International Services Marketing:

A case study of Gammaknife surgery in Argentina

Författare: Michael Eriksson

2013

Examensarbete, kandidatnivå, 15 hp
Företagsekonomi
Ekonomprogrammet

Handledare: Akmal Hyder
Examinator: Aihie Osarenkho
ABSTRACT

Title: International Services Marketing – A case study of Gammaknife surgery in Argentina

Level: Final assignment for Bachelor Degree in Business Administration

Author: Michael Eriksson

Supervisor: Akmal Hyder

Date: 2013 – May

Aim: The aim of this study is to describe the internationalization process of services by looking at a Swedish healthcare service. The study has been performed before in different countries with distant cultures. By examining the service in Argentina it will be the first study of Gammaknife within a Latin-American context.

Method: The author wanted to get a deeper understanding of a contemporary phenomenon with no control over events. Therefore a qualitative case study was conducted. This was believed to be the only way to capture all nuances and get respondents viewpoint of the phenomenon.

Result & Conclusions: The case shows how Elekta has successfully overcome many of the obstacles associated with internationalization of services by working together with INVAP. With that Elekta get access to INVAP’s extensive network and their high credibility in the local market generates trust for Elekta as well. Another main factor for Gammaknife surgery in Argentina is time. The first Gammaknife was installed in 1983 and the treatment is therefore well known by the public.

Suggestions for future research: Similar studies have been conducted of Gammaknife centers throughout the world. Next step in the research process is to compare the results from the different studies. Another topic for future research is a comparison of using a distributor or expand over borders with establishment of an own division.

Contribution of the thesis: This study provides insights in the internationalization process of services. It contributes with empirical findings on how issues related to intangibility and heterogeneity in marketing services internationally can be overcome.

Key words: Services Marketing, Trust, Invap, Elekta, Gammaknife. Argentina
When I first started the business administration program I decided to take my courses online from Lima, Peru. It was an experiment that I thought would last one year and my motive was to learn Spanish on the way. As time passed I realized that I would end up staying here during my whole time of studying. For a long time I was thinking of a subject for a thesis. A difficult task because the distant culture and little knowledge of local business practices. After I came to terms with the possibility to stay even after my studies I started to take more interest of business in Peru and saw many things I wasn’t used to due to cultural differences. Slowly an idea for my thesis started to grow but I had a hard time to pinpoint an actual subject. The solution came when Akmal Hyder suggested and gave me the opportunity to do my thesis with Elekta and Gammaknife to continue his and Maria Fregidou-Malama research on cultural issues with internationalization of services marketing.

I would like to thank Invap and Elekta for the opportunity to do my thesis with them and the very good treatment I received during my stay in Buenos Aires, especially from Magdalena Tassara who accompanied me during my stay. Another thanks is to my girlfriend Lorena Zegarra for all the patience and kind words as well as my mother, Britt-Marie Jansson, in Sweden for her unconditional administrative help during three years of studying. A big thanks to all of you. Without you this thesis would not have been possible.
Table of contents

1 Introduction ..................................................................................................................... 6
  1.1 Background .................................................................................................................. 6
  1.2 Purpose ......................................................................................................................... 7
  1.3 Research questions ...................................................................................................... 7
  1.4 Limitations ................................................................................................................... 8
2 Method .............................................................................................................................. 9
  2.1 study approach.............................................................................................................. 9
  2.2 Case study ..................................................................................................................... 9
  2.3 Qualitative and Quantitative study .............................................................................. 9
  2.4 Research design .......................................................................................................... 10
    2.4.1 Theory .................................................................................................................... 10
    2.4.2 Data Collection ...................................................................................................... 10
    2.4.3 Analysis .................................................................................................................. 11
    2.4.4 Validity and reliability ........................................................................................... 12
  2.5 Method criticism ......................................................................................................... 13
3 Theory ............................................................................................................................. 14
  3.1 Services ....................................................................................................................... 14
  3.2 International Services Marketing .............................................................................. 14
  3.3 Theoretical framework .............................................................................................. 14
    3.3.1 Adaptation/standardization .................................................................................... 18
    3.3.2 Trust ...................................................................................................................... 19
    3.3.3 Network ................................................................................................................ 20
  3.4 Summary ..................................................................................................................... 22
4 The case ........................................................................................................................... 24
  4.1 Introduction .................................................................................................................. 24
  4.2 Argentina ...................................................................................................................... 25
    4.2.1 Argentinean health care system ............................................................................. 26
  4.3 The different actors in the study .................................................................................. 27
    4.3.1 Elekta and Gammaknife ........................................................................................ 27
    4.3.2 INVAP .................................................................................................................. 28
    4.3.3 Fleni ...................................................................................................................... 29
    4.3.4 Patients .................................................................................................................. 29
4.4 Relations ....................................................................................................................................... 30
  4.4.1 Elekta, Invap and Fleni ........................................................................................................ 30
  4.4.2 With Patients ....................................................................................................................... 30
  4.5 Summary .................................................................................................................................... 32

5 Analysis ......................................................................................................................................... 33
  5.1 Adaptation/standardization ..................................................................................................... 34
  5.2 Trust ......................................................................................................................................... 35
  5.3 Network ..................................................................................................................................... 36

6 Conclusion ..................................................................................................................................... 38

7 References ...................................................................................................................................... 40
  Internet Resources ........................................................................................................................ 44
  Interviews ....................................................................................................................................... 45

Appendix 1: Questionnaire ............................................................................................................. 46
1 Introduction

In the first chapter I give a quick overview of the background and purpose of this thesis as well as address three research questions.

1.1 Background

Services have grown strong during the last few decades. According to Sweden’s largest services association, Almega (www.almega.se), the services sector in Sweden was 74% of total employment in 2009. In the European Union, US and Japan the services sector was between 70 and 80% of GDP in 2007 (Kotler et al., 2008). It is easy to understand that services sector is a big part of domestic trade although numbers from international trade also show steady growth. A report from the government run agency, Growth Analysis (www.tillvaxtanalys.se), shows that the value of services export grew from 20.5% of total export in 1995 to 29.2% in 2005. On an international level Kotler et al shows numbers from WTO (World Trade Organization) even higher with a 37% share of the value of all international trade from the same time (2008).

Hyder and Fregidou-Malama argues that the nature and characteristics of services have made marketing and study of them difficult (2009). Services have to be produced and consumed at the same time and it is not possible to see or try before purchase. Intangibility makes it harder to communicate the product. Heterogeneity is another characteristic of services which differs from a physical good. The quality of a service is affected by who, where and when it is provided which makes it difficult to always deliver the same quality (Kotler et al., 2008:599). Different cultures can make one service be perceived different across borders. These issues are likely to make marketing services internationally more difficult (Hyder and Fregidou-Malama, 2009).

This case study continues the work of Akmal Hyder and Maria Fregidou-Malama (2009) at the Department of Business Studies, University of Gävle in relation to their research on international services marketing. Blumberg et al. (2008:375) states that one case cannot test a theory but a series of cases allows the assessment of a theory. He further explains that a literal replication of case studies is based on one’s theory and aims to select very similar cases. By apply the theoretical framework developed by Hyder and Fregidou-Malama (2009) parallel with other students in different cultures a replication of the case study in different cultures will make the results stronger (Blumberg et al., 2008:377).
Three issues in international services marketing will be looked at. Adaptation/standardization, networking, and development and maintenance of trust. By combining these issues with service characteristics, I will describe a Swedish healthcare service in Argentina and offer insight into the complexity of international services marketing. Elekta is a Swedish healthcare company that manufactures sophisticated medical equipment, including the Gammaknife. There are seven Gammaknifes centers in South America, two in Brazil and Colombia and one in each of Argentina, Chile and Venezuela.

In Argentina INVAP is exclusive distributor of all of Elekta’s systems, equipment and services in radiotherapy and neurosurgery areas. The case will look into their expansion in Latin America, the relation between Elekta and INVAP and how Elekta reach out with their offer to patients in Argentina. In the whole of South-America there are seven Gammaknifes in total. In Western Europe there are two or three in each country. The main reason is of course big difference in economy between the two continents. Today many Latin-American countries are growing strong economically. Big markets are opening up which make this study interesting from the perspective of investors.

1.2 Purpose

The purpose of this study is to describe the internationalization process of services by looking at the expansion of a Swedish healthcare service in Latin America. This type of study has been performed before in different countries with different cultures (Hyder and Fregidou-Malama, 2009), by examining the service in Argentina this study extends their work on international services marketing within Latin American context.

1.3 Research questions

By combining adaptation/standardization, networking, and development and maintenance of trust, with intangibility and heterogeneity, this thesis contributes to fill gaps relating to the internationalization process of healthcare services. The following research questions are addressed:

RQ1. How does adaptation/standardization take place in internationalization of Swedish health care services in Argentina and how does it address the difficulties associated with intangibility and heterogeneity?
RQ2. How is trust developed in the local environment and how does it help to overcome intangible and heterogeneous nature of service offerings?

RQ3. How is a local network established to secure resources for business operations and making contact with the customers for handling problems with intangibility and heterogeneity?

1.4 Limitations

This is a single case study to describe the service of Gammaknife surgery in Buenos Aires. Expansion over border will be looked at from a marketing point of view, other issues like financing will be left out in this study. Strategies and marketing approach differs between a service and a tangible good. The study focus on services and results are not applicable on tangible goods. Similar studies have been made on different Gammaknife centers throughout the world. The empirical findings although will be analyzed from the theoretical framework and not compared with results from other studies.
2 Method

This chapter discusses method chosen for this study and brings out its strengths and weaknesses. How data is collected and analyzed is also reported.

2.1 study approach

Two ways to approach a study are inductive and deductive approaches. Inductive approach means that the study is based on empirical data and conclusions are drawn strictly from that. Deductive approach is based on existing theory and concepts (Eriksson and Wiedersheim-Paul, 2006:83). A conclusion is valid when it is logical linked to the reported conditions (Thurén, 2007:28).

This study describes and analyzes a phenomena based on the theoretical framework proposed of Hyder and Fregidou-Malama (2009). Therefore the approach can be described as deductive.

2.2 Case study

The first and most important condition when it comes to choose which research method is appropriate is, according to Yin (2009:10), to classify what kind of research questions are addressed in the study. When questions begin with “how” or “why” one of the methods; case-study, experiment or history is appropriate. To further distinguish between the methods an examination of the investigator’s possibility to control events and time aspect when events occur. This study describes a contemporary phenomenon with no control over events and therefore a case-study is the most appropriate research method.

Summarized, this study fulfills the criteria Yin takes up for when a case-study is preferred.

1. When “how” or “why” questions are being posed.
2. The investigator has little control over events
3. The focus is on a contemporary phenomenon within a real-life context. (2009:8)

2.3 Qualitative and Quantitative study

The distinction between qualitative and quantitative studies is based on the kind of data that is used to study a phenomenon. Quantitative data consists of number and figures and requires that the phenomenon that is studied have defined properties which it is possible to put numbers on (Eriksson and Wiedersheim-Paul, 2006:120). Examples of quantitative studies
are statistical analysis, the average or percentage of something. Examples of data collection methods are surveys and structured interviews where the sample size usually is large.

Qualitative data consists of terms and descriptions. These studies give the possibility to more nuanced answer but also lower the precision in them (Eriksson and Wiedersheim-Paul, 2006:60). Instead of numbers, interpretations are used to get a deeper understanding of the research problem. Data collection usually consists of in-depth interviews and observations from a small sample size (Eriksson and Wiedersheim-Paul, 2006:60).

Because of the purpose of this study and the nature of the research questions a qualitative study is considered as the most appropriate. By getting the respondents viewpoint regarding the internationalization process of the service Gammaknife-surgery the author wants to explain and get a deeper understanding of the problem.

**2.4 Research design**

**2.4.1 Theory**
Blumberg *et al.* (2008:45) list five ways why theory is useful in research: 1: Narrows the range of facts we need to study. 2: Suggest which research approaches are likely to yield the greatest meaning. 3: Suggest a system for the researcher to impose on data in order to classify them in the most meaningful way. 4: Summarizes what is known about an object of the study, and states the uniformities that lie beyond immediate observation. 5: Can be used to predict any further facts that may be found.

Regarding case studies Yin (2009: 35) states that a common mistake students make is to proceed quickly to the data collection phase. He points out the importance of understanding the theory of what is being studied and that theory development is an essential part of the design. The goal is to have a sufficient blueprint for the study. To fulfill the purpose of this study the theoretical framework applied is based on the extensive work of Hyder and Fregidou-Malama (2009) and complemented with more recent research on the subject.

**2.4.2 Data Collection**
Primary data was collected during one week in Buenos Aires when the author had the chance to talk to persons in the organization of INVAP and minor opportunities to make own observations. The latter consisted of a guided tour of INVAPs facilities in Buenos Aires and the Gammaknife center at Fleni. Interview objects were chosen after communication with management at INVAP where key informants were identified. Interviewing patients were
discussed. Although interesting and very relevant for the case, a person in need of gammaknife surgery is passing through a very difficult time and out of respect for the patients it was declined from the author. Five individual interviews between one and two hours were made.

Two interviews with Ing. Juan Carlos H. Rodriguez, INVAP S.E. Manager of Medical Systems Division.

Gustavo Kiessling, INVAP S.E. Responsible for technical service.

Dr Julio Antico, Actual chief of service of Gammaknife at Fleni institute.

Magdalena L Tassara, INVAP S.E. which also accompanied during the whole stay with the opportunity for questions.

Interviews with People from INVAP were performed at the local INVAP office and with Dr. Antico at Fleni institute. Blumberg et al. (2008:386) suggests that when the purpose of an interview is to learn the respondents’ viewpoint of an issue unstructured interviews are most suitable. Interviews were therefore unstructured and the respondents got the chance to speak freely on the subject. They were made in Spanish which is the author’s third language. Interpretation problems were avoided with Magdalena Tassara at INVAP as a guide and help during the stay in Buenos Aires.

Secondary data in the case is mainly electronic resources. Reliability is uncertain with this kind of sources and they are therefore limited to published articles and official websites from well-known organizations.

2.4.3 Analysis
The analysis follows the strategy stated by Yin as “Relying on theoretical proposition“, which is the first and most preferred of his four general strategies for analyzing case study data (2009:130). The strategy is based on the theoretical propositions that led to the case study. As stated by Yin (2009:130) the proposition shaped the data collection plan and helped focus on certain data. The interviews were recorded and then transcribed. To avoid translating errors they were not translated from Spanish during the process of analyzing. The data collected were summarized and carefully filtrated, with help from the theoretical proposition as mentioned above, to distinguish useful and relevant information for the case. Patterns were
identified and linked with the theoretical framework. Pattern-matching logic is a technique described by Yin as the most desirable (2009:136).

2.4.4 Validity and reliability
Two important concepts on how to transfer theoretical models and concepts to empirical observations are validity and reliability. They define validity as the measurement tools ability to measure what it is supposed to measure (Eriksson and Wiedersheim-Paul, 2006:60). With other words the accuracy of which the parameters in the study really affect the results.

The theoretical framework applied in the study has been used in earlier studies. Triangulation is when you look at a problem from different point of view (Yin, 2009:116). Certain form of triangulation has been made in interviews where the objects come from different levels and different organizations. Also different sources of evidence has been collected; interviews with key informants, own observations and written sources. Collection of data and selection of interview objects have been described.

With reliability means trustworthiness in the results (Eriksson and Wiedersheim-Paul, 2006:61). In qualitative research reliability is a bigger issue than in quantitative due to subjective views from respondents and subjective interpretation of the author (Thurén, 2007:26). The goal of reliability is to minimize the errors and biases in a study so that another researcher could do the same study over again and reach the same results and conclusion (Yin, 2009:45).

Yin (2009:79) describes a case study protocol as a major way of increasing reliability in case studies. The protocol serves as a guide to for carrying out the data collection, hence making it possible for other researchers to use the same approach in conducting another investigation. Further he states four sections that should be included in such a protocol.

- An overview of the case study project – Presented in chapter 1
- Field procedures – presented in section 2.4.2 Data collection
- Case study questions – presented in Appendix 1 in the end of the document
- A guide for the case study report – No special guide for the report have been considered other than including all parts to fulfill the criteria for a thesis. Which follow the usual disposition of the sections.
In this paper, the points made by Yin are mainly taken into consideration through the thorough documentation of how the research has been carried out and through the layout of the questionnaire that is presented in appendix.

Although the author is neutral and measures have been made to meet the requirements the reliability cannot be guaranteed due to the subjective nature of the study.

2.5 Method criticism

The case study approach has been criticized for its role in social science. Two points of the critics is the high possibility of bias and that a scientific generalization cannot be made from just one case (Blumberg et al., 2008:375). The people I interviewed at INVAP were informed that my thesis were from the initiative of Elekta. According to Yin (2009:106) response bias and reflexivity\(^1\) are two weaknesses with interviews. Early on in the study I feared the risk that some results are biased due to the fact that they gave a better image of the product to please their partner but over time I felt that fear was unnecessary. One approach to deal with the issue of scientific generalization is to do a multiple case study. With similar studies performed in various countries it opens up the opportunity for that.

---

\(^1\) Interviewee tells what interviewer wants to hear
3 Theory

This chapter contains a review of theories and models used to understand problems related to expansion across borders for services. These models will be used to analyze the expansion of Gammaknife treatment in Argentina.

3.1 Services

Kotler et al. defines service as “any activity or benefit that one party can offer to another which is essentially intangible and does not result in the ownership of anything” (2008:597). The special characteristics for services are illustrated in the figure below.

![Figure 1: Special characteristics of services (Kotler et al. 2008:599)](image)

This study will focus on intangibility and heterogeneity (variability) which will be discussed further down in this chapter. Hyder and Fregidou-Malama (2009) argued that the other two characteristics do not present any particular difficulty in internationalization and are therefore not treated in this study.

Service offerings many times consist of a combination of a tangible good and intangible service (Kotler et al., 2008:598). Service deals included in purchase of a car and the food served in a restaurant are examples of tangible dominant services while a haircut and teaching are intangible dominant services.

3.2 International Services Marketing

International services are defined as “deeds, performances, efforts, conducted across national boundaries in critical contact with foreign cultures” (Clark et al., 1996). Intangibility and
heterogeneity become important issues to overcome in the international market. Questions like how, when and in what form a service is offered have to be considered. In an international context, Erramilli (1990, 1992) led an investigation of service firms’ entry modes, Freeman and Sandwell (2008) investigated professional service firms’ foreign market entry. Other studies have dealt with the internationalization process in different industries (Bhuian, 1997). Grönroos (1999) identified three general entry modes:

1. Client-following mode;
2. Market-seeking mode; and
3. Electronic marketing mode.

Moen et al. (2004) examined market selection and modes of entry by small software firms. The aspect of entry mode is interesting, but the type of service and how it can be passed on to customers beyond national boundaries is also of importance. Lovelock (1983) identifies three categories of services:

1. People-processing services that involve each customer directly in delivery of services targeted at the customer’s physical person;
2. Possession-processing services targeted at physical objects belonging to the customer; and
3. Information-based services targeted either at customers’ minds (mental-stimulus processing) or at their intangible assets (information processing).

The above categorization is important in understanding the involvement and role of people and technology in offering services. Successful marketing services across cultures requires that communication, discussions and adaptations/standardization go well (Hyder and Fregidou-Malama, 2009).

To marketing services internationally a company has to be aware of local tastes, preferences and habits. However, awareness alone does not suffice if the cultural distance between service provider (creator) and user is wide. To be successful, it may be necessary for both sides to undergo adaptation i.e. some changes are done to comply with local environment while locals adapt to the multinational company by accepting certain standardization (Hyder and Fregidou-Malama, 2009). Adapting services to foreign markets is more difficult than adapting
tangible products (Eriksson et al., 1999). While domestic contact service principals usually share a common culture, international principals may have significant cultural differences to contend with (Clark and Rajaratnam, 1999). Clark et al. (1996) claim that one future area of international services marketing will be dealing with complex culturally and politically sensitive dimensions of the intangibility of services.

Gummesson (1987) and Grönroos (1997) have pointed out the benefits of having long-term customers as opposed to onetime transactions. Relationship development is appropriate and economical for both clients and service providers. Consumers save money by relying on one supplier, while service providers can be sure there are buyers for their offerings. Karantinou and Hogg (2009) divided relationship into two categories which they named within-project and between-project where the first is a short term relation within a single assignment that focus on the success of the intervention. The latter is a long term relationship that spans over assignments with repeat selection of the same supplier and focus on loyalty. The importance of building long-term relationships is recognized in the field of industrial marketing (Cousins and Stanwix, 2001; Ford, 2004). But long-term relationships are only possible where there is trust between the parties. Ford (2002) and Håkansson and Snehota (2000) have focused on trust in the interaction between buyers and sellers. Hyder and Fregidou-Malama (2009) argued that, for the internationalization process to succeed, services’ intangible and heterogeneous characteristics require that trust be built and maintained throughout. Although trust is a vital issue in relationship development, it has received little focus in the service literature, in relation to international marketing.

In addition to adaptation/standardization and trust development, service firms need to develop local contacts and important network-building links. Such networks are helpful in accessing resources such as capital, manpower, marketing channels and support from government organizations, to pursue business and make customers willing to pay for the service offerings (Hyder and Fregidou-Malama, 2009). Chetty and Wilson (2003) argue that network represents a critical point of investigation in understanding internationalization when there are resource constraints. All firms, manufacturers or service providers, depend on their surrounding environment to become established, operate and survive. Network development is important where the uncertainty is high due to physical- and cultural distance and a communication gap, and service characteristics making the service offerings heterogeneous and difficult to display. Local adaptation and compliance to a certain level of standardization

16
will act to create confidence on the foreign company and be helpful to establish useful contacts with the local environment (Hyder and Fregidou-Malama, 2009). Roper (2005) claims that the standardization/adaptation is still under-researched, especially in terms of qualitative evidence.

Knight (1999) looked at international services marketing research conducted 1980-1998 and offered a good review of works in the field. Retailing and banking sectors were found to dominate this research, with only three of the 124 articles dealing with health care. Intensive customer contact, networking, customization, cultural adaptation, standardization, and degree of tangibility and heterogeneity were found to be the most significant and challenging factors in the internationalization process, particularly in services marketing. The seminal article of Professor Theodore Levitt (1983) has led to a debate on adaptation/standardization in foreign market for many years. Can a company totally rely on standardization or adaptation while operating in the international market? The literature on internationalization suggests that firms readily combine these issues because each of them has certain positive effect on the performance. Boddewyn and Grosse (1995) considers it appropriate for companies to standardize their branding and warranty policies, but to adapt pricing and physical distribution to local conditions. In a survey of 124 UK multinational companies, reported in Roper et al. (1999), Vrontis (2003) finds that the sample firms integrated both adaptation and standardization approaches in their effort to increase organizational profitability and maintain marketing orientation. But adaptation/standardization, although a major factor, has not been focused in the services marketing (Hyder and Fregidou-Malama, 2009). Boddewyn and Grosse (1995) point out that we need to know more about the practices of service firms since most research has dealt with manufacturers, apart from the greater standardization reportedly practiced by international franchisors.

Edvardsson et al. (2008) found that buyers seem to judge the service contents and delivery based on the interaction with one or a few persons representing the seller. The complex and intangible service is not easy to ‘test-drive’ before a business agreement but people representing the seller are used as surrogates and buyers infer to the service and value in use. They found this to have a strong impact on the development of the relationship initiation process for executive education and consulting services. Patterson and Cicic (1995) note that degree of intangibility and degree of face-to-face contact with clients in service delivery are useful dimensions when considering services in an international context. Success requires
marketers to understand these challenges, as they relate to the unique characteristics of services and the nature of individual foreign markets (Knight, 1999). Laing and Lian (2005) study relationships in professional services and highlight the importance of trust in reducing risk and uncertainty embedded in such services. Gulati (1995) sees a link between trust and networks, and finds that networks create two types of trust: knowledge-based trust, resulting from mutual awareness and equity norms; and deterrence-based trust, which arises from reputational concerns. Mutual awareness in foreign market can be gained by reducing cultural gaps through adaptation and reputation by adopting successful and quality product and service standards of the foreign firm. Elo (2003), and Möller and Svahn (2003) find network and trust as a prerequisite for trading while interest and willingness to adapt (to both direction) as a prerequisite for the development of network and trust. Adaptation/standardization, network development and trust form the basis of the conceptual framework.

3.3 Theoretical framework

The theoretical framework proposed by Hyder and Fregidou-Malama (2009) is composed of three variables, i.e. adaptation/standardization, trust and network, which work together to solve issues related to intangibility and heterogeneity to facilitate the service marketing internationalization process. Adaptation/standardization is central in their framework because it leads to development of both trust and network. Trust is created with the conviction that service producers will provide quality offerings as a part of standardization, and at the same time be responsive to local customs, needs and values. From a marketing perspective the market-oriented organization is an ideal version of the adaptive organization (Neilsen et al., 2003). Network development, particularly informal relationships, is usually a local requirement in many countries. Trust and network however affect each other and help to reduce intangibility and heterogeneity (Hyder and Fregidou-Malama, 2009). Håkansson and Ford (2002) find trust helpful for interacting parties to gain access to each other’s networks. And also when successful contacts are established and maintained, parties are likely to have trust on each other. The three variables are now discussed.

3.3.1 Adaptation/standardization

Samiee (1999) argues that cultural imperativeness has a significant impact on the acceptability and adaptation pattern of services. This implies that cultural adaptation requires some modification in offering the service concept (McLaughlin and Fitzsimmons, 1996).
Bianchi (2011) suggest that for superior performance for inward internationalizing firms, it should adopt strategies based on a combination of firm-specific resources (i.e., standardization) and country-specific resources (i.e., adaptation). It can be expected that the greater the cultural difference, the greater the need for adaptation (Hyder and Fregidou-Malama, 2009). de Búrca et al. (2004) however point out that executives must not forsake their own ways and totally conform to the other culture – rather, they must be aware of local customs and willing to accommodate those differences that cause misunderstanding. The important issue is “who” will adapt – only the service provider, or both the service provider and the local customer?

Edvardsson et al. (1993) have examined internationalization in service companies and comment that service providers keep their global concept intact but adapt when it comes to the question of organization and marketing. McLaughlin and Fitzsimmons (1996) state that “the customer contact or front room operations require sensitivity to the local culture” and that the best approach to this is through hiring and training locals who know how to handle the situation. It may be in the interest of the service provider that a certain adaptation be made on the local side to keep the strength and unique quality of the original concept. Roper (2005) has a same kind of opinion as she claims that a completely polycentric, adaptive approach to the local circumstances would result in some drawbacks. Calof and Beamish (1994) see also disadvantages in applying exclusively a polycentric approach. A good balance between standardization and adaptation is necessary in marketing services internationally. There is a need of fit between management practices and national culture (Newman and Nollen, 1996). Siraliova and Angelis (2006) found that multinational companies apply both standardization and adaptation in their marketing strategy.

### 3.3.2 Trust

Trust is seen as important for the effective development of a successful long-term business relationship (Ford, 2004; Madhok, 2006). Sabel defines trust as the mutual confidence that no party to an exchange will exploit another’s vulnerabilities (1993). Ford (2002) addresses trust, focusing on relationship development within an interaction model. Trust is important whenever there is uncertainty, vulnerability, and an absence of control (Parkhe, 1998). The four characteristics of services: intangibility, inseparability, heterogeneity and perishability can increase uncertainty and vulnerability. Trust is important for services customers as they perceive high risk or that they feel uncertain, regarding their ability to

---

2 Services performed in the original country to international customers, such as tourism, international schools etc
evaluate outcomes –, e.g. banking, insurance, medical and legal services (Zeithaml et al., 2006). Trust may be embodied in the person offering the services or in the organization itself. Spake and Megehee (2010) found that perceived expertise positively influenced satisfaction and trust. They argued that patient and physician traits do impact the service relationship. Physician expertise plays a key role in patient satisfaction and the level of trust in the provider. Bianchi (2011) highlights the importance of international quality accreditations, which provide tangible cues related to international standards. Trust becomes important if a large cultural difference exists between the countries of the service providers and the customers (Hyder and Fregidou-Malama, 2009).

Trust development needs mental preparation and mutual acceptance by the interacting parties. Madhok (2006) considers trust-building a costly and time-consuming process because it is a long-term investment. Håkansson and Snehota (2000) and Edvardson et al. (2008) relate time to growth in trust where parties build trust step-by-step in a social exchange process. Prior to the formation of a formal business relationship the degree of trustworthiness will be established through interactions and the exchange of information in meetings between individuals. From Blomqvist’s (1997) results Hyder and Fregidou-Malama (2009) observe that the reciprocal and self-enforcing nature of trust is generally noted: trust tends to evoke trust, and distrust to evoke distrust. More than 40 years ago, Perlmutter (1969) found building trust between persons of different nationality difficult. Time and money have to be invested and lots of tolerance is needed from service companies to come closer to customers from distant cultures.

3.3.3 Network

Bianchi (2011) points out that having domestic and international network is a main driver to help consumer services overcome internationalization barriers and improve likelihood of international performance. Freeman and Sandwell (2008) found that personal relationships are especially important for professional service firms and more so for entry to foreign environments described as emerging, were managers may lack local experience, know-how as well as face particular barriers such as the cost of face-to-face communication; language; cultural work practices and government policy and regulations. Ford (2002) argues that, in order to understand what goes on inside a company’s relationships, we need to understand the network they are part of. As Håkansson and Ford (2002) argue that each business unit, with its unique technical and human resources, is bound together with others through its
relationships. Through relationships, companies can get vital information and gain access to resources they need to run their business activities.

The core model for industrial networks is composed of three variables:

1. actors;
2. activities; and
3. resources (Håkansson and Johanson, 1992).

In Hyder and Fregidou-Malama’s (2009) interpretation of the model, actors perform activities and/or control resources. An activity occurs when one or more actors combine, develop, exchange or create resources. Resources are the means used by actors performing activities. The emphasis of network model rests on an exchange of information, access, and accumulation and coordination of resources between the interacting parties. Resources from others can be important in gaining access to new customers or strengthening relationships with existing customers. Edvardsson et al. (2008) identify four statuses in the initiation process of relationship development:

1. Unrecognised – Parties are unknown to each other
2. Recognised – Parties are aware of each other and of business possibilities
3. Considered – Parties engage in discussions to determine scope of exchange
4. Relationship – Business agreement reached

They also identify factors for change between the different statuses which they call converters and inhibitors. Converters consist of time, trust and service offering, whilst inhibitors are made up of bonds, risk and image. Leek and Canning (2011) further develop the model above to, what they call the process of networking. They do not distinguish between inhibitors and convertors, instead they want to identify factors which are likely to contribute to change the status. Last step in both recognized to considered and considered to relationship their model presents information processing of:

- Trustworthiness: cognitive: reputation, credibility and benevolence
  Affective: similarity, attractiveness and liking
- Service offering: competencies capabilities
- Company context: bonds and market dynamics
In figure 2, the variables discussed above are integrated in one single model. In the model it is assumed that, two service characteristics, i.e. intangibility and heterogeneity, to be most challenging in international services marketing. The figure depicts how the combination of the three variables is a response to these characteristics. By creating trust and network in the local market, service providers can overcome the hurdle of communication and intangibility (Hyder and Fregidou-Malama, 2009). If services cannot be communicated to customers, quality may be difficult for consumers to assess (Zeithaml et al., 2006). As services are heterogeneous due to involvement of people and cultural differences, maintaining service quality would be a complicated task. Successful adaptation and standardization may assure quality of a service since good communication between service providers and consumers improve consumers’ ability to describe their needs and providers to satisfy them.

![Diagram of the process of international services marketing](image)

**Figure 2: The process of international services marketing (Hyder and Fregidou-Malama, 2009)**

### 3.4 Summary

To successfully expand across border, a services firm need an understanding of what problems culture and practice differences it involves. This chapter presented theories and models used to overcome these problems and will be used to analyze the expansion of Gammaknife treatment in Argentina.

The theoretical framework applied in this thesis is proposed by Hyder and Fregidou-Malama (2009). Their research argues that two services characteristics, heterogeneity and intangibility,
present particular difficulties in marketing services across borders. To overcome these issues three variables are identified; adaption/standardization, trust and network. Previous research presented argues the importance of them individually. With the model shown in figure 2 (Hyder and Fregidou-Malama, 2009) the variables are tied together and show how the relation between them is an important factor to overcome heterogeneity and intangibility. Adaptation/standardization is a key to develop trust and network and is therefore central in the model.
4 The case

This chapter is dedicated to present the different actors in the study and the empirical data collected during one week in Buenos Aires. After the introduction the chapter begins with a brief discussion about Argentina with some general points. It is necessary to get a full understanding for the results in the case.

4.1 Introduction

The internationalization process in the case consists of various steps with different actors. Figure 3 is an overview of the different actors, all of which will be presented more thoroughly below.

![Figure 3: The actors and their role in the case](image)

Elekta does not have an own division in Argentina which make the internationalization process more complicated including various actors. INVAP is official distributor of Elekta’s products in Argentina. They install and perform service on medical equipment made by Elekta. However, INVAP is not involved in any contact with patients, the Gammaknife is installed at the Fleni clinic.

In order to complete figure 3 with how they are related this chapter will look in depth on the relations between the different actors, how they are connected and what information is exchanged between them. Development of figure 3 will give a ground for analysis on how it affects the final offer to consumers. The two steps with most importance for the study, and therefore focused on, are between Elekta and INVAP and how the offer reaches out to the final customer, i.e. the patients.
4.2 Argentina

Argentina is located at the southern end of South America. A population of around 42 million makes it the third biggest country in South America\(^3\). According to WDI (world development indicators) from the world bank\(^4\) infant mortality rate is steadily declining from 16 out of 1000 births in 2000 to 13 in 2011\(^5\) which put Argentina at 75:th place in the world.

Just looking at numbers from the Argentinean economy can scare any western macroeconomist with economical crises coming and going as something normal. Though the actual numbers does not matter to this study, how they affect actors do. In general, people I talked to did not pay too much attention to the economical fluctuations in Argentina. The comments I did receive was more of a statement character that the economy in Chile and Brazil are stable and that in Argentina it is cyclical.

One example of how the economical situation and fluctuation influence how investments are being looked at and planned for in Argentina came up in the interview with Juan Carlos. He described that with the ups and downs in the economy, the Argentineans do not plan for the long run when making financial decisions. It is very rare that maintenance is included in budgets for projects. He stated that it is much easier to buy 10 cars and let them run down in a few years than buy eight and spend the costs of the two other ones on maintenance and service. An example from another product shows that this affect Gammaknife as well, new expensive equipment were installed. In the trade was a longer service deal with all spare parts included. What was not included were the building in which the equipment were located. After a while the air-conditioning broke down which also affected the performance of the equipment. Juan Carlos expressed the phenomena as “It is a part of the general culture to consider it a cost when in reality it is an investment in maintenance”

Corruption is wide spread throughout South America and Argentina. When I asked about the existence of corruption the answer from Gustavo Kiessling was simply “very much, in all areas”. Juan Carlos explains that in Argentina there is low transparency in accounting and therefore easy to take out black money. Even if it is not shown direct in the material, people are very aware of its existence and it has a big impact in doing business in Latin America, especially when it comes to public affairs.

\(^3\) After Brasil and Colombia. 2:nd in area after Brasil.
\(^4\) http://data.worldbank.org/indicator/SP.DYN.IMRT.IN
\(^5\) In comparison to USA 6 and Sweden 2 in 2011
4.2.1 Argentinean health care system

The health care system in Argentina is composed of three main sectors.

- Public sector
- Obras sociales, social security sector
- Private

The public sector includes the national and provincial ministries as well as the network of public hospitals and primary health care units which provide care to the poor and uninsured population (Belló and Becerril-Montekio, 2011). Provincial health ministries are in charge of basic public health services, including prevention, education and promotion. Public hospitals provide services not only to uninsured groups, but also to those that are covered by social or private health insurance. The public sector is also used by insured people requiring more complex and expensive treatments and surgeries (Cavagnero et al., 2006). The public sector is financed with taxes and payments made by social security beneficiaries that use public health care facilities (Belló and Becerril-Montekio, 2011).

The social security sector or Obras Sociales (OS) covers all workers of the formal economy and their families. Most OS operate through contracts with private providers and are financed with payroll contributions of employers and employees (Belló and Becerril-Montekio, 2011). It consists of about 300 different funds covering more than 50% of the population (Cavagnero et al., 2006). There are important differences among different OS in an economic perspective depending on the average wages and number of formal workers in each sector.

The social insurance sector was subjected to many reforms throughout the 1990s. Two of the most significant ones are according to Cavagnero et al. (2006) a liberalization of the sector, which allowed workers to select their own insurance funds. The second big reform was a reduction in employer contribution from 6% to 5% of the wage bill. This implied a significant loss for the sector. Social health insurance started to contract out their administrative functions, which consequently were highly profitable customers for the private sector.

The private sector includes all private clinics and practices. This sector also includes private insurance agencies called Prepaid Medicine Enterprises, financed mostly through premiums paid by families and employers (Belló and Becerril-Montekio, 2011). Benefit packages depend on contributions. Approximately 4 million individuals hold private insurance, i.e. around 10% of the population (Cavagnero et al., 2006). The private sector grew rapidly
during the 1990s. Cavagnero et al. (2006) believes the two main reasons are that it was caused by the opening of private health care market to provide health services to those covered by social health insurance and because of the increasing demand from richer population groups, which sought better quality services than those provided by the public sector and directly by the OS.

Dr Antico believes that the healthcare system is complicated. There is little support from the state when it comes to medicine with high complexity. It has improved lately due to the private insurances which has integrated a lot of people but still a big part of Argentineans do not have access to all kinds of healthcare due to economic issues.

4.3 The different actors in the study

4.3.1 Elekta and Gammaknife

The center for this study is the internationalization process of the service Gammaknife surgery. The Equipment with which the surgery is performed, the Gammaknife, is manufactured by the Swedish human care company Elekta. It was founded 1972 by the late Lars Leksell, Professor of Neurosurgery at the Karolinska Institute in Stockholm. In addition to the Gammaknife, Elekta produce state of the art tools and treatment planning systems for radiation therapy and radiosurgery. The company is world leading in image guided and stereotactic clinical solutions for radiosurgery and radiation therapy (www.elekta.com).

The corporate headquarter is located in Stockholm and the company is listed on the Nordic Exchange. Elekta employs about 3 300 people around the world. In Latin-America Elekta’s only office is located in Sao Paolo, Brazil.

Together with his colleagues at the Karolinska institute Lars Leksell also invented the Gammaknife. The first prototype was introduced for clinical research 1969. Gammaknife-surgery is a method to treat brain tumors and brain disorders with radiation. What makes it unique according to Magdalena Tassara is the precision of which the radiation hits the tumor and leaves all the surrounding, healthy, tissue untouched. That gives a very quick recovery, usually patients can leave the clinic the same day. In comparison to for example a much riskier open cranium operation with very long recovery. Another benefit is few and, under the circumstances, small side effects (such as headache).
The first Gammaknife in Argentina where installed in 1983 at Clinica del Sol, one of the first ones ever installed outside of Sweden. In the year 1998 the clinic was sold and they decided not to continue with the Gammaknife program. Year 2001 Elekta installed a new Gammaknife at the Fleni institute through their American division.

4.3.2 INVAP

Elekta does not have a division in Argentina. Instead they use INVAP as their official distributor. In 1997 Elekta expanded their network in Argentina by acquiring Philips radiotherapy division which deals with all commercialization and service in Latin America. According to Juan Carlos INVAP was one of the first choices to distribute the products of Elekta due to the similarity and experience of the products. First they formed an agreement in radiotherapy and later on, in 2002, in neurology in connection to Gammaknife.

INVAP is a high-tech company, founded in 1976, with about 800 employees where about 600 are located at the main plant in Bariloche. A majority are highly qualified professionals and technicians. According to Juan Carlos Argentina is a very centralized country⁶ and because of that management is situated in Buenos Aires. The organization structure is a matrix with four main areas, which are described below.

Nuclear

The nuclear division develops and implements nuclear projects all over the world with a pursuit for innovative, cost-effective and timely solutions. Among their projects are tailor made reactor cores and neutron beams.

Aerospace and government

Except for launching INVAP implements full satellite projects from mission concept to placement in orbit and complete operation, with three satellites already in orbit. That gives them a unique position in the Latin American market (www.invap.com). INVAP is industry partner to the Argentinean space agency, CONAE, and among their projects the Aquarius/SAC.D mission stands out. INVAP designed and constructed the satellite on behalf of NASA⁷.

⁶ About one third of Argentina’s population lives in metropolitan Buenos Aires, author’s note.
⁷ http://www.nasa.gov/offices/ocel/appel/ask/issues/46/46s_argentine_partnership.htm
**Industrial and alternative energy**

The Industrial and alternative energy division offers a wide range of products. On the alternative energy side, there are products such as air generators and wind turbines. Even though nuclear and space divisions gained more importance, some of the first activities at INVAP were in the industrial sector. Products differ from equipment to freeze-dry food to automatic robots and special machines. INVAP takes advantage of the expertise that exists within in the company in various technological areas. As an example, space technology is sometimes applied in industrial developments.

**Medical Systems**

This division of INVAP develops and manufactures radiotherapy medical equipment. In addition to their own products they are also exclusive distributor of all of Elekta’s equipment, systems and services in the radiotherapy and neurosurgery area.

INVAP has more than 20 years of experience on the international scene with offices in Australia, Egypt and Venezuela. Three out of four interviews were performed with people from the medical systems division at INVAP. The company is certified with ISO 9001, ISO 9002 for services, ISO 14000 for environment and at the time of writing INVAP is in the process to be certified with ISO 13485 norms specifically for medical equipment.

**4.3.3 Fleni**

Argentina’s only Gammaknife is installed at the Fleni institute, according to Juan Carlos one of the three most prestigious institutions in Argentina in neurology. It is a nonprofit foundation. Fleni is a high complexity center with more than 50 years of experience in neurology and cardiology. The actual chief of service of Gammaknife, Dr Antico, has worked with Gammaknife since it first came to Argentina in 1983. The years between Clinica del sol and Fleni he worked in Sao Paolo with Gammaknife. That makes him one of the most experienced and respected doctors in the field.

**4.3.4 Patients**

According to Juan Carlos there are three main groups of Gammaknife patients at Fleni. Foreigners make up for a significant part of the patients treated. The relative low cost compared to countries like the United States opens up opportunities for medical tourism. A second big group is patients sent from other institutions. Fleni’s own patients are believed to
be the smallest group. Three main reasons for foreigner to perform their Gammaknife treatment in Buenos Aires are:

1. Dr Antico is a very well-known radio surgeon that gives the patient confidence in quality of services.
2. Fleni is an important institution in neurosurgery.
3. The price level in Argentina is much lower than for example in USA.

4.4 Relations

Trust and Network are generally seen as something very important in local business. Create trust start with the condition of some basic knowledge about the product or service involved. Personal trust for individuals is created first and after comes organizational trust. As an example Juan Carlos described a recent event in which he went to a negotiation in a project run by another department at INVAP. The other company asked especially for him because of an individual trust created under a long time.

4.4.1 Elekta, Invap and Fleni

Elekta and Invap have a close relation which is restricted not only by contract but also legal restrictions due to the use of radiation. The service team at Invap is only allowed to a certain level of reparations. Except from that Elekta perform service and maintenance of the equipment. Even though INVAP manage cobalt and have a nuclear division, Swedish standards do not allow them to do any work on the Gammaknife that involves radioactive material. Once every year Elekta arrive to perform a total service. The close relation between the two companies is also shown in the fact that both doctors and technical support in Argentina are frequently involved in development of the concept.

For implementation of the agreements in the commercial area INVAP has adopted rules and guidelines from Elekta for performance and performance measures.

4.4.2 With Patients

In comparison between different treatments, Gammaknife treatment had against it in the beginning knowledge, incidence and frequency from both doctors and patients. Now many patients are derived from other institutions. Therefore both the patient and the Gammaknife center have a lot of information before the first consultation at Fleni. Dr. Antico describes the contact with patients as very good. It is a high participation from the patient in the planning
process of the treatment. One thing that I reacted to was that the patient himself has to present required controls, such as images of the injury, to continue the treatment. That means that no images are taken at the Gammaknife center. Sometimes the patient sends its family to the first appointment and with time trust is gained. One fact pointed out as important to the contact with the patient is that he is awake during the whole surgery. In many cases it is an alternative treatment to be compared with others. One advantage with Gammaknife treatment is its quick results. The patient can early see improvements. Due to the many years that Gammaknife treatment existed in Argentina, the knowledge about the treatment is believed to be higher in the country than in other countries, which leads to more consultations. Patients are denied because the treatment is not seen as the most adequate. Internet is another source that gives the patients access to information they could never reach before. Many patients that arrive have been in contact with other patients before. It has been wondered if it can be contra productive with patients aware of all different types of treatment. The answer was quick that the majority greatly benefits from the treatment. So when talking to other patients they do not only give information but also recommend a treatment. The high acceptance among patients believed to be, more than anything else, that the patient has a very big participation in the treatment.

From several years in different South American countries my own experience says that the level of hospitals and doctors vary a lot and with that the confidence from the public. A majority of people I know do not go to a doctor if they not have been recommended. It was generally agreed that confidence for medicine is high in Argentina due to qualified professionals. It was expressed that doctors travel to congresses over the world and are aware of new technologies but the delay in implementing them in Argentina was between 5 and 10 years. That means that the limitations are set by economic reality and not from level of knowledge and education.

The problem for Gammaknife treatment in Argentina, which is described by Juan Carlos as the cruel reality, is not the absence of patients but an economical issue where the choice is between helping four patients or curing one. He means that some radio therapists sustains that with the value of one application of Gammaknife they can treat four patients with traditional radio therapy. Dr Antico explains that in general there is less discussion against radiotherapy in Argentina and it has a bigger share compared to other treatment now than before.
4.5 Summary

This chapter presented the empirical data collected in Argentina. The various actors with their roles and relations are shown in figure 4 below to get a better overview. The figure is a development of figure 3 in the introduction.

![Diagram](image)

**Figure 4**: Development of figure 3. A summarized overview of the actors in the case and how they are related

Including relations in figure 3, figure 4 shows that the process is more complicated than from a first look. It can best be described as a matrix where everyone is connected in some way. Elekta and INVAP have a close long-term relation. Elekta and dr Antico worked together even before INVAP and Fleni were involved. With his experience dr Antico is an important voice when it comes to developing new features of the equipment. The final offer to patients is a well-known treatment performed of one of the most experienced doctors on the field.
5 Analysis

This chapter begins with a clarification of what type of services and relations are dealt with. Thereafter the three variables: adaptation/standardization, trust and network are discussed and the empirical data is analyzed and linked with the theory in chapter 3.

From the categorization of services made by Karantinou and Hogg (2009), in this paper presented in section 3.2, there are two different kinds of relations that can be isolated and analyzed in this case study, the long term between-project relationship between Elekta and Invap, and the patient relationship that can best be described as a shorter within project relationship. In the second the long term relation is not to one patient but rather to the community. The differences of services described by Kotler et al. (2008) in the beginning of chapter 3 is noticeably in the internationalization process described in figure 4 the level of tangibility is declining from the physical good from Elekta to installation and service from INVAP, a tangible dominant service, to the last pure service in form of operation.
5.1 Adaptation/standardization

Although cultural adaptation generally is said to demand some sort of modification of service concept, the core service, i.e. the Gammaknife method itself is the same as used in the rest of the world. This, of course, is quite natural since the service is a medical technique. INVAP has also implemented rules, guidelines and performance measures from Elekta when it comes to the commercial part. The interesting part is how Elekta has adapted to the cultural environment when it comes to creating the most beneficial arena for its patented method to be spread. As de Burca et al. (2004) points out, a successful expansion in a culturally different
arena, requires not necessarily an adaptation of the service or product, but rather an adaptation due to awareness of local customs. One example of adaption presented in the case is including family members in early stages of the planning process.

As is described in section 4.3, trust and network is very important in local business. Using a local company with good trust and reputation will, with this in mind, help the expansion of the service offered. This, I believe, might be even more important when it comes to such an important medical technique as the Gammaknife method. This strategy also follows Edvardsson et al. (1993) and McLaughlin and Simmons’ (1996) statements that organization and customer contact will work as its best when adaptation to the local culture is taken into consideration. In the case adaption is made not only by strategy decision but is also forced due to legal restrictions.

In conclusion, the strategy used by Elekta shows that the company has used both the adaptation and standardization strategy in their marketing.

5.2 Trust

There are interesting points to be made when it comes to the relationship and trust between Elekta and INVAP. This relationship is characterized by a mutual dependency. Elekta has the patent and Invap has the knowledge of the market. This dependency is strengthened by the fact that Elekta has the main task of service, but that INVAP’s personnel are involved with the development of the techniques used. This is highlighted by Ford (2002) as he states that interaction builds trust.

As Bianchi (2011) points out, international quality accreditations are important when it comes to gaining trust. The fact that INVAP are certified by a number of ISO certificates should add to the level of trust that the company is perceived by and hence improve the relationship between Elekta and INVAP. This also corresponds to Leek’s and Canning’s (2011) theory that competencies capabilities are key factors when it comes to building stable relationships between companies. In summary, the certificates together with the fact that INVAP was a well-known high-tech company before they became distributor of Elektas products, increases the probability of the two companies forming a stable relationship to each other.

Madhok (2006) states that mutual acceptance is crucial when it comes to developing trust between parties. One thing that struck me during my visit to Buenos Aires was how impressed everyone was with the equipment behind the service. I got the impression that everyone was
convinced that they worked with the best invention ever made. In the beginning I feared this could have something to do with the fact that my contact with the company came through Elekta and they wanted to come off as good representatives. Over time it became clear to me that it was genuine admiration for the equipment. This respect shown for the service matches well with Madhok’s (2006) theory.

INVAP’s customer relations are also interesting from Elekta’s point of view. I believe that it is possible to say that the services provided by INVAP will be more demanded as the trust of the service increases. The increase in demand also strengthens INVAP’s relationship to Elekta since the economical losses in case of a broken relationship between the companies will be more substantial.

From this perspective, it is also interesting to analyze strategies when it comes to building consumer trust.

Zeithaml et al. (2006) writes that trust is important for services customers as they perceive high risk, or that they feel uncertain regarding their ability to evaluate outcomes. Patients trust is gained with high participation during the planning and option to involve the family in early stages of the process. Another way to gain trust from patients is to provide a network of old patients to share their experiences. As can be seen in section 4, the medical practitioner involved in the process has a good reputation and is seen as trustworthy by many. This corresponds to Spake and Megehee’s (2010) theory that perceived expertise positively influenced satisfaction and trust. The importance of having the right people representing you in order to gain trust was also highlighted by Edvardsson et al. (2008) and it is likely to believe that the Gammaknife center in Argentina does benefit from having such a well-known medical practitioner involved in the business. With Edvardson et al. (2008) findings in mind, that time is a key ingredient in building trust, it is also likely to believe that the fact that the Gammaknife method has been used for many years with very little complaints contributes to the trust and higher acceptance from patients described by dr. Antico.

5.3 Network

Freeman and Sandwell (2008) found that personal relationships are especially important for professional service firms. An example of this in Argentina is given in sector 4.4 were Juan Carlos explained how he accompanied the director of another INVAP department for negotiations because of personal trust between him and the director of the other company
Elekta’s relation with INVAP is in line with Håkansson and Johanson’s (1992) core model for industrial networks presented in section 3.3.3. The relation is strengthened with a close communication. Elekta have successfully overcome problems with communication and intangibility by their strategy to use a distributor agreement with INVAP and as result of that strategy trust and network was created in the local market.

Elekta’s way of organizing the expansion of the service by using INVAP as a local distributor differs from a situation in which a company on its own tries to expand into a foreign market. In the case of Elekta’s expansion in Argentina, the task of building consumer trust is moved from Elekta to the local distributor INVAP. The building of consumer trust can therefore be seen as a local company building trust with its nearby consumers, rather than an international company trying to build relations with a foreign market.

The factors contributing in network building identified by Leek and Canning (2011) correspond well both when it comes to the relationship between Elekta and INVAP, and to the relationship between the two companies and their customers. The case study shows that the companies share a good reputation, high credibility and competencies
6 Conclusion

Chapter six contains a summary of the paper and conclusions are drawn from the analysis section. The chapter discusses the research questions addressed in the study. Choice of method, contribution of the paper and suggestions for further research will also be discussed.

Few people have missed that the services sector has become important in domestic economy during the last decades. With the globalization it is also becoming a bigger part of international trade. Although internationalization of services haven’t been given much importance by researchers until recent years. Marketing services differs from marketing a physical good because of the special characteristics of services such as intangibility, heterogeneity, inseparability and perishability. Hyder and Fregidou-Malama (2009) argue that the first two present particular difficulties in internationalization and therefore form a starting point in their framework that is applied in this study. The framework is based on three variables, i.e. adaptation/standardization, trust and network and show how they work together to overcome challenges regarding intangibility and heterogeneity in marketing services across cultures.

This study provided insights in the internationalization process of a Swedish healthcare service in Argentina. In general in Argentinean culture trust and network are very important factors. Informality is common and together with low transparency in accounting it brings out corruption as a big problem, a problem shared by most Latin-American countries. Confidence in Argentinean healthcare is high. A 5-10 year delay in implementing new equipment is set by economics and not the competence of doctors.

Three research questions were addressed regarding the importance of the three variables mentioned above: Adaptation/standardization, trust and network.

The case shows many examples on how adaptation and standardization took place. Because of the use of radiation adaptation needed to be done due to legal restrictions. Another example of adaption presented in the case is including family members in early stages of the planning process. That the core service remains the same and rules and guidelines are implemented from Elekta are examples on standardization.
The two main factors in the case for development of trust are time and reputation. The treatment existed for many years in Argentina. With time and a well-known medical practitioner in Dr. Antico trust has been developed.

Personal relationships are important in Argentina. The use of a local company as a distributor gives Elekta access to their network. In that way many issues about establishing network are solved.

Summarized the case shows how Elekta has successfully overcome many of the obstacles associated with internationalization of services by working together with INVAP. With that Elekta get access to INVAP’s extensive network and their high credibility in the local market generates trust for Elekta as well. Another main factor for Gammaknife surgery in Argentina is time. The first Gammaknife was installed in 1983 and the treatment is therefore well known by the public.

The circumstances did that a qualitative case study was a given choice of method. The author wanted to get a deeper understanding of a contemporary phenomenon with no control over events. This was believed to be the only way to capture all nuances and get respondents viewpoint of the phenomenon. By fulfilling the purpose of extending the empirical evidence regarding the work of Hyder and Fregidou-Malama (2009) this paper contributes to the possibility of a multiple case study and with that make the results stronger. This paper contributes with empirical findings on how issues related to intangibility and heterogeneity in marketing services internationally can be overcome by creating trust and network in a local market together with adaptation and standardization strategies. It is generally agreed that trust and network are two important factors when it comes to expansion over borders. Although create trust and build networks in a foreign market is a complicated and time consuming task. This study can be used as a successful example on how to integrate and expand across borders for service companies.

Similar studies have been conducted of Gammaknife centers throughout the world. Next step in the research process is to compare the results from the different studies. Another question raised during the process and topic for future research is a comparison of using a distributor or expand over borders with establishment of an own division.
7 References


Internet Resources

www.nasa.gov, accessed 2012-05-15
www.almega.se, accessed 2011-05-05
www.tillvaxanalys.se, accessed 2011-05-05

**Interviews**

Gustavo Kiessling, INVAP S.E. Responsable for technical service. (2011-04-26)
Dr Julio Antico, Actual chief of service of Gammaknife at Fleni institute. (2011-04-27)
Magdalena L Tassara, INVAP S.E. (2011-04-25)
Appendix 1: Questionnaire

The following questions were used as a framework for discussion. Some questions are specific to each individual.

How did you find out about Gammaknife?

Who took the initiative to establish contact between you and Elekta?

When did you start work together and what are the characteristics of the contract?

What do you know about Gammaknife in other countries?

How long time did it take from the first contact to the first surgery?

How is the project financed?

What is the structure of the company?

Centralized or decentralized?

Describe the process of decision making?

How is the firms’ strategy to attract competent personnel?

How do the employees participate in decision making?

What is the policy of contracting and promotion?

What challenges did you meet to establish Gammaknife treatment in the country? Bureaucratic and cultural?

How were these challenges dealt with?

What adaptations have been made from the original concept?

How is Elektas strategy incorporated in your way of working?

Who are the principal concurrents in the local and international market?

What is most important for you in marketing your business idea?

Describe formal and informal relations in terms of business in Argentina?

What importance do you see in the issue of trust in providing services?

Describe the process of gaining trust in the local market?

Explain the process of implementing a new medical equipment or treatment in Argentina?

How is the general knowledge about Gammaknife?

How do patients react when you suggest Gammaknife surgery?
What type of relation and communication is needed to succeed in the offer of the treatment?

What is your relation with Elekta when it comes to feedback and development?

Describe the healthcare system in Argentina?

How is the confidence in general for the healthcare system?

Something you would like to add to the discussion?

How do you see the future for Gammaknife treatment?