost, after which it would have been possible to focus on improving those particular areas.

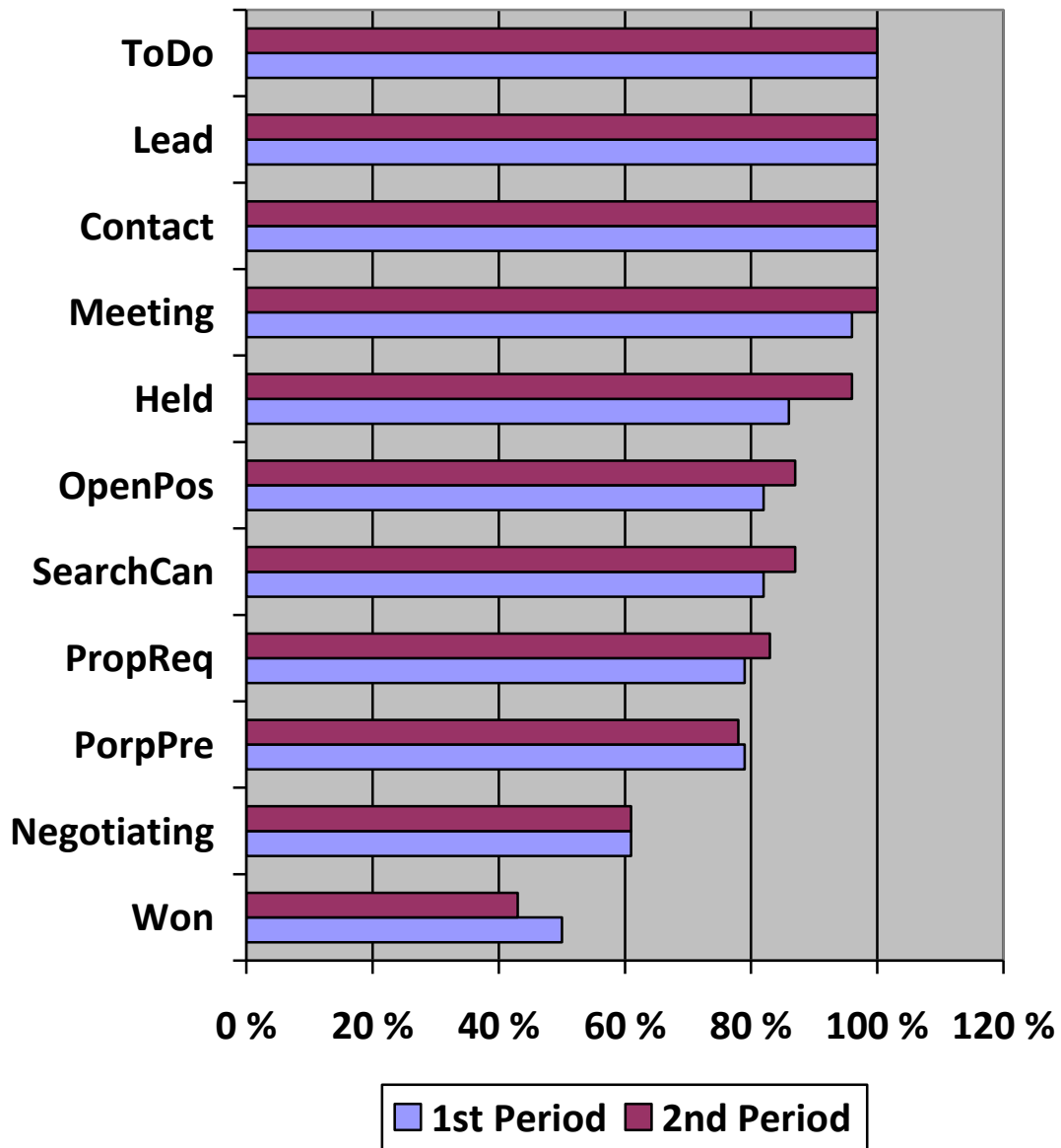
The conversion rates for each time period were as follows:

Deal conversion rate	1 st Period	2 nd Period
To do	100%	100%
Lead	100%	100%
Contact made	100%	100%
Meeting arranged	96%	100%
Meeting held	86%	96%
Opening position	82%	87%

Productization of Services

Searching candidates	82%	87%
Proposal requested	79%	83%
Proposal presented	79%	78%
Negotiating	61%	61%
Won	50%	43%

Deal conversion rate



In terms of conversion There was a slight change in middle parts of the sales process, with the second period having slightly higher conversion rates, however towards the end of the sales process the first period gains an advantage in terms of total deals won being 7% higher than the percentage of won deals in the second period, moreover the three first stages of sales process had 100% of the deals converted to these stages.

3.2.6 Value Conversion

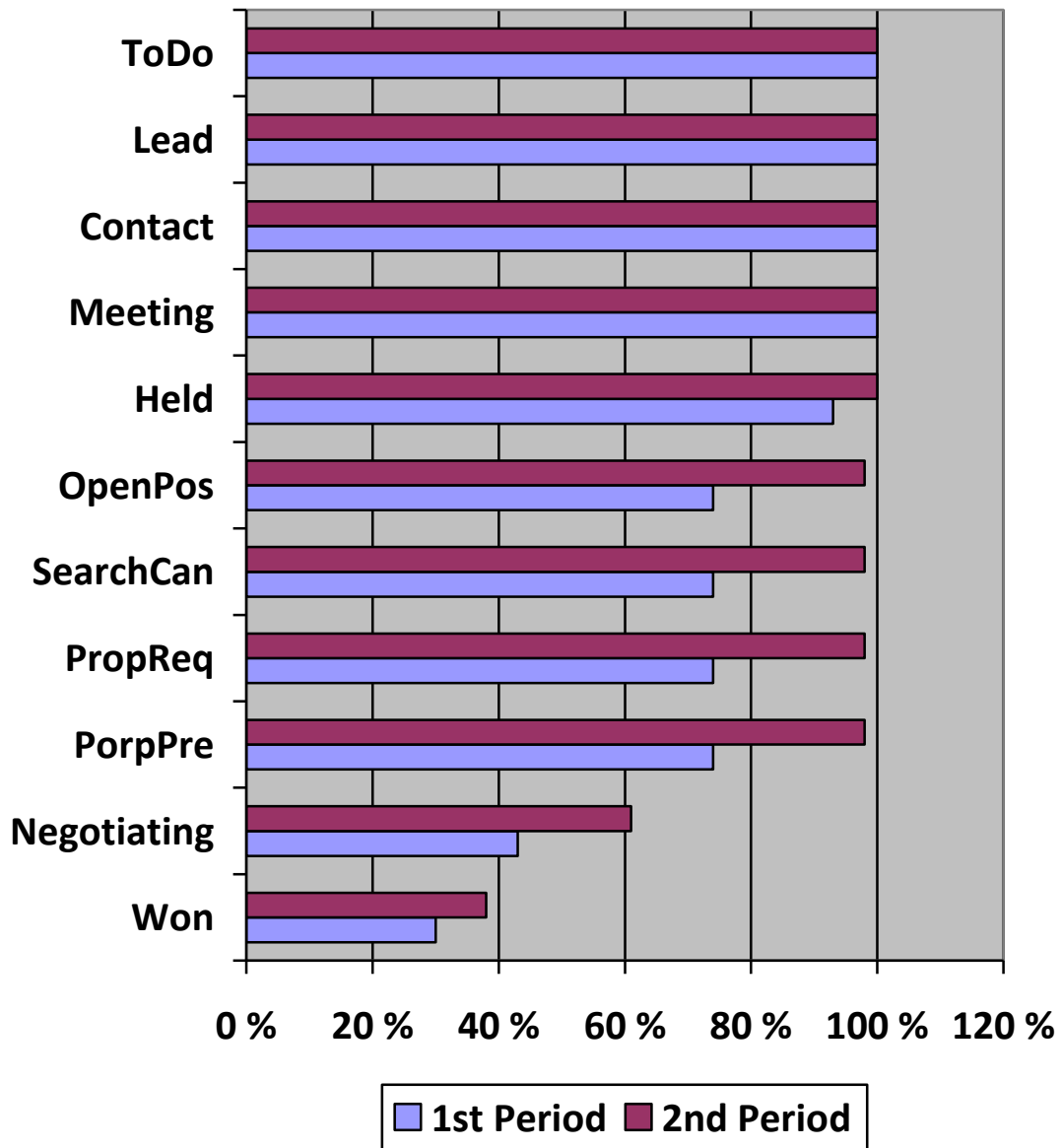
Value conversion represented the conversion of total combined monetary value in Euros of all deals won or lost during the time period to through each stage. Much like deal conversion, value conversion could also have

been used for the purpose of monitoring and improving the sales process as described earlier. The following value conversion rate is represented with the total percentage of value converted from the first stage.

The value conversion rates from the first and second time periods were as follows:

	1 st Period	2 nd Period
To do	100%	100%
Lead	100%	100%
Contact	100%	100%
Meeting arranged	100%	100%
Meeting held	93%	100%
Opening position	74%	98%
Searching candidates	74%	98%
Proposal requested	74%	98%
Proposal presented	74%	98%
Negotiating	43%	61%
Won	30%	38%

Value conversion rate



In terms of value conversion there was a significant change in the middle parts of the sales process representing the commissioning company’s internal processes for producing the service, However the value conversion decreased towards the end of the sales process, ending in an 8% increase in value won from the first period.

It could be witnessed that the deal conversion and the value conversion rates did not fully correlate. In the early parts of the process deals were lost numerically, despite this no monetary value was lost, this is due to the fact that deals rarely were assigned a value in the beginning of the process, as with new customers this part mostly served as an opener of communications and an estimation of the deal value can only be made after identifying the customer needs, due to the fact that the potential service being sold

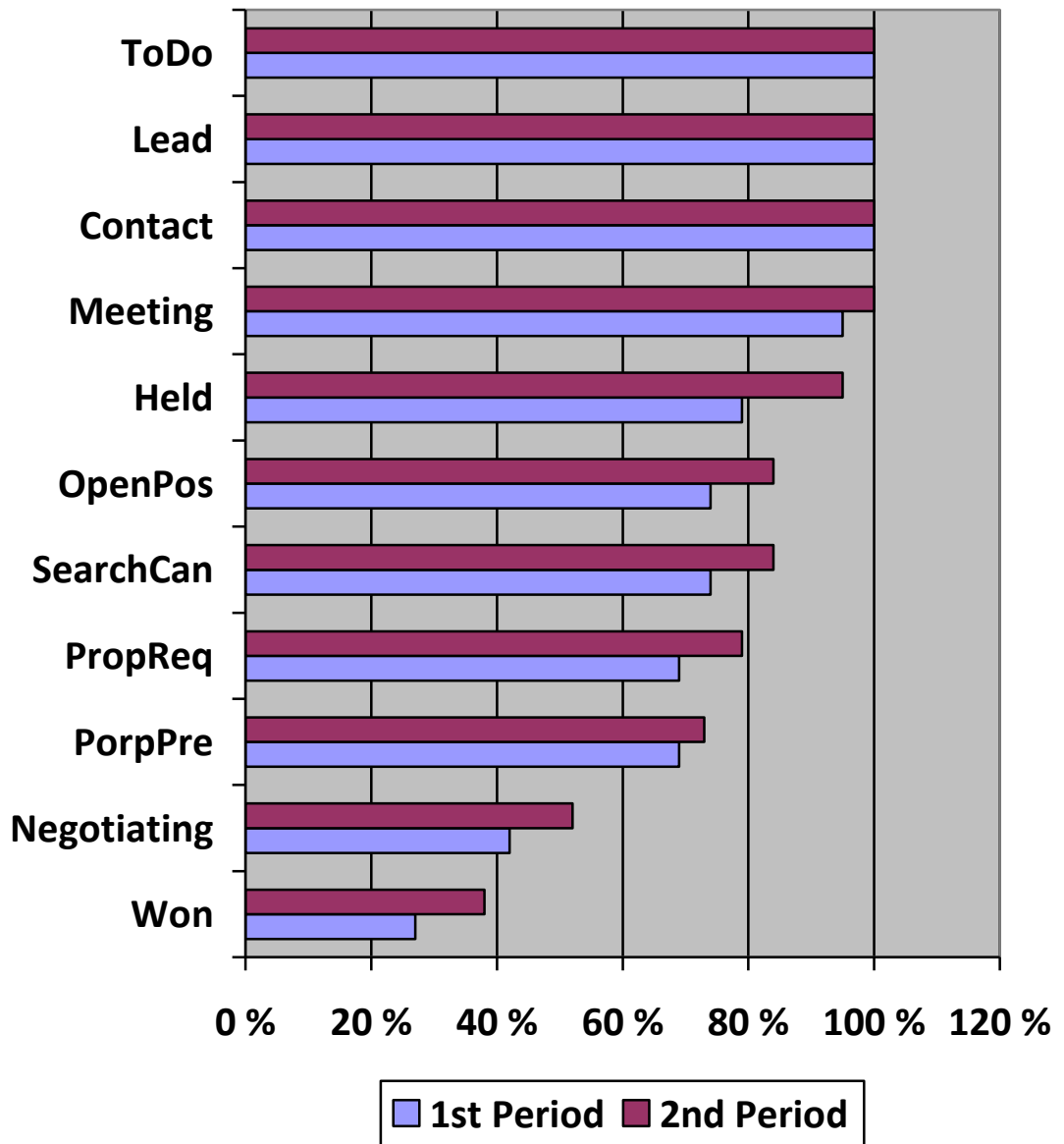
was not yet decided at this stage of the sales process and therefore when the deal was lost it had a value of zero. However, this was not the case with well-known and established customers, as the deals often began with an already identified customer need. As such, the value conversion statistics given by the customer relationship management tool were not fully representative of the reality.

A more representative value conversion could be attained when all the lost deals were assigned the average value of deals lost from that particular time period. In other words, the number of deals not converted was multiplied with the average lost deal value, totaling what was the true total value lost. The true value lost was then applied to the total value won, totaling to what was the true original value (represented by the 100%). True original value was then used to compare to the true value lost from each stage resulting the following value conversion rate statistics that for the purposes of this thesis was called true value conversion:

	1 st Period	2 nd Period
To do	100.00%	100.00%
Lead	100.00%	100.00%
Contact	100.00%	100.00%
Meeting arranged	94.76%	100.00%
Meeting held	79.03%	94.75%
Opening position	73.79%	84.26%
Searching candidates	73.79%	84.26%
Proposal requested	68.54%	79.01%
Proposal presented	68.54%	73.77%
Negotiating	42.33%	52.78%
Won	26.60%	31.79%

Due to the higher average value of won deals and the lower average value of lost deals during the 2nd period the true value conversion rate save for the first three stages, was higher during the entire sales process and concluding being 6.19% higher in value won than the during the first time period.

True value conversion rate



3.2.7 Challenges With the Statistical Data

There were a number of problems associated with the fore presented statistics that reduced their validity and produced challenges to any analysis based on them.

Firstly, during the time frame ranging from 24th of June till the 8th of August most employees including half of the sales staff of the commissioning company were on vacation, therefore increasing the work load of the remaining staff as well as reducing the capacity of the commissioning company to conduct sales, and as such the total number of deals conducted was around 18% lower in the 2nd period when compared to the 1st period.

The second challenge produced by the statistics is the nature of the so called “lost value” as it is a hypothetical value either based on estimates on the price of the deal or on the proposals made but lost afterwards. As a deal might be lost due to price competition it is noteworthy that the average lost deal value is significantly higher than that of a won deal. What is more this proposes a major challenge in the use of value conversions since only the final value of the won deals can be considered an actual monetary value, and as such value conversions are hypothetical estimations at best.

However regardless of the challenges posed by the individual statistical representations of the sales process, the combine analysis together with the following interview conducted on the sales staff should provide enough material for a relevant and representative analysis.

3.3 The Interview

The following Interview was conducted with the sales staff of the commissioning company. It was conducted as a group interview to the sales team by the thesis write with the presumption that most of the interviewed were somewhat familiar with the productization process as most of them were responsible for its implementation. The interviewed were asked to provide their opinion based on their own experiences of the effects of productization on the sales process. The interviewed sales team stated their own opinions both as individuals and through mutual conversation providing answers to six different questions concerning the effects of productization on the sales. The interview aspired to provide a more personal and in-depth view of the effects of productization and to provide supporting information to the statistical data.

The interview was as follows:

How does productization of services affect sales?

This interview is part of a thesis of the same title, and aspires to provide a qualitative survey on the effects of productization on sales in the commissioning company, as such it is to attain a more personal and in-depth look from the view point provided by the sales staff. The primary objective is to gain information from the sales staff according to their personal experiences and opinions on the effects of productization on sales efficiency.

1. What were the initial objectives of the productization effort?

“Overall to increase the efficiency of sales. The most important initial goal was to make the sales process faster, the other big objective was to make the offers clearer and more imposing”

2. How was productization implemented in sales?

“Two new digital tools were purchased and integrated into the sales process, providing better tools for process management as well as producing standardized offer templates, including wording, features and pricing, and most importantly making information more readily available making internal communication more efficient”

3. What were the immediate effects of productization on the sales process?

“As a result internal communications concerning deals within the sales team became more efficient with much less emails being sent internally and reducing ambiguity. One negative side was that it took a lot of resources off the sales team to conduct”

4. Are some parts of the sales process easier after productization? how?

“Opening positions, making and sending proposals and offers are all much easier, and much faster than previously”

5. Are some parts of the sales process more challenging after productization? how?

“In terms of sales process; no. However, as was said the productization of services took a lot of effort, and bringing all the new and existing sales staff up to speed takes longer now, as they have to learn to operate the tools”

6. In your opinion, how well did the productization effort succeed?

“We are definitely on the right track, however it’s still difficult to see any real outcome due to the summer being quiet in terms of sales, moreover some finishing touches are required to be truly successful. Internally as the sales team has grown from 2-man team to full 8 members, many of which work on the same deal, it would be virtually impossible to manage the sales process with the previous system.”

4 ANALYSIS

4.1 Productization Effort

One of the main objectives of this thesis was to research, analyse and evaluate the success of the implementation of productization of services. The following analysis was based on the authors evaluation on the theory part examining a successful productization effort compared to the researched information gained from the interview and the sales data from the customer relationship management tool of the commissioning company.

The evaluation on the behalf of the success of the productization is measured though its effects on efficiency of sales. As such, the productization of services will be considered successful, if the commissioning company has managed to increase the efficiency of its sales through the productization of its services.

4.1.1 Implementation

Based on the interview the productization effort of the commissioning company focused largely on clarifying and streamlining the internal processes and communication, mainly concerning the standardized generation of documents, such as offers, proposals and legal documents. Moreover, the integration of digital tools to the sales process made any information concerning a deal more readily available reducing amount of internally sent emails to monitor a deal, this was significant due to the fact that a deal typically has more than one person working on it, in most cases a sales representative and a sales support person, meaning that transparency in form of effective communication is key to a fluent sales process. Processes directly involving the customer, such as sales meetings remained more or less the same apart from the more imposing offers, and as such it remained no surprise that the primary effect of the productization effort was the added speed at which the entire sales process is conducted.

The described implementation includes both the streamlining of the sales related process, and service production processes later of which can be immediately considered productization of services as described by Apunen and Partanen (Apunen, A. and Parantainen, J. 2014). While the increased efficiency of communications can be considered to be in the sphere of productization given that it is internal part of the process of service production. Regardless, in multiple cases Apunen and Partanen describe marketing and sales related processes as being part of the productization of services as whole and as such, the aforementioned efforts can be considered at least being part of a productization effort of services (Apunen, A. and Parantainen, J. 2014).

4.2 Sales Efficiency

Sales efficiency refers to efficiency at which the sales are conducted, it involves a number of factors such as value of deals compared to effort required as effort often transfers into paid hours or in other words time for the sales staff this can be deducted into margins, and the percentage of all won deals as the effort put into lost deals yields no value in return.

As discussed in the theory sales efficiency was one of the main benefits of productization along with better sales success. As one of the main objectives of the productization effort of the commissioning company was a faster sales process. As a faster sales process leads to higher efficiency, given that other factors stay the same. It could be considered that the main objective of the commissioning company was therefore higher sales efficiency in the form of faster and more efficient sales process.

For the purposes of this analysis whether or not the commissioning company succeeded in its productization effort to increase sales efficiency was deduced from the factors provided by the statistical data in form of Average deal price, Average deal time and Deal conversion rate. Moreover,

supporting directional evidence was provided by value conversions as well as the interview and its correlation with the statistical data.

4.2.1 Average Deal Value

As examined in the research the average deal value was counted separately for won and lost deals from first and the second period, and represents the average gross value of the deal to the commissioning company, in case of won deals this is the amount of money paid by the customer, and in case of lost deals it is a value estimation based on similar deals

As examined the average value of won deals rose by an average of €5,111.04 since the first period, this could be as a result of the standardized offers and therefore pricing, but could also be credited to the range of services offered during the period as all staff leases are counted as one deal regardless of the fact that a four-month lease would have the same average value as four one month leases.

The average value of lost deals decreased €28,319.38. As described earlier the hypothetical nature of lost value makes this an estimate based on other deals of similar characteristics as estimated by the sales staff. However, the average value of lost and won deals has moved closer together this could be seen as an effect caused by the standardization of offers and therefore pricing. All in all, the author feels that the hypothetical nature of the lost value makes it irrelevant in comparison, and as such examining it closely would be counterproductive and yield little useful results. The fore mentioned also poses a problem to the credibility and usefulness of the two value conversions described in the statistical data.

Overall average deal value is together in correlation with average deal time a significant indicator of increased sales efficiency, and therefore success of the productization effort.

4.2.2 Average Deal Time

As described earlier the average deal time is the average time it takes for a deal from when it is first assigned to when it is either considered won or lost. Moreover, as described earlier deals that have been suspended in an indefinite period of inactivity, and thus have never been concluded are not included as they would considerably affect average lost deal time and are not relevant for the analysis moreover, as this is somewhat already the case with lost deals, the analysis focuses on the efficiency of won deals as it is both more representative of the process also more relevant due to won deals yielding the won deal value which is a concrete value unlike the hypothetical lost deal value.

Hastening the sales process was as stated in the interview one of the main objectives of the productization process, this can be considered to have

been achieved, as can be examined from the research, the average time of won deals was reduced from 38 to 28 since the first period. Unlike with the value of a deal the sales process and therefore time remains largely the same regardless of the service being sold. Moreover, it was stated in the interview, that the productization effort was implemented mostly in the form of standardization of documents, and thus the reducing the time used to create them due to existing templates and making the internal communication more efficient once again resulting into reduced time. Due to the previously mentioned factors the author assumes that the significant reduction in the average time of the sales process regarding won deals can be credited to the successful implementation of productization in this regard.

Unlike with won deals, there was very little change between the average times of each period. Moreover, the average time of lost deals is significantly higher than that of won deals as presented by the statistical data. Both of these can be largely credited to the fact that deals that become lost often enter a long period of inactivity before finally being recorded lost, as deals are not immediately considered lost after being rejected by the customer. As such unlike with won deals, the average time of lost deals does not represent the effort not the work hours contributed towards the said deal.

All in all, decrease in average won deal time is a significant indicator of more efficient sales process. In correlation with the increase average deal value it indicates an increase in overall sales efficiency.

4.2.3 Deal Conversion

Deal conversion refers to the percentage of deals converted from the beginning of the sales process when first assigned through each stage of the sales process until considered either won or lost, for the purposes of this thesis deal conversion was examined as a percentage representing the amount of deals converted to a stage in relation to the total number of deals in the beginning. This is due to this form of display being more convenient in presenting the sales process as a whole. Deal conversion is a valuable tool for sales staff since it allows monitoring where most of the deals are lost, after which it is possible to focus improving those areas.

Overall deal conversion has slight differences between the 1st and 2nd time period. First stage; To do always displays 100% as all the deals begin from this stage, therefore rest of the conversion is compared to this stage. In both time periods 100% of the deals are converted to the Lead stage, this means that all potential customer companies in the To do stage are converted into potential deals. Moreover, contact is made with all the potential customers and as such contact stage displays 100% conversion in both time periods. Regarding arranged meetings there is a slight improvement since the first stage, however it is unlikely due to productization as the effort did not focus on these stage and as such should have no direct effect. The same applies to meetings held, there was a slight improvement how-

ever, once again productization should not have a direct effect. During the mid-stages of the sales process from Opening position to Proposal presented there is no improvement, as the higher percentages are due to being carried over from earlier stages, rather the success deteriorates somewhat. All of this is noteworthy as the productization effort was focused on these areas in particular. Regardless the amount of deals converted to negotiations is the same in both time periods, however in the end more deals were won during the first period.

All in all, in terms of deal conversion there was no improvement since the 1st time period, but rather success deteriorated somewhat. This could be accredited to the fact that the productization effort of the commissioning company focused on the efficiency of internal processes and as such mostly improved the speed of the process internally as witnessed in the average deal time. Moreover, the standardization of documents and pricing, as indicated by increased average value, might have led to a certain loss of flexibility when it comes individual customers, and as such might have lead to the deteriorating success among those customers that require more tailored services.

4.2.4 Value Conversion

Value conversion refers to the conversion of total value of all deals from the beginning of the sales process through each stage until either won or lost. Much like deal conversion, value conversion is a useful tool for the sales staff as it allows monitoring where most of the value is lost, and after which it is possible to focus improving those areas.

Due to the aforementioned challenges with the value of lost deals, namely its hypothetical nature, and the fact that a number of deals were lost before being assigned a value and thus having the value of zero, value conversion as displayed by the commissioning company's customer relation management too is neither representative nor useful in terms of this thesis. However, it could prove a valuable tool for monitoring success for the commissioning company in the future if the standardized pricing is implemented so that all deals would have at least some value estimation assigned to them.

4.2.5 True Value Conversion

True value conversion is the altered version of the value conversion aspiring to compensate for the previously mentioned shortcomings in value conversion due to inadequate deal value assignment in the early stages of the sales process leading to unrepresentative value conversion. the average value of lost deals was assigned to all lost deals to compensate for deals that had no value

Although more representative than value conversion, true value conversion remains directional estimate at best. However, it does illustrate that although there was a decrease in the overall conversion of deals and therefore deals won, the increased average value of won deals compensates for the loss somewhat. However, the hypothetical nature of lost value remains an issue, and could be improved with standardized pricing parameters and therefore better value estimations.

4.2.6 Interview

While the statistical data alone yielded some result, it would be difficult to analyse them without more information. As such the results given by the interview correlated well with those of the statistical data and provided relevant information to the analysis of the effects of productization.

Firstly, as was stated in the interview the main objective of the productization effort was to make the sales process faster, chiefly by increasing the effectiveness of internal processes and communication. The statement was reinforced by the decreased in average time of won deals as witnessed in the statistical data. Secondly it was stated in the interview that while productization has taken the sales to the right direction, it will take some time before the effects can be fully realized, mostly due to summer months being generally less intensive in terms of business, and moreover the productization effort was not fully finished yet. The second statement was also in correlation with the examined statistical data as there is no improvement in sales success, but the fore mentioned gains had been made in terms of time and value of deals.

Overall the interview and statistical data support each other and as originally expected provide a more detailed and in-depth view on a process and more importantly its causes that would be ambiguous and difficult to decipher with only one or the other.

4.2.7 Sales Efficiency in Conclusion

In conclusion, the information provided by the statistical data in form of Average deal time, average deal value and the deal conversions as well as the supportive evidence provided by the interview indicated that the sales efficiency has witnessed an increase since the first time period of February to April, chiefly due to decreased average deal time and increased average deal value that together offset the decrease in sales success.

The 2nd period of May to July saw a decrease in the total deals won from the 1st period during which 50% of the deals were won, while during the 2nd period 43% of the deals were won. Comparing the percentages of deals won, the percentage was 7% lower, a decrease of 14% of total deals won comparatively. On the other hand, the average price of won deals increased from €34,069.07 to €39,180.11 an increase of 15% and the aver-

age time of a won deal from end to finish decreased from an average of 38 to 28, a decrease of 26%. Moreover, when comparing deal value with the time used the average efficiency of a deal was increased by 55% since the 1st period.

In the end the most significant benefit to sales efficiency was the decrease in the average time of a won deal. Moreover, as it was the primary objective of the productization effort, it could be considered that the productization effort was successful, and has attained its objective in terms of efficiency of sales process.

4.3 In Comparison to Expectations

The presumptions made by the author in the beginning of the thesis were that the successful implementation of the productization effort would lead to faster sales process and higher deal conversion rates for the commissioning company. These presumptions were based on the theory utilized in the thesis, stating that successful implementation of productization of services would lead to a more efficient sales and implementation process through standardization, and better sales success through reduced feeling of risk for the customer.

In comparison the sales process was made faster as a result of productization due to standardized procedures and documents as expected. This presumption was better based in the theory part and as such the safer assumption. On the contrary sales success and conversion rates saw a decrease unlike expected, firstly the productization effort of the commissioning company lacked the focus on the external procedures and did not rely on theories and methods, such as illusion of choice and halo-effect as described in the theory part of this thesis, and therefore suffered in terms of flexibility leading to decreased sales success and conversion rates.

4.4 In Conclusion

Overall the analysis of the commissioning company yielded expected as well as unexpected results, and regardless of the many challenges posed by the statistical data, all data sources combined succeeded in creating relevant and useful data on the success of the productization effort of the commissioning company.

The commissioning company set out to streamline its sales process by focusing on clarifying and making the internal processes and communication more effective and therefore faster. In the interview the main objective of the productization effort of the commissioning company was summarized as; making the sales process faster.

As previously stated the productization was implemented by streamlining the internal processes and communication related to the sales process.

mainly taking form as standardized generation of documents, such as offers, proposals and legal documents. as well as integration of new digital tools to the sales process to make information more readily available and thus increasing the effectiveness of internal communication.

It can be considered that in case of the commissioning company the initial objectives of productization were achieved with the more effective and faster internal processes and communications. However, have fully realize all the benefits of productization such as increased sales success, more methods would have had to been utilized focusing on the external processes involving the customer, such as the previously mentioned illusion of choice and halo-effect as described in the theory. To conclude, one could argue that the sales team summed their productization effort up in a way that correlates with the reset of the research, being on the right track but to fully realize all the benefits more work is needed.

5 RECOMMENDATIONS

5.1 Introduction to Recommendations

The following recommendations are based on the theory examined in this thesis as well as afore conducted research and analysis on the commissioning company's productization effort. The suggestions are aligned with the original goals and objectives of the company's productization effort and as such, aspire to provide the company ways to increase the efficiency of its sales through the utilization of productization as examined in this thesis.

The productization effort of the commissioning company succeeded in increasing the sales efficiency through increasing the average value of won deals while reducing the average time to conduct the said deals. This was achieved by strandardiztion of internal processes such as the generation of offers and legal documents. As the methods proved successful the author recommends their continued utilization in the future. Moreover, the author recommends that the commissioning company would also focus on the external parts of the sales process by utilizing methods described in the theory section of this thesis based primarily on the recommendations and instructions on successful productization made by Apunen and Parantainen in their publications. (Apunen, A. and Parantainen, J. 2014) (Apunen, A. and Parantainen, J. 2011) (Apunen, A. and Ketola, A. 2014) (Parantainen, J. 2012) (Parantainen, J. 2010).

5.1.1 The Original Goals of the Commissioning Company

The original objectives of the commissioning company were to increase the efficiency of its sales through the streamlining of its internal sales process which was mostly conducted as standardization of documentation as

well as implementation of two new digital tools for monitoring and internal communication. This would make the sales process faster reducing the number of work hours needed to conduct a successful sale, thus resulting in increased margins for sales. Although increased sales conversion rate was another objective of increasing sales efficiency, the productization effort conducted by the commissioning company did not focus on any specific methods to increase it, such as increasing the efficiency of processes including the customer but, rather focused on the internal processes which, the author deduces could have partly resulted in overall decreased sales conversion.

5.2 Recommendations for Sales efficiency

As was examined in the statistics and later deduced in the analysis, a decrease in the total deals won was witnessed in the 2nd period of May to July from the 1st period during which 50% of the deals were won, while during the 2nd period 43% of the deals were won. Comparing the percentages of deals won, the percentage was 7% lower, a decrease of 14% of total deals won comparatively. However, the average price of won deals had increased from €34,069.07 to €39,180.11 which is an increase of about 15% and the average time of a won deal from the start to finish decreased from an average of 38 days to 28 days, a decrease of about 26%. In addition, when comparing the deal value with the time used the average efficiency of a deal was increased by 55% since the 1st period.

As described, the commissioning company succeeded in increasing its sales efficiency primarily through decreasing the average time of conducted deals, and increasing the average value of won deals, and while the conversion rates did witness a decrease, it was not a big enough of a drop to cancel out the increase in sales efficiency. As such, the author of the thesis suggests that while the commissioning company should not lose the focus it has had on improving the efficiency of the internal sales processes, as the work dedicated to them has proven effective in increasing the overall sales efficiency and will be required if further expansion is to be pursued. The commissioning company should also consider expanding their productization effort to include the external sales processes as well by at least partly utilizing the methods described by Apunen and Parantainen such as, “the halo effect” as described by Phil Rosenzweig, and the illusion of choice as described by Mills and Krantz. The author specifically recommends using psychological methods that would have minimal effect on the already well established internal sales and service processes (Apunen, A. and Parantainen, J. 2014) (Rosenzweig, P. 2007) (Mills, R.T. and Krantz, D.S. 1979)

5.2.1 Recommendations for the Productization of Internal Processes

As previously stated, the productization effort of the commissioning company focused largely on streamlining the internal processes and communications primarily in the form of standardized offers and documents, as well as internal communications and monitoring in the form of integration of two new tools for monitoring and managing sales. This resulted chiefly into reduced deal time, but also to increase of the average value won deals which although, could have resulted in lower deal conversion rate. However the end result was an increase of 55% in sales efficiency. During the Interview the company sales team stated that the productization effort was on the right track. Having examined the data the author of this thesis agrees with the statement and suggests that the commissioning company keeps improving their internal sales process especially if the sales team is to be expanded even further.

Based on the testimony of the sales team and the supporting statistical evidence, the author suggests that the commissioning company keeps improving the standardization and improvement of its offers and documents as the author deducts it as the primary reason behind the faster sales process, and further improvement should result in further reduction in the average time of conducted sales process. However, the author suggests the commissioning company to consider the effects of standardized pricing on flexibility the reduction of which, author sees as the primary reason for reduced conversion rates. Regardless, as the rise in the average deal value has largely canceled out the reduction in deal conversion rate, the author suggests finding the optimum equilibrium between pricing and conversion rate for highest possible sales efficiency.

5.2.2 Recommendations for the Productization of External Processes

The author refers to the parts of the sales process that include interaction with the potential customer as external sales processes. While virtually all processes in the sales process involve and affect the customer in one way or another, the external processes refer to those processes that are directly visible to the customer, most notably processes such as sales negotiations.

While the improvement of the productization of the external factors and processes was not explicitly stated in the objectives of the productization effort of the commissioning company, it is included in their general objective of increasing sales efficiency through productization, and as such is furthermore included in the research question of this thesis.

As previously stated commissioning company did not focus on the external processes and as such the author recommends which areas of the sales efficiency should the commissioning company focus on and which methods should be utilized to improve the efficiency of the external sales processes and thus sales efficiency.

The Main focus of the recommendations concerning the external sales processes is to increase the otherwise unaddressed deal conversion rate that saw a reduction during the productization effort of the commissioning company. The author deduces that the following methods would have the most effect on this particular area of sales efficiency, as many of them deal with the parts of the sales process directly involving the customer, and as examined in the theory part the main benefit of which is the reduced feeling of risk that should lead to increased purchase rate of the service or in other words deal conversion. The methods are included in service packaging which was already largely utilized in the standardization of the offers of the commissioning company. However the psychological methods described by Apunen and Parantainen such as, “the halo effect” as described by Phil Rosenzweig, and the “illusion of choice” as described by Mills and Krantz, were not utilized by the commissioning company. As such, the author recommends utilizing these methods to increase the sales conversion rate of the commissioning company. (Apunen, A. and Parantainen, J. 2014) (Rosenzweig, P. 2007) (Mills, R.T. and Krantz, D.S. 1979)

5.2.3 How to Utilize Service Packaging

As described in the theory part of the thesis the act of packaging is making standardized and thus clearly defined offers to the potential customer. This can be done through labelling the service as a package, listing and defining features and what is included in the service, restricting the number of choices, as well as including optional services and providing tangible evidence.

According to Apunen and Partanen in clearly listing all the included features in a service, and labelling them a package is the first task in service packaging. The objective of which should be simplicity and transparency as the primary objective of service packaging is to make the package more easily comprehensible and measurable. A customer that is able to comprehend what is included, what it costs and is able to easily compare it to offers made by competitors, has a reduced feeling of risk. (Apunen, A., and Parantainen, J. 2014) The author recommends the commissioning company to continue applying this method in their productization effort as it has done during the standardization process of the offers. However as the main consequence of standardization process within the company resulted in reduced average deal time, and thus the author deduces from data and interview that the standardization focused primarily on standardized generation of the said offers, the author recommends that commissioning company would focus on the external elements of the offers as well.

Apunen and Ketola discuss productization and packaging of services in *Dollarisaatio*. Their so called “dollarization” method is described as separately listing and assigning a monetary value to every feature included in a service package. It is described as an effective method of increasing the perceived value of an offer, In addition, assigning a single set price for a service package and provided extras is once again a way to increase predictability and reduce risks both in business to business as well as business

to consumer situations. The author recommends the commissioning company to continue in their efforts to utilize this method of productization as well.

As both of the recently described methods were already in use during the standardization process of offers, the author merely recommends that the commissioning company change focus of their assesment to include the external effects of these productization methods as well as the internal, so a positive outcome can be attained in terms of the previously reduced deal conversion rate, without hindering the already attained benefit of increased sales efficiency in the form of reduced average deal time and the increased average value of won deals. In practice this could include benchmarking of other offers in the industry or in the field of business to business service marketing, or having the potential customer assess the functionality of provided offers either with direct feedback, or by providing multiple choices. Regardless, the author concludes that afore mentioned areas of productization were already well assessed, and that the primary focus should be averted to the utilization of other methods.

5.2.4 How to Utilize the Halo Effect

The halo effect refers to the psychological phenomenon where unrelated factors influence the overall perception of a person or an object, and the inability of a person to distinguish one positive or negative characteristic from the overall impression. As described earlier factors such as colour, visual appearance or physical properties may change how a customer perceives the value of the product or service, even if the said factor had no influence on the functionality of the product or service.

According to Apunen and Parantainen the halo effect can be utilized in a number of ways in the productization of a service to increase the perceived value of the service and thus, increasing customer satisfaction and potentially providing a chance to increase the pricing of the service. For instance it has been concluded that providing a physical package either with or before the purchase of the service can increase customer satisfaction, and the heavier the package the more valuable it is perceived to be. Moreover, it could be also concluded that due to the effects of the phenomenon the visual appearance and design of the service package influences its perceived value. What is more, any physical evidence provided is also affected, and thus it is advisable to assess the visual appearance and overall impression given by all components of the package. (Apunen, A. and Parantainen, J. 2014 p. 21) (Rosenzweig, P. 2007)

Based on the previously examined theories, the author recommends that the commissioning company should provide a physical package accompanying the purchase of their services. The purpose of the package is its existence, appearance and impression it gives, and as such the contents of the package are not of great importance. Regardless, the author does recommend that this package would contain additional marketing material to reinforce the customer's perception that they have made the correct choice

to once more reduce the feeling of risk taken. More importantly however, the author recommends focusing on the appearance and the overall impression of the provided package as it remains the primary function of the said package.

5.2.5 How to Utilize the Illusion of Choice

Theory referred to as the Illusion of choice for the purposes of this thesis as examined in theory is based on the research conducted by Mills and Krantz. It concluded that when a medical patient had the chance to participate in the decisions concerning the medical operations conducted on them, the patients on average felt more satisfied with the conducted operations, than they did in the cases where no chance was provided even if, in the end the decision lead to the same final result (Mills, R.T. and Krantz, D.S. 1979).

However, as examined earlier according to S.T. Lee Professor of Business Sheena Iyengar the number of options a person can process at any given time is between seven and six, and that anymore choices will in most cases confuse the chooser, and thus reduce their willingness to make a choice (Iyengar, S, and Heinämäki, M. 2011).

Based on the previously described theory Apunen and Parantainen describe a method of utilizing the said psychological phenomenon in productization of a service offer by presenting three different service packages to the potential customer, one of which is the best optimized service and two of which are less attractive in comparison as their function is to lead the customer into choosing the optimized alternative, and thus making the customer feel better about themselves for having chosen the best alternative. (Apunen, A. and Parantainen, J. 2014)

The aforementioned method does not include relevant increase in production costs, as it merely requires the generation of two false alternatives. The author recommends the commissioning company to employ the aforementioned method in the productization of their services exactly as described by Apunen and Parantainen. However, the author has concluded that the choices should not appear entirely obvious to the customer, and that sensitivity and respect for the intelligence of the customer be retained even when utilizing the aforementioned method.

5.3 Recommendations in Conclusion

The commissioning company started its productization effort with the intent of increasing the efficiency of its sales chiefly through the optimization of its internal processes, which in practice meant the standardization of the offers and documents associated with the sales of its services. The primary benefit the commissioning company gained was a reduction in the average time of won deals as well as an increase in the average value of

won deal. However, at the same time the deal conversion rate was reduced. Regardless, the overall sales efficiency was increased.

Based on the previous the author recommended that while the state of both the average time as well as average value of won deals was sufficient, the commissioning should opt to also increase the deal conversion rate to raise overall sales efficiency even further. The deal conversion rate could be potentially raised by focusing on the external processes which were largely excluded in the productization effort of the commissioning company. A number of methods could be used in the service packaging to reduce the feeling of risk the potential customer associates with service purchase, and therefore increase their willingness to purchase the said services.

The basics of service packaging were utilized in the standardization of offers and as such, the author recommends their continued utilization. However, the author recommends using two methods described by Apunen and Parantainen based on the theories of halo effect and the one referred to as the illusion of choice in this thesis. Firstly the author recommends that the commissioning company would provide a physical package along with the purchase of the service with the emphasis being on the physical appearance and impression of the package. Secondly the author also recommends providing the potential customer with three different alternatives on of which is the primary alternative and the two others are guiding the customer's choice towards the primary one by being seemingly inferior in one way or another. While these methods can be dismissed as psychological tricks, their effectiveness has been verified by researchers such as Mills and Krantz as well as Rosenzweig, P. (Mills, R.T. and Krantz, D.S. 1979). (Rosenzweig, P. 2007).

In the end the author concludes that while the productization effort of the commissioning company ultimately proved successful, as it succeeded in increasing the sales efficiency of the commissioning company. By utilizing the aforementioned methods in the productization of the external sales processes the commissioning company could attain even higher overall sales efficiency, and thus succeed in all the aspects of productization in their current and future efforts.

6 CONCLUSION

6.1 Background

6.1.1 Thesis Objectives

This thesis was commissioned by the company referred to as the commissioning company as part of the productization effort of its services. As such the objectives of the thesis was to research and analyse the effects of the said productization effort had on the sales efficiency of the productized

services and provide the commissioning company with visible and relevant evidence of the effects of productization, that could in turn be used to evaluate the overall value of such a process and whether or not the commissioning company had indeed succeeded in its productization efforts, and whether the productization was worth the investment

6.1.2 Thesis Focus

The thesis examined productization of services in context with service marketing from a business to business sales oriented perspective. The thesis focused on the key processes and factors involved in successful productization of services and the consequent effects it had on sales efficiency. Moreover, it aspired to examine and explain the key concepts related to productization as well as examining and defining productization as a concept. This was accomplished by examining the benefits of productization and how its successful implementation could be utilized to increase sales efficiency and what are its most important influencing factors. This was all concluded in the research question of the thesis: How does productization affect sales efficiency? Although the thesis did examine productization from a general academic perspective, its primary focus was in the case of commissioning company, as the function of the thesis was not only academic but business oriented as well. It aspired to provide relevant information for the improvement of productization of the services of the commissioning company.

6.2 Productization in Theory

The basis of productization of services is in service marketing as it tackles with the inherent problems associated with providing and marketing services in comparison to products. The basis of these problems is that unlike the physical and tangible products, the intangible services cannot be touched or stored they are perishable, produced and consumed simultaneously, they cannot be tried out without consumption, and the experiences have greater variability than that of products. Due to the aforementioned characteristics the purchase of services bears comparably higher risks to the customer. Productization of services aspires to tackle the inherent problems of the intangible services by applying methods to service marketing that apply characteristics associated with physical products to services, hence productization of services can be defined as making services more product like. Productization is done in order to benefit from effects the favourable characteristics of physical products such as a more stable value, easier copiability, more predictable production costs and production time in comparison. Moreover, other benefits include decreased divergence and reduced feeling of risk that the customer involves with purchase of services.

Productization of services is conducted with a number of methods, first of which is the standardization of service processes. Standardization of service processes is conducted by setting and following standard procedures in all processes of the production process of the service, and thus adding simplicity and efficiency to production which leads to lower divergence, as well as production costs and production time however, this also comes with the loss of some flexibility as the service can no longer be tailored to suit an individual request of the customer. Second method deals with service packaging, which can be conducted by defining and listing the features and characteristics of a service and labelling it as a package. Moreover packaging comprises of including additional features one of which providing physical evidence of the service often in a form of physical package the inclusion of which, has been concluded to be beneficial to customer satisfaction through increasing the perceived value of the service. Additional methods and recommendations are to provide alternative options to the customer that are limited to the number of six, and that one the options is the primary one meant to be chosen where the function the other alternatives is the guide the choice of the customer towards the primary one. All the aforementioned methods and their benefits were described by Apunen and Parantainen as well as Ketola in their *Tuotteistaminen* series of publications (Apunen, A. and Parantainen, J. 2014) (Apunen, A. and Parantainen, J. 2011) (Apunen, A. and Ketola, A. 2014) (Parantainen, J. 2012) (Parantainen, J. 2010).

The theory presented by the aforementioned author on productization was not without its flaws. Due to the instruction manual type writing *Tuotteistaminen* series did not fully discuss challenges posed by the productization of services. However, a few could be deducted from the theory on service marketing by Blythe as well as Kotler, Armstrong, Brown and Adam. (Kotler, P., Armstrong, G., Brown, L., and Adam, S. 2006) (Blythe, J. 2012). Productization might not prove worthwhile to companies and services that have few resource, are small in size, or when the service provided too simple and small in size to benefit from extensive productization efforts. Moreover the ability to tailor the service and being flexible are sometimes key competitive advantages of the service.

All in all the theory concludes the productization of services is process of adding the characteristics of physical products to intangible services, and thus benefiting from those characteristics main ones being overall more efficient production and reduced feeling of risk associated with service purchase. As such, productization can be utilized by companies to increase the production and sales efficiency of the services

6.3 Research

The research conducted in the thesis was in the form of both quantitative data acquired from the customer relationship management tool of the commissioning company, and in the form of a qualitative interview conducted on the sales team responsible for the productization effort of the

commissioning company. While one or the other did provide enough data for a proper analysis the two methods conducted provided enough support for each other that an analysis could be conducted.

6.3.1 Data Research

The commissioning company utilized a customer relationship management tool to monitor and manage its sales. The customer relationship management tool also provided all the data used in this thesis on conducted deals. The data was examined from the periods before and after productization and compared. The data demonstrated changes in a number of statistics. The average deal time was decreased from 38 days to 28 days. The average deal value of won deals was increased from €34,069.07 to €39,180.11. These two combined meant an increase in sales efficiency from an average of €896.55/day to €1,399.28/day an increase of 55%. However, the average deal conversion or in other words percentage of deals won decreased from 50% to 43%. Moreover, an average value conversion was presented, but due to the hypothetical nature of the lost deal value a more representative true value conversion was also required. True value conversion conducted that value conversion was increased from 26.60% to 31.79%. In the end it can be concluded that the commissioning company saw an increase in almost every aspect of sales with the exception of deal conversion, and that overall the sales efficiency of the company had increased.

6.3.2 The Interview

The interview concluded that the integrating new tools for communications and generating standardized offers and proposals had made internal processes much faster and easier and that it allowed the expanding sales team to function properly overall, this would correlate especially with the decrease in average deal time. All in all, the interview provided information on the conducted productization effort of the commissioning company as well as providing supporting information in correlation to the otherwise heavily statistics based research.

6.4 Analysis

The Analysis was conducted based on the examined data and the interview. Main objective was to analyse and evaluate whether or not the commissioning company had succeeded in increasing its sales efficiency through the productization of its services. Moreover, the analysis aspired to evaluate which parts of the productization were most successful and which parts were need of improvement which would later be implemented in the recommendations section for the commissioning company.

The Analysis concluded that due to increased sales efficiency especially in the form of reduced deal time which both the data and the interview supported, it can be considered that the commissioning company had succeeded in the initial objectives of its productization effort. It was deduced that the primary reason for the success was more efficient internal processes and communication. The research also saw an increase in average value of won deals as well as value conversion, this could be due to the standardized pricing in generated offers. However, as the rise can only be witnessed in the statistical data and without supporting evidence for the reason behind it, it cannot be deduced to productization alone, and as such cannot be credited to the success of the productization effort. In addition, the analysis concluded that as many of the methods of productization were not utilized by the commissioning company, the utilization of those methods could prove beneficial to the sales efficiency of commissioning company.

6.5 Recommendations

Based on the analysis the author recommended the author recommended that the commissioning company would continue to utilize the successful methods in its future productization of its services. However the author deduced that by utilizing the other methods of productization described, based on theories such as “the halo effect” and “illusion of choice” the commissioning company could increase the efficiency of its sales even further.

Specifically the author recommended providing physical evidence in the form of a package with the purchase. The primary function of the package was to create an impression of value and thus increase the perceived value as well as decrease the perceived risk of the service purchase, and therefore customer satisfaction as described by the halo effect theory. In addition the author recommended providing three alternatives when making and offer to the customer, as according to the illusion of choice theory this increased customer satisfaction and decreased the perceived risk.

The author concluded that with these improvements to the productization of the services of the commissioning company, it could succeed in increasing the efficiency of its sales on all the aspects.

6.6 Final Conclusion

As a final conclusion of the thesis, the thesis author concludes that the productization effort of the services of the commissioning company was successful in correlation to their objectives as they were able to increase their sales efficiency primarily by streamlining their internal service procedures most notably standardized generation of offers and proposals.

In context of its objectives, the thesis succeeded examining and evaluating both qualitative and quantitative research as well as theory to provide relevant and tangible evidence on the effects of productization on the efficiency of sales. Moreover it succeeded in providing information that the commissioning company can utilize to evaluate the success of their productization effort, as well as information and recommendation it can utilize to improve the future productization of their services.

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