

UNIT-4

# SERVICES MARKETING

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# GLOBALIZATION OF SERVICES



# The Growth in Global Service Markets

- Globalization refers to the free movement of goods, services, people, capital and technology across various countries in the world
- WTO ( World Trade Organization)
- GATT ( General Agreement on Tariffs and Trade)



# Services Need to go Transnational ???

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Globalisation

Market Forces

Cost Factor

Technology

Government Policies

# Transnational Strategy - Global Strategy

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- Involves integration of strategy formulation and implementation across all countries where service is in business.

# Features of Transnational Services

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Global Market  
participation

Deliver global  
products

Global  
location of  
value adding  
supplementar  
y services

Global  
Marketing

Global  
Competitive  
moves

# Factors Influencing Transnational Strategies



Market Drivers

Competition Drivers

Technology Drivers

Cost Drivers

Government Drivers

# Factors Influencing Transnational Strategies

- Change in social factors
- Changes in technology
- Changes in political and legal conditions
- Competition in the market
- Competitive advantage
- Regulations in home country
- Lack of demand in home country

# Overseas Market Entry Decisions

- Exporting
- Turnkey projects
- Licensing
- Franchising
- Joint ventures
- Strategic alliance
- Wholly owned subsidiaries
- Mergers and acquisitions
- Piggyback

# Assessing Globalization

- Presence in strategic markets
- Location of value adding activities
- Achieving desirable balance between globalization and customization
- Consistency in quality and pricing of services
- Responding to changes in environment

# Challenges in the Global Market

## 1. Legal barriers

- Discriminating laws
- Subsidies
- Restrictions on foreign companies entry
- Infringement of copyrights and trademarks

# Challenges in the Global Market

## 2. Cultural barriers

- Language
- Customs
- Values and attitudes
- Lifestyle

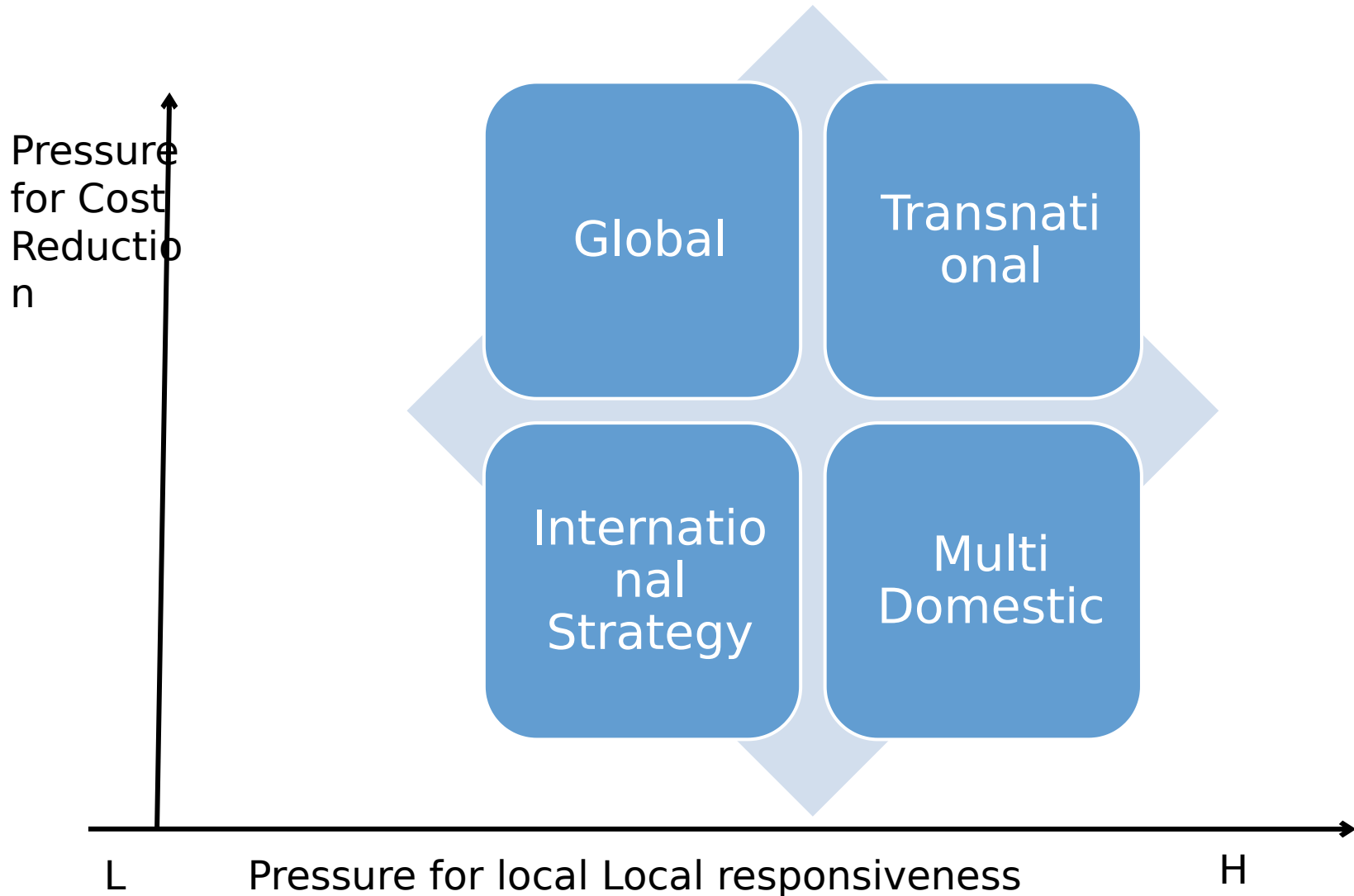
## 3. Financial Barriers

- Changes in currency exchange rates
- Problem with logistics

# Factors Influencing Success of A Global Firm

- Select the right entry mode
- Select the right marketing research methods
- Customize the service offering
- Train the service personnel
- Select the right promotion strategy

# International Strategies



# ETHICS IN SERVICES MARKETING



# Ethics in Services Marketing

- Standards of conduct that are established by an individual / organisation / nation which help or guide a person's action
- Marketing Ethics – A systematic study of how moral standards are applied in judgement of marketing decisions, behaviours and institutions as right or wrong

# Marketing Ethics

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- Aggressive form of tele-marketing / personal selling
- Invasion of Privacy
- Misleading Claims

## 6 Ethical Values that Marketers are expected to uphold & abide -

- Honesty
- Responsibility
- Fairness
- Respect
- Transperancy
- Citizenship

# Need / Importance of Ethics

- Help in consumer -marketer interface
- Facilitate preservation of value-system
- Ensure competitive advantage
- Provide strength to meet pressure
- Maximise rewards --- enhanced reputation, long term profits, customer loyalty, employee relationship

# Unethical Practices

- Making false, exaggerated claims
- Distortion of facts to mislead customers
- Concealing side-effects
- Bad-mouthing rival products
- Using women as sex attraction tools
- Using fear, anxiety, death, loss as psychological factors
- Copying/ plagiarism
- Exploitation
- Spamming
- Demean some culture, caste, creed and religion

# **SERVICE GUARANTEE**



# Service Guarantees

- guarantee = an assurance of the fulfillment of a condition (*Webster's Dictionary*)
- for products, guarantee often done in the form of a warranty
- services are often *not* guaranteed
  - cannot return the service
  - service experience is intangible
    - (so what do you guarantee?)

# Service Guarantee

## Unconditional

The guarantee should make its promise unconditionally - no strings attached.

## Meaningful

It should guarantee elements of the service that are important to the customer.

The payout should cover fully the customer's dissatisfaction.

## Easy to Understand and Communicate

For customers - they need to understand what to expect.

For employees - they need to understand what to do.

## Easy to Invoke and Collect

**There should not be a lot of hoops or red tape in the way of accessing or collecting on the guarantee.**

Source: Christopher W.L. Hart, "The Power of Unconditional Guarantees," *Harvard Business Review*, July-August, 1998, pp. 54-62.

# Why a good Guarantee works ?

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- forces company to focus on customers
- sets clear standards
- generates feedback
- forces company to understand why it failed
- builds “marketing muscle”

# Service Guarantees

- Does everyone need a guarantee?
- Reasons companies do NOT offer guarantees:
  - guarantee would be at odds with company's image
  - too many uncontrollable external variables
  - fears of cheating by customers
  - costs of the guarantee are too high

# Service Guarantees

- service guarantees work for companies who are already customer-focused
- effective guarantees can be BIG deals - they put the company at risk in the eyes of the customer
- customers should be involved in the design of service guarantees
- the guarantee should be so stunning that it comes as a surprise -- a **WOW!!** factor
- “it’s the icing on the cake, not the cake”