

**MBA- III semester, Specialisation- Marketing Management, Paper - Service Marketing, Paper code- MC 02, UNIT-II, TOPIC- Sales via Intermediaries in Service Marketing.**

**Sales via Intermediaries**

To the extent the middlemen exist in a service channel, they are typically sales agents, brokers since there are no inventories to be purchased or distributed. Service Channel tends to be direct. Therefore, this Production/Distribution house should be located, to 'sell' whatever you have in the inventory where it is possible. Place decisions are therefore, all extra-corporate entities between producer and prospective users that is utilized to make the service available and/or convenient. A Distribution Channel for a service organization is, therefore, is a sequence of firms (or units) involved in moving a service from producer to consumer.

The following are the major issues which should be addressed before hand in deciding the distribution strategy involving intermediaries:

- conflict over objectives and performance
- conflict over costs and rewards
- control of service quality
- empowerment versus control
- channel ambiguity

A service organization can develop an effective channel system if it helps the intermediary to develop customer-based service processes by providing the required support. Also, through training it may develop the intermediary to deliver service quality and gradually move to a cooperative management system and controls.

Keeping in view the characteristics of services and the potential management problems in retailing of services.

**Agent:** An agent is an independent intermediary, who may act in the name of, or for a principal. His contract will define these provisions along with territorial rights, exclusivity and sales commissions.

**Broker:** A broker is an independent intermediary between buyer and seller who bring parties together to facilitate the conclusion of sales contract. A broker may have continuing relationship for his client under a contract period; for which he may charge fee for assistance. Alternately, a broker may be for a special job to be undertaken.

There are obvious benefits in distributing services through Agents and Brokers. Firstly, they help in reducing the selling and distribution costs besides a wider representation in the market. Secondly, such intermediary's possess special skills and expertise and also the knowledge of local markets. However, these agents and brokers also pose some challenges also. For example, representation of multiple service principals may lead to poaching in territories of others resulting in loss of control over pricing and other aspects of marketing.

**Functions of Agents and Brokers**

The major function of these agents and brokers is, like any other intermediary, to bring the producer of service and the user or consumer together. For certain services, agents can be identified and deployed with selling as the chief function to be performed by them. These agents can be compared with the agents for goods and they are classified as brokers or sales

agents. The example of this kind of channel is transportation (travel agents) and office or factory workers (employment agencies). However, in some cases the agents may be trained in the creation and production of service and then franchised to sell it (eg, Shahnaz Hussain Beauty Parlours).

In case of certain services, actual product is not transferable and therefore tangible representations are created and transferred. This type of channel is used for marketing insurance services, where a contact document exists as a physical and tangible representation of the services.

Another characteristic of services is that the services are generally not delivered to the buyer and the creation of time and place utilities is a vital function in the services marketing.

Irrespective of whether one uses agents or middlemen or direct sales channel the factor of location keeping in view the potential markets will be the most significant factor in channel selection decision. Duane David et.al, are of the view that location considerations along with personal sources of information are two of the critical factors in final purchase decision of many services.

The problem of standardization and uniformity restrains the service organization to use middlemen to any great extent and limit the geographical area which the service organisations propose to reach and cover. This lays emphasis on the significance of good selection to attain maximum coverage at the market place. Banking organizations have started reliving this fact and introduced extension counters, mobile banking apart from opening branches in rural areas.

Dr. Faiyaz Hussain

Department of Management,  
MMHA&P University, Patna.

Email.id.mbfaiyaz@gmail.com.