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**Service Marketing Problems and Strategies: Evidence from Business
Consultants in Emerging Markets**

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Second Cycle
Date: 09-01-2015

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Abstract

Aim: The purpose of this study is to create new insights for service marketing in emerging markets by investigating the applicability of the literature on problems (that stem from the unique characteristics of services) that occur during the service marketing process of business consulting companies, and the strategies to cope with these problems. Additionally, this paper intends to elucidate the extent to which the position on the emerging market spectrum was related to the problems (that stem from the unique characteristics of services) during the service marketing process, and the strategies to cope with these problems.

Methodology: This research utilized a mixed method research strategy: both quantitative and qualitative research was conducted to obtain the data. Business consultancy service providers in emerging markets were contacted to participate in the survey as well as an online interview and this resulted in seventy respondents that participated in the survey and three interviewees for the online interviews.

Findings: Emerging markets experience more problems than the developed markets, but made, marginally, more use of the strategies than their more developed counterparts. Strategies in emerging markets have been recognized to be standardized and with a high customer participation. Furthermore, the tests that were performed revealed that there was a limited relationship between the problem areas and the usage of strategies, and the GDP per capita and the characteristics of emerging markets.

Theoretical implications: This study echoes the notion that theories created for developed markets may not be applicable to emerging markets. Additionally, it has created a platform for researchers that wish to study service marketing in emerging markets.

Managerial implications: It could have been shown that problems that stem from the unique characteristics of services are more evident in emerging markets than in developed markets. By providing an indication of the extent to which each of the problems occur, chief marketing officers are now better equipped for dealing with the uncertainties that come with new market penetration.

Contribution: This study is unique in its nature by conducting multiple case studies on the underexplored field of business consultancy services in emerging markets.

Limitations: The relative small sample size limits the generalizability of the study. This is also the case for the narrowed focus of the study in terms of the research sample, i.e. business consultancy service providers. Additionally, the authors' choice for selected characteristics of emerging markets does not allow a wider generalizability.

Key words: *Emerging Markets*, *Services Marketing*, *Business Consultants*

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List of abbreviations

ECR	-	Euromoney country risk
FDI	-	foreign direct investment
GDP	-	gross domestic product
GNI	-	gross national income
HSBC	-	Hong Kong and Shanghai Banking Corporation
KIBS	-	knowledge-intensive business services
KIS	-	knowledge-intensive services
KTI	-	knowledge- and technology-intensive industries
NGO	-	non-governmental organization
PPP	-	purchasing power parity

Preface

The authors of this study are fully aware of the fact that it is not their task to define theirselves philosophically as scientists. Nevertheless, they believe that, by providing the reader a short philosophical background, this will help him or her understand why certain choices were made as to the conducted research. That being said, Saunders and Lewis (2012) explain that subjectivism is a good approach to study management. Subjectivism namely asserts that people assign their own meaning to the way they think and do their jobs. Social phenomena and their meanings are under constant revision (Bryman & Bell, 2007), including the interactions between, for instance, the customer and the service provider. Subjectivity invites the researcher to study, in detail, a specific situation in order to comprehend what is happening, however because of the constantly changing nature, no definitive answer can be provided.

Without referring to this short introduction of subjectivism throughout the rest of this work, we invite the reader to consider important aspects of this study, such as the topic, the purpose, and perhaps even the term "subjectivity" itself, so that one understands better the nature of this research.

We would also like to take the opportunity to thank everyone involved in this project. First and foremost, our gratitude goes out to Professor Akmal Hyder for guiding us through the writing process. By pointing out the important details, we were able to adjust and deliver the paper that is lying in front of the reader. Thank you for your advice and wisdom!

Next, we would like to thank Maria Malama for providing valuable insight during the meetings that were scheduling for the thesis course. Additionally, we found inspiration during these meetings, which have helped us tremendously. You have our thanks Maria!

Last but not least, we can't thank the participants enough for taking part in our research. If it wasn't for them, we couldn't complete our thesis. A special thanks to you!

1. Introduction

This chapter is intended to help the reader create an understanding of the main research topic of this study: service marketing in emerging markets. It starts off by explaining the background of the study, followed by a description of the scope of research and the purpose of the study. Finally, the disposition of the study is outlined.

1.1 Problem discussion

Just as much scholars seem to have difficulties reaching consensus on defining the word "emerging market", so too do they have difficulties labeling countries as an emerging market - ambiguity clouds the term. Coined by Antoine van Agtmael, at the time Division Chief at the World Bank, perhaps the most banal definition of an emerging market is a low-income, rapid-growing nation, which is using economic liberalization as its primary catalyst (Hoskisson, Eden, Lau & Wright, 2000; Kearney, 2012). Roughly speaking, this pertains to 80 percent of the world according to the World Bank Group (2014a), encompassing 5.818 billion people in 139 countries. According to Kearney (2012), the emerging markets make up four fifths of the world's population, however they account for barely one fifths of the world's Gross Domestic Product (GDP).

On the other hand, it seems that the characteristics of an emerging market, which comprise, amongst others, short-term economic liberalization, high market growth - the figures published by the World Bank Group (2014b) reveal an average annual GDP growth of 6.34 percent for emerging markets - and relative cheapness of labor (Isobe, Makino & Montgomery, 2000; Dawar & Chattopadhyay, 2002; Singh, 2010) as well as the comparative advantages, which includes policy- raw material- and non-governmental organization (NGO)-based advantages (Sheth, 2011), may provide an explanation as to why emerging markets are evolving to be the core marketing practice for, amongst others, foreign investors (Hart & Christensen, 2002; London & Hart, 2004; The Economist, 2014).

The other side of the coin is the ambiguous and unpredictable nature of an emerging market. Often lacking in an adequate institutional- and economical infrastructure for distributing capital, emerging markets are plagued by high uncertainty risks due to these traits (Hitt, Dacin, Levitas, Arregle & Borza, 2000).

This indicates that emerging markets are fundamentally distinct from developed

markets, thus theories created for developed markets may not be appropriate for emerging markets (Hoskisson et al., 2000). Another issue that needs consideration is the fact that the average customer in an emerging market differs substantially from the average consumer in a developed market (Singh, 2010; Kearney, 2012), indicating that new insights are needed regarding marketing in emerging markets.

1.2 The scope of research

Two important developments help narrowing the broad scope of "marketing in emerging markets" in addition to the notion that theories created for developed markets may not be appropriate for emerging markets: (1) the fact that there is a faster growth in newly registered businesses in emerging markets than there is in developed markets, and (2) the growing importance of services in the world market. Firstly, between 2003-2012 the available data from the World Bank revealed that there was an average increase of 136% regarding new businesses that were registered (i.e., the number of new limited liability corporations registered in the calendar year) in emerging markets. In contrast, for developed markets, this percentage was 37%. Secondly, the ever-growing importance of services in the world market is discernible in the figures: according to the United Nations Conference on Trade and Development (2014), during the period from 1981 to 2013, the total amount of trade in services had an average annual (i.e., year-on-year) increase of little over 8 percent and totaled slightly over \$4.7 trillion in 2013. For emerging markets specifically, there was an average annual growth of 9.7% in 2013.

The importance of services in economics extends to the literature as well. For example, in the article "*Evolving to a new dominant logic for marketing*" the authors Vargo and Lusch (2004a) believe that service provision, rather than goods, is fundamental to economic exchange, and this thought has received support in the literature (e.g., Lusch, Vargo & Wessels, 2008; Vargo, Maglio & Akaka, 2008; Payne, Storbacka, Frow & Knox, 2009; Spring & Aaujo, 2009; Edvardsson, Tronvoll & Gruber, 2011). However, just as emerging markets differ from developed markets, so too do goods from services and it's because of this distinction, or rather characteristics of services that set them apart from goods that may lead to problems during the service marketing process (Zeithaml, Parasuraman & Berry, 1985). In conjunction with the formerly discussed issue that theories created for developed markets may not be appropriate for emerging markets, but problems during the service marketing

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process seemed an interesting and relevant subject to investigate.

It is often the case that emerging market businesses lack organizational knowledge and expertise (Meyer, 2001; London & Hart, 2004). It can be argued that the need for business consultants is ever more important in these markets. Imagine a Venn diagram with the following three components: (1) the growing importance of services, (2) the difference between emerging markets and developed markets in terms of the applicability of theories, and (3) the growth of newly registered companies. Business consultancy could then be placed in the middle of the overlap. The main function of a business consultant is to provide information and support to assist established, newly registered and future companies - therefore this type of service was deemed a logical choice as a befitting research subject.

1.3 Purpose

The purpose of this research is to create new insights for service marketing in emerging markets by investigating (the applicability of the literature on) problems (that stem from the characteristics of services) that occur during the service marketing process, and the strategies to cope with these problems.

Additionally, this work intends to elucidate the extent to which the position on the emerging market spectrum is related to the problems (that stem from unique characteristics of services) during the service marketing process, and the strategies to cope with these problems.

1.4 Disposition

What follows is the theoretical framework that is built on two important topics for this study: emerging markets and services. A definition of emerging markets is proposed, the characteristics of these markets are described, followed by an elaboration on the theory regarding the unique characteristics of services and the knowledge-intensive business services (KIBS), which includes the business consultancy sector. The theory chapter concludes with the research questions. Next, the methodology chapter explains the way in which the research is conducted, that is, made choices as well as alternatives (if applicable) will be discussed. Thereafter comes the empirical data and analysis chapter. Here, the empirical data is presented and subsequently analyzed. Lastly, in the conclusion chapter one find concluding remarks, comments on the

limitations of this study and the managerial implications.

2. Theory

In this chapter, one will find a definition of what an emerging market is, as well as the characteristics of emerging markets. Subsequently, the literature on services is explained. More specifically, the unique characteristics of services are described, followed by an introduction to and explanation of the knowledge-intensive business services (of which business consultancy is a part of) and the link with emerging markets.

2.1 Emerging markets

An unequivocal answer for the definition of an "emerging market" does not seem to exist (Dana, 2004; Kvint, 2004; Burgess & Steenkamp. 2006). Perhaps, this provides an explanation as to why the characteristics of an emerging market are also drenched in ambiguity - this will be discussed in a later paragraph. Additionally, Hoskisson, Eden, Lau and Wright (2000) argue that when one intends to do research on emerging markets, it is important to clarify the definition and which countries are included and excluded. Therefore, a definition was proposed before the list of emerging markets was compiled and included in Appendix I.

2.1.1 Definition

Referring back to the definition of an emerging market, one notices its diverse nature judging from examples of several scholars and institutions as shown in table 1.

Table 1: Definitions of an emerging market

Authors/institutions	Definition
Goetzmann & Jorion (1999:4)	"… a stock market in a developing country that is included in a current major database such as the one maintained by the IFC."
Hoskisson et al. (2000:249)	"… a country that satisfies two criteria: a rapid pace of economic development, and government policies favoring economic liberalization and the adoption of a free-market system"
Martinez & Santiso (2003:365)	"… an economy whose political outcomes and uncertainties (such as presidential election or a cabinet reshuffle) tend to have high impacts on financial variables and therefore on stock markets."
Vishwanath (2009: 612)	"… that market which has begun a process of change, and is growing in size and sophistication."
The Hong Kong and Shanghai Banking Corporation (HSBC Global Asset Management, 2014)	"… a country with low-to-middle income as measured by the World Bank."

Source: Own construction

The definitions pertain to political and/or economic approaches, and range from the mundane to the extensive. To add to the confusion, the term "emerging market" is often regarded as interchangeable with the term "developing economy", and some authors even regard "transition economies" as emerging markets. For example, Hoskisson et al. (2000) identified a list of 64 emerging markets, of which 13 were classified as transition economies. Meyer (2001) on the other hand, makes a clear distinction between transition economies and emerging economies.

Another example is the definition provided by the Hong Kong and Shanghai Banking Corporation (HSBC), which pertains to the classification by the World Bank. The World Bank, however, uses the term "developing economy" rather than "emerging

market" (The World Bank, 2014c). Additionally, apart from the fact that the definition as stated by HSBC is the most mundane, it is the clearest definition in terms of measurability. Burgess and Steenkamp (2006), however, make two important remarks with respect to said definition, which are supported by and used in this study because they affect the classification of emerging markets. Said authors define emerging markets as "… countries in which purchasing power parity (PPP)-adjusted GDP per capita, converted to U.S. dollar and smoothed for three-year currency fluctuations, is equal to or less than the highest ranked country classified as "middle income" by the World Bank" (Burgess & Steenkamp, 2006, p. 339).

Firstly, the authors use GDP per capita as opposed to gross national income (GNI), which is the indicator used by the World Bank (The World Bank 2014c). As the annual GDP comprises of the total of goods and services produced by a domestic economy over a one-year period (Wild & Wild, 2012, p. 144), thus excluding, amongst others, remittances from other countries. To illustrate, in 2012 the received remittances in Tajikistan, which was ranked the highest for that year, accounted for 47.5% of its GDP (The World Bank, 2014d). Once again, remittances, amongst other, are excluded from GPD, as opposed to GNI, making it a more precise measure of domestic growth. Secondly, Burgess and Steenkamp (2006) propose that GDP per capita should be adjusted for purchasing power parity (PPP). PPP is a theory of exchange rate and explains that a unit of any given currency (in this case the U.S. dollar) should be able to buy the same amount of goods in all countries (Mankiw, 2008, p. 707). PPP-adjusted economic indicators (e.g., GDP) are more reliable when measuring on a global scale since it reveals the difference in development levels between countries better than non-PPP-adjusted indicators (Dawar & Chattopadhyay, 2002).

Using the definition of Burgess and Steenkamp (2006) of an emerging market, the highest ranked country classified as "middle income" by the World Bank is currently Venezuela ($12,550), which resulted in a list of 125 countries (see appendix I).

One point of consideration is the fact that emerging markets should not be regarded as a homogenous group of countries (Hoskisson et al., 2000; Luo & Tung, 2007), or following a homogenous pattern of economical development (London & Hart, 2004). There are, however, some characteristics that more or less permeate the spectrum of the countries noted on the list of emerging markets compiled for this study. These

characteristics are explained in the next section.

2.1.2 Characteristics

As mentioned earlier, there is no clear answer as to what the characteristics of emerging markets are. Some scholars acknowledge certain while neglecting other characteristics. For this reason, it was decided to provide the reader with an overview of several references documenting, or rather, acknowledging certain characteristics. The overview provides a comprehensible overview by not necessarily concentrating on a specific topic or branch within emerging markets. Additionally, in order to make the overview more feasible, those characteristics that did not receive enough support from the references (i.e., at least 7 out of the 13 references needed to acknowledge these characteristics) were removed from the overview and mentioned briefly later on in this paragraph.

Table 2: Characteristics of emerging markets

		Bekaert & Harvey (2003)	Burgess & Steenkamp (2006)	Dawar & Chattopadhyay (2002)	Hitt, Dacin, Levitas, Arregle & Borza (2000)	Hoskisson et al. (2000)	Isobe, Makino & Montgomery (2000)	Kearney (2012)	London & Hart (2004)	Meyer, Estrin, Bhaumik & Peng (2009)	Sheth (2011)	Tracey & Phillips (2011)	Welsh, Alon & Falbe (2006)	Wright, Filatotchev, Hoskisson & Peng (2005)
Characteristic cited	C1		√		√	√		√	√	√	√	√	√	√
	C2			√	√		√	√	√	√	√	√		
	C3	√			√	√	√	√	√	√	√	√	√	√
	C4	√	√		√	√					√	√		√
	C5		√		√	√			√			√	√	√
	C6	√			√	√		√	√	√		√	√	

Characteristic explanation	C1	Lack of institutional governance
	C2	Inadequate infrastructure
	C3	Relatively high market growth rates
	C4	Short histories of economic liberalization
	C5	Economic instability
	C6	High risk potential for doing business

Source: Own construct

Not all emerging markets are the same (Tracey & Phillips, 2011; Wright et al. 2005) and the authors of this study most certainly do not have the intention to treat them alike. Therefore, the reader must treat table 2 with caution as not every characteristic is held in common among the emerging markets. However, the extent to which the table is accurate of said table

Relatively high market growth rates – of the characteristics in table 2, "relatively high

market growth rates" has received the most support. The high growth rates of emerging markets can be partly attributed to foreign direct investment (FDI) inflows (de Mello Jr., 1997; Borensztein, De Gregorio & Lee, 1998).

The latter notion is discernible in the figures; eighteen of the top 20 countries with the highest GDP growth rates are listed as an emerging market in appendix I (The World Bank, 2014b).

Lack of institutional governance – as North (1990:3) explains; "institutions are the rules of the game in a society", they reduce uncertainty by providing a structure to every life. The "rules of the game" consist of formal (e.g., laws and regulations), informal institutions, such as norms and cognitions and enforcement characteristics of these rules (North, 1990:58; Peng, Wang & Jiang, 2008), which are important for the functioning of any economy (Meyer, 2001) and provide firms with opportunities for conducting transactional activities (Gao, Murray, Kotabe & Lu, 2010).

Inadequate infrastructure – this characteristic can be regarded as the physical equivalent of the latter discussed characteristic in terms of the importance for the functioning of any economy. Infrastructure includes the basic installations, services and facilities needed for the functioning of a society. For example, communication- and transportation systems, and energy facilities, as well as public institutions (e.g., health care facilities, schools, prisons, etc.) are often deemed inadequate in emerging markets.

Short histories of economic liberalization – economic liberalization is a rather broad concept. It is a collective name and includes, among others, capital market liberalization (Stiglitz, 2000), trade liberalization (Wacziarg & Welch, 2008) and financial liberalization (Bekaert, Harvey & Lundblad, 2005). Bluntly stated, economic liberalization, in this study, is regarded as the process in which a given country not only "democratizes" the domestic economy, but also opens its borders to foreign investors.

Economic liberalization is often regarded as the antecedent of the formerly discussed relatively high market growth rates. In addition to the fact that the high growth rates of emerging markets can be partly attributed to FDI inflows, Wacziarg and Welch (2008) explicate that countries, that underwent trade liberalization (i.e., a part of

economic liberalization), experienced an increase of 1.5% in annual growth rates. Additionally, Bekaert et al. (2005) found in their study that financial liberalization, also a part of economic liberalization, led to an increase in annual real economic growth over a five-year period.

High risk potential of doing business – the risk potential can be regarded as a result of the formerly discussed "lack of institutional governance" and "inadequate infrastructure", and the characteristic "economic instability". One important aspect of doing business in an emerging market is the heightened presence of corruption and bureaucratic inertia in contrast to developed markets (Isobe, Makino & Montgomery, 2000; Schwens, Eiche & Kabst, 2011). For example, 18 out of the bottom 20 in terms of corruption control are emerging markets (The World Bank, 2014e). Economic instability is another factor that contributes to the amount of risk present in a given country, and this will be discussed next.

Economic instability – several factors contribute to a given nation's or market's stability, which include avoiding economic and financial crises, high inflation, large swings in economic activity, and excessive market volatility (International Monetary Fund, 2014). Consequently, economic instability impedes economic growth and often results in (disproportionate) unemployment (Stiglitz, 2000).

The rest of the characteristics (derived from the selected group of references) that did not receive enough support to be mentioned in table 2 are mentioned below. First of all, both "relative cheapness of labor" (Dawar & Chattopadhyay, 2002) and "a low per capita income" seem logical as a characteristic. Both are often mentioned in the literature (e.g., Dawar and Chattopadhyay, 2002; Hoskisson et al., 2000; Isobe, Makino & Montgomery, 2000; Tracey & Phillips, 2011), and were not included in the table. It was made clear in the previous paragraph that the definition of an emerging market used in this study pertains to the PPP-adjusted GDP per capita. The aforementioned list of 125 countries represents, in contrast to the rest of the world (i.e., not including the countries for which no data is available), the lower half in terms of income (this translates to the relative cheapness of labor), thus also a relatively lower per capita income.

Market heterogeneity, which received some support (Burgess & Steenkamp, 2006;

Dawar & Chattopadhyay, 2002; Hoskisson et al., 2000; London & Hart, 2004; Sheth, 2011) pertains to the extreme within country heterogeneity of most emerging markets. Heterogeneity in terms of not only shopping habits, but also human development such as educational attainment and income.

High market volatility is another characteristic that is mentioned by several authors (Bekaert & Harvey, 2003; Kearney, 2012; Meyer et al., 2009; Wright et al., 2005). Market volatility, or stock market volatility, is the extent to which the market index or returns for a given security are dispersed, and this is marked by frequent sudden changes in variance for emerging markets (Aggarwal, Inclan & Leal, 1999).

2.2 Services

Throughout the years, several authors adopted a different definition of the term "service", indicating that there is no clear-cut answer as to defining a service (Clark, 2000:11; Gadrey, 2000). For practical reasons (i.e., the authors addressed several definitions and proposed one of which its parts is borrowed from several definitions, thus more inclusive than said definitions) the definition of Vargo and Lusch (2004:2) is adopted, which reads as follows: "*... the application of specialized competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself*". From this definition it can be inferred that services are intangible rather than tangible; one of the four characteristics of services (Zeithaml, Parasuraman & Berry, 1985).

2.2.1 Characteristics of services

In their study, Zeithaml et al. (1985) produced a literature review that identified the four unique characteristics of services that were most evident in terms of receiving support in the literature, which includes the aforementioned intangibility, heterogeneity, inseparability of production and consumption and perishability.

Intangibility means that services cannot be felt, seen, touched or tasted as opposed to goods. This leads to the phenomenon that the prices for services are difficult to set and that services cannot readily be displayed or communicated, stored, and protected through patents (Zeithaml et al., 1985).

Inseparability involves consumer participation and refers to the simultaneous production and consumption of services (Berry, Seiders & Grewal, 2002). This

translates into heightened consumer participation (time and effort), other consumers that may be involved in the production and the fact that it is difficult to mass produce services (Berry, et al., 2002; Zeithaml et al., 1985).

Thirdly, because services are generally performed by and involve human interaction, this will lead to variation in performance (Rushton & Carson, 1989) – heterogeneity. The quality, therefore, not only varies between different employees, but also from day to day for the same employee. This, in turn, makes quality control and standardization difficult to achieve.

Lastly, perishability concerns the fact that services cannot be stored. For example, unoccupied hotel rooms, empty airplane and movie seats, etc. (Erramilli, 1990).

2.2.2 Knowledge-intensive business services

The shift from manufacturing to knowledge-intensive and technology-intensive business service industries (Javalgi, Gross, Joseph & Granot, 2011) has also propelled academically research about the 'knowledge-economy' (Den Hertog, 2000; Muller & Zenker, 2001), including increased attention for KIBS since the middle of the 1990s. According to Muller and Doloreux (2007), the peak of concentration on that field has taken place between the years of 2002 and 2005, but still seems poorly studied. The authors mention, for instance, the existing discourse on the definition of the term KIBS, which was first introduced by the work of Miles, Kastrinos, Flanagan, Bilderbeek, Den Hertog, Huntink & Bouman, (1995). The following table (table 3) shows several definitions of KIBS.

Table 3: Several definitions of knowledge-intensive business services

Author	Definition
Miles et al. (1995:18)	"…services that involved economic activities which are intended to result in the creation, accumulation or dissemination of knowledge."
den Hertog (2000:505)	"… private companies or organizations who rely heavily on professional knowledge, i.e. knowledge or expertise related to a specific (technical) discipline or (technical) functional-domain to supply intermediate products and services that are knowledge based."
Toivonen (2004:3)	"… expert companies that provide services to other companies and organizations."

Source: Own construction

As the term suggests, this field of business services reflects the aforementioned trend in the global labor market, namely the increasing demand for high-skilled workers (OECD, 1996). All these definitions combine the aspect of knowledge or expertise, in their specific field of business activity; they all could possibly be summarized by the complexity of their high-skill services (Miles et al., 1995. Nevertheless, a standard approach has not yet been described (Muller & Doloreux, 2009), which is probably caused by the indefinite and overlapping character of the service sector and its sub-categories (Toivonen, 2004). Therefore, a need for comparing the different existing classification possibilities exists.

2.2.2.1 Classifications

The first attempt of classifying and sorting the KIBS was done by Miles et al. (1995). Firstly, the aforementioned authors differentiate between *traditional professional services*, which are established on social and institutional knowledge. For example, management consulting, advertising, accountancy and legal services belong to that group of business services. The second category represents those based on *technological* knowledge and its transfer, such as information technology-related services, architectural and engineering services, medical and pharmacological research services, design, and Research and Development (R&D). This categorization has also been presented by Den Hertog (2000). For an overview of the KIBS classifications, see table 4.

Table 4: KIBS overview by the literature

Type of service
Accounting and bookkeeping
Management consultancy
Specific building services (e.g. architecture, surveying, construction, engineering, etc.)
Facility management services
Technical engineering services
Research and Development Services (excluding university-based R&D)
R&D consultancy services
Design (not only concerning new technologies)
Environmental services
Computer and information-technology-related services (including software services)
Legal services
Marketing & advertising
Exploitation and trade in real estate
Training
Specific financial services (e.g. securities and stock market-related activities)
Temporary labor recruitment services
Press and news agencies

Source: Miles et al. (1995)

Secondly, Javalgi et al. (2011) present a modified classification of the KIBS, supported by the National Science Board (2014b), by adding the knowledge intensity to the origin of the key sector. This either stems from commercial or 'market-driven' knowledge-intensive services (KIS) (e.g. business services, financial services, and communications), or from public KIS, (e.g. educational and health services). Following their argumentation, KIBS are the high knowledge-intensive services with a market-oriented approach.

Lastly, the Eurostat (2008) made a classification of all the KIBS in the official '*Statistical classification of economic activities in the European Community*'. This categorization was adopted by Muller and Doloreux (2007). Categorizing the KIBS by its sectors and sub-sectors achieves clarity by breaking up the complexity of services as detailed as possible. Furthermore, this example barely focuses on market-oriented services and combines 'traditional' and 'technological' services. For these reasons, the authors of this study believe that Eurostat (2008) presents the most comprehensible classification, which is shown in table 5.

Table 5: KIBS sectors and sub-sectors

NACE	Description
62	*Computer Programming, Consultancy and Related Activities*
62.01	Computer Programming Activities
62.02	Computer Consultancy Activities
62.03	Computer facilities management activities
62.09	Other information technology and computer service activities
63	*Information service activities*
63.11	Data processing, hosting and related activities
69	*Legal and accounting activities*
69.1	Legal activities
69.2	Accounting, bookkeeping and auditing activities; tax consultancy
70	*Activities of head offices; management consultancy activities*
70.1	Activities of head offices
70.2	Management consultancy activities
70.21	Public relations and communication activities
70.22	Business and other management consultancy activities
71	*Architectural and engineering activities; technical testing and analysis*
72	*Scientific research and development*
72.1	Research and experimental development on natural sciences and engineering
72.2	Research and experimental development on social sciences and humanities
73	*Advertising and market research*
73.1	Advertising
73.2	Market research and public opinion polling

Source: Eurostat (2008)

Defining the range of the examining services in that precise way is essential for the upcoming section, which summarizes the characteristics that all KIBS combine.

2.2.2.2 Characteristics

As already mentioned before, KIBS are principally characterized by the co-production of a client and a supplier of specialized, professional, and competitive knowledge. That external source functions either as a purchaser, provider, or transferor of knowledge (Miles et al., 1995; Den Hertog, 2000; Miles, 2005). The resulting quality in that process relies on both the nature of interaction and the communication quality (Den Hertog, 2000). The role of the supplier is described as either a *facilitator*, who is

supporting the changes, as a *carrier*, acting in a transferring role, or as the main *source* of innovation, the initiator (Miles et al., 1995; Den Hertog, 2000). Furthermore, the existing literature emphasizes that this degree of interaction is dependent on the branch of business service (Miles et al., 1995). Additionally, management consultancy is regarded as one of the most intensive client-provider interaction (Den Hertog, 2000).

Referring to Toivonen (2004), the consultative aspect within the creation of comprehensive strategies based on customer-specific knowledge, is gaining more importance. This information is primarily gathered from research projects which either focus on theoretical reflections, aiming to clarify the term of KIBS in relationship with innovation (Miles et al., 1995; den Hertog, 2000; Muller & Zenker, 2001; Toivonen, 2004; Muller & Doloreux, 2007) or either limited to a geographical area (Miles, 2005; Javalgi et al., 2011; Merino & Rubalcaba, 2013). That last statement is fairly supported by the literature review of Muller and Doloreux (2007), who point out that 66% of the research until the year 2007 took place in Europe. That is why this study aims to discover the underexplored field of KIBS, more specifically business consultancy providers in emerging markets. What follows is a presentation of the current situation regarding KIBS in developing countries.

2.2.2.3 KIBS in emerging markets

Globalization processes encourage the steady internationalization of the KIBS. The key drivers of that progress appear to be the better access to global talent, the advances in secure telecommunications and information technology, the rise of offshore outsourcing of manufacturing and services, and the new types of knowledge input (i.e. environmental regulations and social changes). These key drivers simultaneously support the worldwide movements toward economic liberalization and improved legal protections for intellectual property (Miles, 2005; Javalgi et al., 2011). The influence of these key drivers is correlated to the different level of development and per capita income of one particular market.

Regarding the activity and productivity of knowledge- and technology-intensive industries (KTI) in selected developing economies, these differences are illustrated in the various share of KTI (National Science Board, 2014a, b). China stands for the highest KTI-share among the larger developing economies, followed by four countries, which account for between 19 and 21% (Brazil, India, Mexico, and South

Africa).

Table 6 combines the KIBS activity and the development of GDP, to provide a basis for further concluding remarks, concerning the globalization aspect of this subject.

Table 6: Value added of commercial KI services by emerging markets in millions of current dollars – 1997-2012

Region / Country/ Economy	1997	2002	2007	2012
World	4,624,927	5,738,580	9,291,216	11,540,869
North America				
Mexico	38,192	81,252	129,398	151,738
Central and South America				
Argentina	40,642	14,528	33,524	62,507
Bolivia	835	843	1,007	1,918
Brazil	108,915	68,520	191,659	260,760
Colombia	20,542	14,613	29,436	52,381
Costa Rica	1,566	2,289	3,863	7,390
Ecuador	2,672	2,519	5,309	5,075
Honduras	662	1,076	1,758	2,705
Jamaica	1,275	1,762	2,367	2,685
Peru	6,287	6,178	10,957	22,698
Venezuela	7,261	9,140	18,631	30,197
Europe				
Ukraine	3,375	3,788	18,765	19,901
Middle East				
Iran	5,124	10,989	33,336	45,595
Jordan	1,068	1,638	2,934	5,187
Africa				
Cameroon	766	782	1,091	1,404
Egypt	13,069	13,950	18,451	31,274
Kenya	967	1,246	2,796	4,565
Morocco	2,295	5,513	12,062	15,241
Nigeria	3,270	1,776	7,813	18,196
Senegal	379	535	1,467	1,906
South Africa	19,334	16,806	47,983	61,793
Tunisia	3,118	3,684	6,512	8,161
Zimbabwe	1,351	935	254	748
Asia				
Bangladesh	2,903	3,354	4,806	7,478
China	123,774	153,865	389,355	950,962
India	41,794	60,146	133,001	234,491
Indonesia	18,924	16,377	37,369	76,312

Pakistan	4,461	4,983	11,104	14,955
Philippines	8,220	10,797	23,168	41,359
Sri Lanka	1,629	2,715	5,585	10,794
Thailand	16,581	14,316	28,808	43,716
Vietnam	1,715	2,205	4,372	8,195

Source: National Science Board (2014a)

2.3 Research questions

Two research questions were formulated based on the discussed literature in this chapter, and to address the research gap that currently exists. These research questions are as follows:

> - *To what extent do the problems that stem from the unique characteristics of services and the strategies to cope with these problems apply to service providers in emerging markets?*

As already mentioned, Zeithaml et al. (1985) have recognized the Intangibility, the Inseparability, the Heterogeneity, and the Perishability to be the four characteristics that make services unique in their nature. Simultaneously, these attitudes are causing specific problems and require an adequate strategic program. The authors of this work have been used the former study results to test these fairly general statements in a specific market (emerging countries) and in a specific sector (business consultants). For further information on the problems and the strategies, see Appendix II (Overview resulting market problems and strategies to solve problems).

> - *To what extent are the Gross Domestic Product per capita, adjusted for purchasing power parity, and the characteristics of emerging markets related to the problems that stem from the unique characteristics of services and the strategies to cope with these problems for service providers in emerging markets?*

Quantification methods have been created out of the 6 assumed characteristics of emerging markets, namely lack of institutional governance, inadequate infrastructure, relatively high market growth rates, short histories of economic liberalization,

economic instability, and high risk potential for doing business, respectively and selected GDP per capita, adjusted for PPP data; with the intention to find correlations with the characteristics of services, its problems and strategies.

3. Methodology

This chapter explains how the research was conducted. It starts by providing a methodology blueprint, followed by an explanation and motivation of the chosen research components. Subsequently, the sampling technique and selection criteria for the research sample are described. Finally, the data analysis method and scientific criteria are presented. The complexity of that abstract is related to the unique and combinative nature of the study.

3.1 Methodology blueprint

In figure 1, one will find the methodology blueprint. It functions as a summary, which provides the reader a concise overview of the research. Each of the components will be explained later in this chapter, following the logical order of the blueprint.

Figure 1: Methodology blueprint

Research nature		
Explanatory	Descriptive	Exploratory

Research approach		
Inductive	Deductive	Abductive

Research strategy		
Quantitative	Qualitative	Mixed methods

Research design				
Experimental	Cross-sectional	Longtitudinal	Case study	Comparative

Research method				
Surveys	Interview	Focus Groups	Observations	Documents
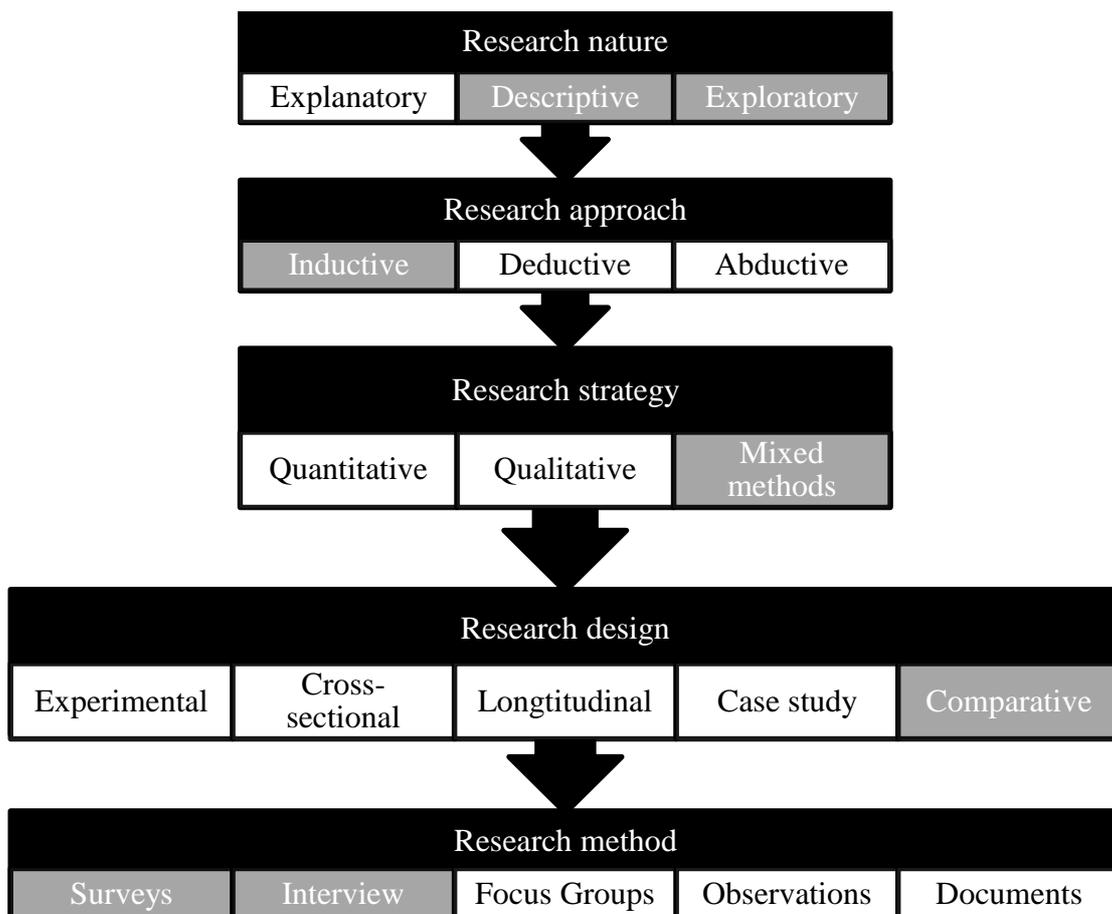
Source: Own construction

3.2 Research nature

Two important aspects underlie the way in which this research was structured and conducted. Firstly, as stated in the introduction, this study aims to elucidate the problems that occur during the service marketing process of firms operating in emerging markets, hereby contributing to the scanty literature on service marketing in emerging markets. Secondly and also stated in the introduction, emerging markets are fundamentally distinct from developed markets. Theory that was created as a result of research within developed market environments may not apply to the environmental context of emerging markets (Hoskisson et al., 2000).

According to Saunders and Lewis (2012) a study can be explanatory, descriptive, exploratory, or a combination of these three.

Explanatory research involves studies that establish causal relationships between variables (Saunders & Lewis, 2012), hereby explaining to what extent causes result in effects (Ghauri & Grønhaug, 2005). Since establishing a causal relationship is not the main objective of this study, explanatory research is not applicable to this study.

Descriptive research involves accuracy - accuracy with regard to the profile of situations, persons, or events (Saunders & Lewis, 2012), as well as accuracy with which the problem is structured and understood (Ghauri & Grønhaug, 2005). The available literature provides enough accuracy for this study to be one of a descriptive nature.

Lastly, Hair, Wolfinbarger Celsi, Money, Samouel and Page (2011) explain that exploratory studies are conducted when the researcher has little information. Exploratory research is an instrument used to ask open questions so one can explore a topic of interest and discover what is happening (Saunders & Lewis, 2012) by, for example, test for relationships between different variables. By listing the different markets according to the PPP-adjusted GDP per capita (due to practical reasons, from now on referred to as "GDP"), it might provide interesting information as to whether this is related to a given problem area of service marketing Also, by quantifying the characteristics of emerging markets one is able to analyze to what extent a given characteristic may be related to a particular problem or strategy (as a result of the unique characteristic of services).

In sum, the main intention of this study is to make a comparison between different environments with regard to the service marketing process problems and strategies, as there is no available literature. Additionally, it provides more insight as to the nature

of the problems and strategies as a result of the unique characteristics of services, and, if applicable, to explore relationships between the characteristics of emerging markets and the problems and strategies as a result of the unique characteristics of services. A combination of a descriptive and exploratory study seems most the appropriate research nature when taking the aim of this study into account.

3.3 Research approach

The research approach of a given study is often considered as a dichotomy; either deductive or inductive, of which the former represents the most common research approach (Bryman & Bell, 2007). Some authors (e.g., Eriksson & Kovalainen, 2008; Saunders & Lewis, 2012; Wilson, 2012) provide a third alternative, abduction, which is basically a combination of the former two. Deductive research involves research that utilizes the extant theory about a certain topic in order to deduce hypotheses, which are then tested by means of data collection (Bryman & Bell, 2007). Conversely, inductive research involves research in which theory is the outcome. To specify, with an inductive approach the theory-observations/findings process is reversed, in contrast to that of a deductive approach (Bryman & Bell, 2007). Additionally, Saunders and Lewis (2012) explain that inductive research is likely to be particularly interesting in the context in which certain events take place. Referring back to the notion that abduction "is basically a combination of the former two", abductive reasoning moves back and forth between deduction and induction (Wilson, 2012).

As Eriksson and Kovalainen (2008) explain, often it is the case that a researcher uses both deduction and induction in different phases of his study, hereby switching iteratively between these two. The aim of this study has implications for the research approach - as it pertains to both filling a gap in the existing literature by generating knowledge, inductive research is a logical choice.

3.4 Research strategy

Typically, a deductive research approach is associated with quantitative data, whereas an inductive research approach is associated with qualitative data (Bryman & Bell, 2007), although there are exceptions to this rule (Wilson, 2012). In short, qualitative data represents descriptions of something without assigning numbers directly, whereas quantitative data refers to numbers, which are used to represent the characteristics of something (Hair et al., 2011).

Moreover, the difference between quantitative and qualitative data lies in the methods used to obtain the necessary data, which is a result from the different perspectives on research objectives and knowledge (Ghauri & Grønhaug, 2005). An overview of common differences between quantitative and qualitative research is shown in table 7.

Table 7: Common differences between quantitative and qualitative research

Quantitative research	Qualitative research
Numbers	Words
Point of view of researcher	Points of view of participants
Researcher distant	Researcher close
Theory testing	Theory emergent
Static	Process
Structured	Unstructured
Generalization	Contextual understanding
Hard, reliable data	Rich, deep data
Macro	Micro
Behaviour	Meaning
Artificial settings	Natural settings

Source: Bryman & Bell (2007)

This study is mostly concerned with knowledge generation, due to a research gap regarding the physical environment (i.e., emerging markets) from which the authors intended to obtain data. On the one hand we wanted to compare the extant literature (based on developed markets) on problems during the service marketing process as a result of the characteristics of services in the emerging markets context. A quantitative approach offers the possibility to make this comparison (Bryman & Bell, 2007).

On the other hand, rich, deep data was needed that may provide additional, valuable information, hereby complementing the quantitative approach. Thus, the data must be both a reflection of the points of view of the participants from which we obtained qualitative data as well as an impression of how the situation is in the emerging markets context as opposed to the developed market context (i.e., where the extant literature is based on) in order to gain an understanding of the problems that (may) occur during the service marketing process.

Qualitative research allows the researcher to regard the context within which certain

events take place so that he or she can study and understand that context (Myers, 2013). As mentioned, the physical environment (i.e., the context) is an important factor to take into account when choosing the research strategy, because, in this case, emerging markets differ considerably from developed markets with respect to, for example, marketing strategies (Hoskisson et al., 2000).

Secondly, the research needs to address the points of view of the participants in contrast to that of the researchers in order to create an understanding as to the problem since, as reiterated, a different environment is involved. Lastly, in-depth data is needed as well, because the available literature is scanty regarding the research topic in combination with the context in which the research takes place.

3.5 Research design

The purpose of a research design is to outline the collection and analysis process of the data. The research design is a reflection of the priorities the research assigns to a range of dimensions regarding the research process (Bryman & Bell, 2007). Bryman and Bell (2007) address five common research designs (i.e., experimental, cross-sectional, longitudinal, case study, and comparative), as well as their characteristics. A comparative design is particularly suitable for the context in which this study takes place, that is, emerging markets. Bryman and Bell (2007:66) explain that cross-cultural research, as part of a comparative design, "entails the collection and/or analysis of data from two or more nations." Saunders and Lewis (2012) posit that one finds a comparative design of particular use if one intends to make international comparisons in order to meet the aim of the study.

Essentially, a comparative study is a multiple case study, because "multiple-case studies are largely undertaken for the purpose of comparing the cases that are included" (Bryman & Bell, 2007:64). Section 2.1 explained the diversity between emerging markets and the difference between emerging markets and developed markets, thus a comparative design seems most appropriate.

3.6 Research method

A research method refers to a form of data collection (in a systematic, focused and orderly manner) for the purpose of answering a particular research questions or solving a specific research problem (Ghauri & Grønhaug, 2005).

Common research methods include: surveys, interviews, focus groups, observations,

and texts (Bryman & Bell, 2007; Eriksson & Kovalainen, 2008; Myers, 2013). Frequently associated with deductive research is the survey, which researchers tend to use when conducting explanatory research (Sauders & Lewis, 2012). Additionally, Saunders and Lewis (2012) explain that if one undertakes an exploratory study, interviews are an obvious choice as well. It allows the interviewer to 'probe' answers if he/she needs the interviewees to elaborate on or explain their responses, and helps the interviewer to understand underlying aspects such as the reasons for the decisions, attitudes, and opinions of the research subject. This is particularly applicable for this study as its intentions was to 'probe' into a relatively underexplored environmental context.

3.6.1 Survey

In addition to probing into a relatively underexplored environmental context by means of conducting interviews, the extant literature on service marketing will be tested in a different environment than that from which said literature is derived (see chapter 2).

A survey is a method of collecting data and is designed to produce statistics about a target population (Ghauri & Grønhaug, 2005; Wilson, 2014). These statistics can be used to compare them with other studies and/or statistics. To add to this notion, it was explained in paragraph 3.5 that this study adopted a comparative research design, thus a survey is a particularly suitable research method in this case.

Elaborating further on the comparative research design, Saunders and Lewis (2012) explain that researchers can adopt questions from other studies. Not only does this save time, it is preferable when one wants to compare one's study with another study.

It is reiterated that the problems, as a result from the characteristics of services as described by Zeithaml et al. (1985), were adopted in this study. Although a survey was absent in the research of Zeithaml et al. (1985), the variables were described and the survey in this study is based on these variables. An extra question was added as to the country in which the respondent was working so that this dimension could be taken into account when analyzing the data.

The survey was divided into three parts. Part 1, profile, consisted of four questions that were used to sketch a general profile of the research sample (i.e., the size, location, and annual sales of the company the respondent was working for, as well as the job position of the respondent).

The main goal of part 2, problem areas of services, was to elucidate the problems,

resulting from the characteristics of services that occur during the service marketing process by presenting 8 statements.

The main goal of part 3 was to elucidate to what extent the companies, for which the respondents worked, utilized the marketing strategies to solve the problems from part by presenting 23 statements. For both part 2 and part 3 a five-point Likert scale was used on which the respondents had to indicate to what extent they agreed or disagreed with said statements. For an overview of these problems and strategies as described by Zeithaml et al. (1985) as well as the survey see appendices II and III, respectively.

3.6.2 Interviews

Major forms of interview include, among others, structured-, standardized-, semi-structured-, unstructured-, intensive-, qualitative- and in-depth interviews, and focus groups (Bryman & Bell, 2007:213).

The most common form of conducting an interview is on a face-to-face basis, however it is also possible to interview research subjects by telephone or using online computer-mediated technologies (Eriksson & Kovalainen, 2008). Rather than making a distinction between face-to-face, telephone, and using online computer-mediated technologies, the authors of this study made the distinction between real time (synchronous) contact (i.e., face-to-face, telephone, and online computer-mediated technologies that enable the researcher to come in contact with the interviewee in real time) and asynchronous contact (online computer-mediated technologies that enable asynchronous contact, which essentially pertains to interviews by email).

Perhaps interview by email needs some clarification as this is a relatively new and less popular (i.e., in terms of number of times used in research) than the aforementioned research methods (Neergaard & Ulhøi, 2007). Neerhard and Ulhøi (2007) explain that an interview by email helps the researcher understand phenomena in a way that is comparable to observations without actually being present at the site.

Both the advantages and disadvantages of qualitative methods associated with real time contact compared to interviews by email were taken into account. Bryman and Bell (2007:672-3) provide an overview of the advantages and disadvantages of face-to-face interviews compared to interviews by email. The most important advantages, that is, when taking the aim of this study into account, are the following:

- Incredibly cheap to conduct compared to face-to-face interviews

- Interviewees, who would otherwise be hard to involve or normally inaccessible, are more easily involved
- Time horizon compared to face-to-face forms of interviews (i.e., not needing to transcript interviews, travelling to different sites)
- Less potential of interviewer bias

Moreover, online interviews provide both the interviewee as well as the interviewer the opportunity to reflect on the questions and responses prior to providing a response (Saunders & Lewis, 2012).

The most important disadvantages, when taking the aim of this study into account, are the following (Bryman & Bell, 2007:673):
- Compared to face-to-face interviews, probing is more difficult
- Higher probability of discontinuation on behalf of the interviewees compared to face-to-face interviews
- A higher tendency for non-response

3.7 Sample

Selecting a sample is a good alternative if it is impractical for the researcher to collect data from the entire population (Saunders & Lewis, 2012), and one can employ several sampling techniques that help selecting the appropriate sample.

3.7.1 Sampling techniques

Saunders and Lewis (2012) explain that there are two types of sampling techniques: probability and non-probability. Since a mixed methods approach is employed, each of the methods used a different sampling technique. Additionally, Saunders and Lewis (2012:282) provide a flowchart that one can use to determine the most appropriate sampling technique. The aforementioned authors further explain that an important factor that determines the sampling technique is the availability of a sampling frame.

According to Ghauri and Grønhaug (2005:145), a sampling frame is (in principle) a "list of units from which the actual sample will be drawn". Bryman and Bell (2007), however, state that this listing includes all units in the population, and this definition corresponds to that of Saunders and Lewis (2012). The difference between "a list of units" and "a list of all units" had implications for the most suitable sampling technique for this study, as a list of all units in the population was absent. Thus, a non-

probability sampling technique was the alternative.

According to the steps/questions in the earlier mentioned flowchart, self-selection sampling turned out to be the most appropriate sampling technique for both the qualitative as well as the quantitative research strategies. Self-selection sampling is a form of sampling that is a part of volunteer sampling (the other being snowball sampling) and it involves two steps: (1) asking individuals to take part in the research and, (2) collecting data from those who respond (Eriksson & Kovalainen, 2008).

All of the companies were identified through Internet searches, and were contacted by email. Both the interviews as well as the surveys were distributed through internet-based applications.

The surveys were made accessible for the respondents by means of Google Docs and the respondents were provided with a link with which they could access the survey.

The interview questions were typed in a document and sent by email. Since it would take more time for the respondents to answer to the interview questions in comparison to the survey, it was paramount to send the participation requests as soon as possible.

For both the surveys as well as interviews different approaches were tested with regard to the participation requests. To clarify, Bryman and Bell (2007) explain that there is a trade-off between sending the interview questions all at once or by reply basis. At the one hand the respondents may feel like answering the questions that they feel interested in when sending all the questions, at the other hand a significant problem for online interviews is to keep respondents involved because they tend to lose momentum.

Regarding the surveys, different approaches were used to test the efficiency of the way in which the respondents were contacted. To clarify, the emails that contained the request to participate in the study were adjusted throughout the data-gathering period. At first, a rather extensive letter was used that contained a background of the researchers and research intentions, followed by a description of the target group (our research sample) and the request itself. This approach required a follow-up as the email did not contain a link to the survey. Later in the data-gathering period the original proposal email was complemented by including the link to the survey, and was shortened to make it more comprehensive to read. As no difference was noted regarding the response rate, it was deciding to keep the proposal email concise with the link included.

3.7.2 Selection criteria

Three selection criteria were used with regard to the research sample.

Firstly, the aim of this study pertains to problems that occur during the service marketing process. In order to narrow down the scope of research, a specific type of service needed to be targeted. The authors of this study decided to exclusively contact business consultants. As mentioned in the introduction, between 2003-2012, the available data from the World Bank revealed that there was an average increase of 136% regarding new businesses that were registered (i.e., the number of new limited liability corporations registered in the calendar year) in emerging markets. For developed markets, this percentage was 37%. Additionally, it is often the case that emerging market businesses lack organizational knowledge and expertise (London & Hart, 2004; Meyer, 2001), and because the main function of a business consultant is to provide information and support to assist established, newly registered and future companies, this type of service was deemed a logical choice.

Secondly, for the online interviews it was important that individuals, who had in-depth knowledge of the service marketing process, were interviewed so that quality information could be obtained. Therefore, the preferred research subject for the online interviews was the marketing department with its head managers. The latter criterion with regard to the research subjects was not deemed necessary for the quantitative approach as the questions in the survey pertained to more superficial knowledge of the service marketing process. Therefore, other research subjects were included given they held a position in which ample knowledge of the service marketing process was required.

Lastly, in chapter 2 of this study a list (see appendix I) was compiled of emerging markets (total of 125) as they are now by using the definition of an emerging market as stated by Burgess and Steenkamp (2006). For earlier mentioned reasons, the environmental context of this study relates to emerging markets, therefore the third criterion was that the service company operated in an emerging market.

3.8 Data analysis method

The data analysis method for the quantitative and qualitative section of this study differed significantly. Therefore, splitting up this paragraph seemed appropriate. What follows is a description as to how the data was analyzed. This includes not only the methods used, but also an elaboration on how the discussed theory on emerging

markets was used to give the empirical data and analysis chapter an extra dimension.

3.8.1 Quantitative research

After the respondents filled in the survey, the data was collected instantly and could be exported as an Excel file, which, in turn, was imported to SPSS.

To test the consistency of the answers to a set of scale items the Cronbach's alpha (α) was calculated (Mwape & Mumba, 2012), since this is a means of measuring reliability.

Frequency tables were used for the three parts of the survey in order to provide an easy overview of the profile of the research sample. It provided insight as to whom, in terms of job position, took part in the survey, in which country they operated, and what kind of company, in terms of size, they were working for. It also provided insight for the central tendency of the answers for the second and third part of the survey. By not only using the mean, but also the median and mode, a more complete image is generated for a particular answer (Hair et al., 2011). In addition, Hair et al. (2011) explain that standard deviation measures the variance of the answers (i.e., the amount of variation from the average). The standard deviation test was therefore used to help understand the data more.

The mean scores regarding the problem areas and the corresponding strategies to cope with these problems for developed (i.e., the scores in the study of Zeithaml et al., 1985) and emerging markets were compared. To determine whether the difference in the means between those included in the study of Zeithaml et al. (1985) and this study were indeed true differences, a student's t-test was applicable, and therefore performed (MacFarland, 2013).

The researchers of this study believe that interesting information might derive from the result of measuring the extent to which a given problem area of service marketing and strategies to cope with these problems are related to the economical- and political conditions within a given country. In other words, statistical tests were performed to measure if there was a relationship between GDP, the basis of this study for labeling emerging markets and the six characteristics of emerging markets, and the problem areas that are a result of the unique characteristics of services and the strategies to deal with these problems.

Bryman and Bell (2007) explain that a bivariate analysis can be used to explore relationships between variables, and a Spearman's rank order coefficient (or

Spearman's rho) is designed not only for the use of pairs of ordinal variables, but also for pairs of variables wherein one variable is of ordinal and the other is of interval/ratio nature. Because the latter is the case for this study, the Spearman's rho test was performed on several occasions.

Furthermore, Elifson, Runyon and Haber (1998) argue that the following guidelines can be used to establish the strength of a relationship (as cited in Olobatuyi, 2006: 27):

- Weak relationship; $r = \pm 0.01$ to ± 0.30
- Moderate relationship; $r = \pm 0.31$ to ± 0.70
- Strong relationship $r = \pm 0.71$ to ± 0.99

3.8.1.1 Quantifying the characteristics

What follows is a detailed description of how the six characteristics of emerging markets were quantified in order to perform the statistical tests. Because of its extensiveness, it was decided to create a separate paragraph for this process.

Firstly, the worldwide governance indicators provided by the World Bank comprise six dimensions that describe, amongst others, the traditions and institutions by which authority in a country is exercised, thus highly applicable when investigating the institutional governance of a given country. Those include the following; control of corruption, government effectiveness, political stability and absence of violence, regulatory quality, rule of law, and voice and accountability. Moreover, the data on the governance indicators was arranged according to a given country's percentile rank (this indicates the country's rank among all countries covered by the aggregate indicator, with 0 corresponding to lowest rank, and 100 to highest rank), and the average of each of the six indicators was used.

Secondly, because infrastructure includes the basic installations, services and facilities that are needed for the functioning of a society, the crux lies in demarcating and transforming the variables that pertain to infrastructure to a single value that can be used in the analysis. Due to a limited availability of data, only one variable was selected (logistics performance index) however this is a score based on multiple indicators of a given country's logistic performance. To clarify, the logistic performance index is calculated as follows: "*the overall score reflects perceptions of a country's logistics based on efficiency of customs clearance process, quality of trade-*

and transport-related infrastructure, ease of arranging competitively priced shipments, quality of logistics services, ability to track and trace consignments, and frequency with which shipments reach the consignee within the scheduled time" (The World Bank Group, 2014f).

Other variables were taken into account such as the percentage of the population that has access to electricity, the pupil-teacher ratio by level of education and the number of hospital beds per 1,000 people. However, the combination of access to and performance of a certain aspect of a given country's infrastructure makes this characteristic hard to measure and more susceptible to a biased result by not incorporating the needed indicators.

Thirdly, the "relatively high market growth rates" characteristic was quantified by taking the average of the last ten years of a given country's annual GDP growth rate as calculated by The World Bank. GDP as an indicator of the market growth rate was chosen for the same reason as it was chosen to define an emerging market (see 2.1.1).

Fourthly, the phrase "short histories of economic liberalization" contains two important factors that need to be explicated: "short" indicates a time frame whereas for "economic liberalization" a simple yes or no answer is out of the question. Therefore, the score regarding this characteristic is compiled of (1) the year in which a given country realized full economic liberalization (Bekaert, Harvey & Lundblad, 2001; Giavazzi & Tabellini, 2005; Levine, 2001; Sachs, Warner, Åslund & Fischer, 1995; Wacziarg & Welch, 2008), and (2) a given country's score on the financial openness index (Chinn & Ito, 2008). A total of 14 different years were discernible, and the country which realized full economic liberalization first was considered the highest value. Subsequently, these scores were transformed to a scale of 0 – 100. This same process was repeated for the financial openness index, however for this factor there were 47 different values (Kosovo was not available and reported as a missing value).

Fifthly, for the economic stability of the corresponding countries in which the respondents were working the Euromoney Country Risk (ECR) scores were used. The ECR score is comprised of economic factors, and political-, structural- and other factors that pertain to the economic environment of a country such as access to capital, credit ratings and debt indicators (Euromoney country risk, 2015). It can be argued that risk, in this case, is closely related to economic instability – more economic instability leads to a greater risk, which, in turn, leads to a lower score.

Lastly, for the scores for the "high risk potential for doing business" the mean of the scores for the "lack of institutional governance", "inadequate infrastructure" and "economic instability" characteristics was calculated. In chapter 2 it was explained that a high risk potential for doing business was a result of the influence of the three aforementioned characteristics.

For all scores regarding the characteristics the following applies: the higher a given country scores, the better the situation is regarding that characteristic, or in other words: the more it moves towards being a developed market.

All the mentioned indicators are illustrated as followed in table 8.

Table 8: Quantification methods for Characteristics of Emerging Markets

Characteristic	Method
C1- Lack of institutional governance	Worldwide governance indicators (World Bank, 2014e)
C2 - Inadequate infrastructure	Logistics performance index (World Bank, 2014f)
C3 - Relatively high market growth rates	Average of annual GDP growth rate of the last ten years (World Bank, 2014b)
C4 - Short histories of economic liberalization	Combination of: (1) the year of full economic liberalization (see text for the full list of authors) (2) score on financial openness index (Chinn & Ito, 2008)
C5 - Economic instability	Euromoney Country Risk (ECR) score (Euromoney country risk, 2015)
C6 - High risk potential for doing business	Mean of the scores for C1, C2, C5

Source: Own construct

3.8.2 Qualitative research

The qualitative research aimed illicit additional problems as well as appropriate strategies to cope with the unique services characteristics (intangibility, heterogeneity, inseparability of production and consumption, perishability) in the emerging markets context. Employees from the marketing department or employees in leading positions of selected business and management consulting companies were contacted via mail, where the location, activity or experiences in emerging markets was required.

The participants were first introduced to the research aim and asked for their willingness to cooperate on that project. After their agreement, they received the interview questions in the form of a Microsoft Word document and were requested to fill out the blank spaces. The interview questions were formulated in relation to the service characteristics, separated into four dimensions, namely the *market situation*, the *target audience*, the whole *sales process* (including pre- and after-sales, as well as the main buying act), and the *pricing strategies*, respectively. These questions had been tested in a pilot study, integrating one marketing coordinator of a business consultancy firm in Slovakia, to ensure its comprehensibility. Furthermore, two interviews with business providers from Moldova were concluded there, but disregarded after the concrete field of research, namely business consultancy, was set.

The chosen subdivisions deliver more profound information on the researched problem and facilitates the demonstration of the empirical data. In reference to Yin (1994), there does not exist one universal way for presenting qualitative data. The main reasons for that are to be found in the complex nature of qualitative data, which is optimally characterized by interconnections and rich details (Eisenhardt, 1989). Therefore, it is the task of the researcher to present the conducted data from the interviewee's perspective in the most transparent way (Cassell & Symon, 2004; Gummesson, 2005). By doing this, it can also be ensured that the main criteria of an interview in qualitative research, namely to make it as easy as possible for the reader to follow the argumentation of the researcher and to enable the researcher to come up with his own conclusions (Gummesson, 2000). Additionally, the choice for a part-dimensional interview structure is supported by the work of Eisenhardt (1989). The presentation of the data is also done in the same way.

3.8.2.1 Structure of the interviews

The interviews started with general questions about the company and the interviewed person. For that reason, three questions were intended to deliver knowledge about the position within the company, the company's business and intentions, as well as the provided service. Secondly, four selected questions were asked to get a picture of the *market situation*, which the company and its operating employee are facing. This included discovering the size, the key trends, if and how the company is facing the problematic circumstances of business cycles or seasons and finally the possibly threatening situation of competition.

Afterwards, five questions about the *target audience* informed the researchers about the business types of the companies that were represented by the interviewees: what type of customer they were serving, the customer's demand or need for that particular supplied service, the extent of the customer's integration, the target audience's concerns, and the method to deliver the intended image of the company. That complex segment covers all activities with direct consumer integration. By separating these three processes, the insight gain is possibly as individual as possible. Questions have been asked about the interaction and the approaches during that whole process.

Lastly, the "intangibility" characteristic was addressed by formulating questions that pertained to the structure, possible difficulties, assumed *price* changes, as well as occurring industry changes that would influence these strategic constructs.

3.9 Scientific criteria

Validity, generalizability and reliability are strongly related to the quality of a given study (Bryman & Bell, 2007). Validity in this study was established by face- and construct validity, reliability defines the consistency over time and is required of research studies (Greener, 2008), and generalizability indicates the extent to which a given study's results can be generalized to other relevant settings or groups (Saunders et al., 2012). Each of these concepts is discussed in the upcoming paragraphs.

3.9.1 Validity

Face validity is, essentially, an intuitive process. When one wants to establish face validity, one asks other people (i.e. with expertise in that particular field) for judgment (Bryman & Bell, 2007). In addition to pre-tests, face validity was established by discussing the content of the interview questions as well as the questionnaire with a

professor in marketing.

Construct validity refers to the extent to which one's measurements correspond to what one claims to be measuring (Saunders et al., 2011). It concerns the relationship between questions and theory (Bryman & Bell, 2007). Construct validity was established by adopting the theory from the work of Zeithaml et al. (1985), which is used extensively in the literature on services marketing, and formulating the survey and (to a lesser extent) interview questions.

3.9.2 Generalizability

Generalizability, or external validity, is concerned with the extent to which the results of the study can be generalized for the whole population. The group of service companies that are specialized in business consultancy is unknown in emerging markets, hence the absence of a sampling frame. This makes it impossible to guarantee that the sample size is large enough to be generalizable for the whole population.

Generally speaking, in contrast to the survey, generalizability is difficult and, in a statistical sense, not the purpose of qualitative research (Eriksson & Kovalainen, 2008; Merriam, 2009). The nature of qualitative study is to create a contextual understanding by obtaining rich, deep data that is fixed on words and the points of view of participants.

3.9.3 Reliability

The survey was divided into three parts. For testing the reliability of the latter two parts, problem areas of services and usage of strategies, the Cronbach's alpha coefficient (often referred to as Cronbach's alpha) was calculated. The Cronbach's alpha is a measure of scale reliability and is used to evaluate the consistency of answers to a set of scale items, which are combined as a scale (Mwape & Mumba, 2012). The outcomes regarding this matter are discussed in chapter 4.

As qualitative research works differently, there are also different methods to ensure the reliability of the data. Hair et al. (2011), explain that triangulation is an important concept in establishing reliability in qualitative research.

When one collects data from several different sources or at different times, this is called data triangulation (Hair et al., 2011:289). This study uses data from three different interviews, hereby establishing data triangulation.

Method triangulation is applied when the researcher uses different methods (e.g., both quantitative and qualitative) and compares the findings (Hair et al., 2011:289). As mentioned earlier, both a quantitative and a qualitative approach were used for this study in order to improve its reliability.

4. Empirical data and analysis

This chapter contains the empirical data that was gathered through the survey and online interviews as well as an analysis of this data. First, the results of the survey will be discussed – a general overview of the research sample will be presented statistics will be presented followed by a description of the data-, and an analysis of the problem areas and usage of strategies.

Secondly, the results from the online interviews will be discussed. These are divided into four topics: market situation, target audience, sales, buying, and after-sales, and pricing.

4.1 Surveys

A total of 953 companies were contacted and 75 respondents participated in the survey. Of those 75 respondents 72 were usable – the other 3 respondents were working in a country that was not listed in appendix I.

4.1.1 Profile of the research sample

As discussed in paragraph 3.7.2, employees from the marketing department or those who had ample insight in the marketing activities of the given company were included. Additionally, business consultancy companies in the countries listed in appendix I were contacted.

The research sample consisted of 16 different types of respondents in terms of job position ($N = 72$). The three positions that were represented most were managing director, Chief Executive Officer (C.E.O) and partner, followed by founder (see table 9).

Table 9: Respondents' positions

Position	Frequency
Admin manager	2
Associate attorney	1
CEO	12
Chairman	3
Country manager	5
Deputy CEO	2
Employee of the marketing department	2
Expatriate lawyer	1

Founder	9
Key account manager	1
Managing director	10
Marketing manager	9
Owner	4
Partner	11

Additionally, the respondents represent 48 different emerging markets and an overview of the respondents' country of employment as well as the number of respondents per given country can be found in the table below. Malawi represents the minimum value and Venezuela represents the maximum value.

Table 10: Respondents' country of employment

Countries	
Afghanistan (2)	Macedonia, FYR (1)
Albania (2)	Malawi (1)
Angola (1)	Mexico (2)
Argentina (2)	Mongolia (1)
Armenia (1)	Mozambique (1)
Azerbaijan (1)	Nicaragua (1)
Bangladesh (1)	Nigeria (1)
Barbados (1)	Pakistan (1)
Bolivia (1)	Paraguay (1)
Bosnia and Herzegovina (1)	Peru (1)
Brazil (1)	Philippines (3)
Bulgaria (1)	Senegal (2)
China (3)	South Africa (1)
Colombia (1)	Suriname (2)
Costa Rica (1)	Tanzania (2)
Ecuador (1)	Thailand (1)
Egypt, Arab Rep. (1)	Tunisia (2)
Ghana (3)	Uganda (2)
India (2)	Ukraine (1)
Indonesia (4)	Uzbekistan (1)
Jordan (2)	Venezuela (2)
Kosovo (3)	Vietnam (2)
Lao PDR (1)	Zambia (1)
Lebanon (1)	Zimbabwe (1)

As shown in table 11, two groups are the biggest group in terms of company size: the group of respondents that worked in a company with fewer than 10 employees (the

so-called micro-enterprise), and the group that consisted of 100 – 199 employees. The second biggest group (20.8%) was the group in which the respondents worked in a company that had 50 – 99 employees, followed by the group that worked in a company that employed 10 – 25 people (16.7%). Maintaining the Small and Medium-sized Enterprises (SME) division, most of the respondents worked in micro- and small businesses (i.e., 23.6% represented micro businesses and 28.8% of the respondents worked in small businesses).

The latter notion is discernible in the answers of the respondents with regard to the annual sales revenues. Most of the respondents worked in companies that had less than $1 million worth of annual sales revenue. Of the respondents, 20.8% worked in companies that had annual sales revenues between $1 million and $5 million, and 70.8% of the respondents worked in companies that had annual sales revenues of less than $10 million.

Table 11: Respondents' company size and annual sales revenue

	Variables	Frequency	Percentage
Company size (***N* = 72)**	Fewer than 10	17	23.6%
	10 – 25	12	16.7%
	25 – 49	8	11.1%
	50 – 99	15	20.8%
	100 – 199	17	23.6%
	200 – 499	2	2.8%
	500 and over	1	1.4%
Annual sales revenue	Less than $1 million	25	34.7%
	$1 million–less than $5 million	15	20.8%
	$5 million-less than $10 million	11	15.3%
	$10 million-less than $50 million	11	15.3%
	$50 million and over	3	4.2%
	Not available	7	9.7%

4.1.2 Problem areas of services

First of all, to test the consistency of the answers to a set of scale items the Cronbach's alpha was calculated. Eight scale items were used, resulting in an alpha score of .596. This is below the acceptable value of 0.7. However when the scale item "Services cannot be stored" was deleted, the result was an alpha score of .612, which can be regarded as questionable (Mwape & Mumba, 2012). Nevertheless, it should be taken into account, when interpreting the results of this study, that the scale for the

resulting marketing problems of the unique features of services is questionable.

A more general overview of the answers regarding the problem areas of services can be found in table 12. The respondents were asked to what extent they agreed or disagreed to each of the statements pertaining to the problem areas of services. As mentioned in 3.6.1, for these statements a Likert scale was used – 1 meaning strongly disagree and 5 meaning strongly agree with the given statement. Of said statements, the respondents agreed the most on "Customers themselves are involved during the production of services" followed by "The demand for services fluctuates" with a mean of 3.81 and 3.60 respectively.

To a lesser extent and based on the mean, median and mode, the majority of the respondents agreed on the fact that services cannot be protected by patents. Conversely, the respondents disagreed the most on "Quality of services is difficult to control". Another statement that the respondents seemed to disagree on was "Cost of providing services are difficult to calculate" – when removing the neutral option, 40.3% of the respondents disagreed with this statement while 34.8% of the respondents agreed with this statement. Another result worth mentioning is that the respondents were most divided about the "services cannot be stored" statement - with a mean of 2.93, a median of 3.00 and the highest standard deviation (i.e., 1.466) among the problem areas of services statements.

Table 12: Problem areas of services

Statement (N = 72)	Mean	Median	Mode	Std. Deviation
Services cannot be stored	2.93	3.00	1	1.466
Services cannot be transported	2.94	3.00	2	1.352
Quality of services difficult to control	2.58	2.00	2	1.308
Services cannot be "mass produced"	2.76	3.00	1	1.379
Services cannot be protected by patents	3.31	4.00	4	1.307
Costs of providing services are difficult to calculate	2.89	3.00	3	1.390
Customers themselves are involved during the production of services	3.81	4.00	4	1.096
The demand for services fluctuates	3.60	4.00	4	1.146

4.1.2.1 Problem areas of services - Comparing the extant literature

In order to see to what extent the problems during the service marketing process differ between developed markets and emerging markets, the values are presented next to each other (see table 13). It has to be noted that the scores for emerging markets were derived from exclusively business consultancy service providers, whereas the scores for developed markets were derived from service providers operating in several areas such as banking-, business- and personal services. That being said, the difference in the problem areas of services between developed markets and emerging markets is noticeable. A student's t-test was performed to see if the data were significantly different from each other. There was a significant difference in the mean scores for problem areas of the companies in developed markets (M = 2.26, SD = 2.26) and emerging markets (M = 3.10, SD = 1.34); $t = 6.50$, $p < 0.001$. This result suggests that the problems, as a result of the unique characteristics of services, in emerging markets are more evident than in developed markets.

The biggest difference lies in the problem that customers themselves are involved during the production of services. Where the respondents in the developed markets disagreed, the respondents in the emerging markets agreed with this statement. This problem is part of the "inseparability of production and consumption" characteristic, and requires the buyer to be in intimate contact with the production process (Zeithaml et al., 1985). Additionally, market heterogeneity (discussed in chapter 2, but was not added to table 2) pertains to not only shopping habits, but also human development such as educational attainment and income, and this was extremely evident within emerging markets in contrast to developed markets. This provides a possible explanation as to why this problem is more evident for service providers in emerging markets. Service providers in emerging markets work with a bigger range of customers in terms of human development and shopping habits than do service providers in developed markets. This, in turn, requires more customer knowledge for that bigger range of customers, making specialization in a particular set of customers harder.

The second biggest difference pertains to the "services cannot be protected by patents" problem. Perhaps an explanation for this difference is due to the lack of institutional governance that characterizes emerging markets. A result of this characteristic is that the black market for counterfeit goods was able to develop in

emerging markets (Nill & Shultz II, 1996). Wild and Wild (2012) reveal that of the five countries that top the list for the portion of their markets comprised of counterfeit goods, four are emerging markets (i.e., China, India, Russia and Thailand). It is fair to assume that the tendency to imitate and replicate in these countries may also relate to services, amplified by the fact that services cannot be protected by patents.

Another result worth mentioning is the problem that "quality of services is difficult to control" seems equally evident in developed and emerging markets. Since heterogeneity concerns the variability in the performance of services (and can vary not only from producer to producer and employee to employee, but also for and individual personal), there is no obvious reason that explains otherwise, that is, why emerging markets would differ from developed markets.

Table 13: Problem areas of services – Developed markets versus emerging markets

Statements	Mean score for developed markets (N = 323)	Mean score for emerging markets (N = 72)
Services cannot be stored	1.87	2.93
Services cannot be transported	1.65	2.94
Quality of services is difficult to control	2.52	2.58
Services cannot be "mass produced"	2.13	2.76
Services cannot be protected by patents	1.89	3.31
Costs of providing services are difficult to calculate	2.59	2.89
Customers themselves are involved during the production of services	2.13	3.81
The demand for services fluctuates	3.27	3.60

4.1.2.2 Problem areas of services – GDP and characteristics

As this may provide insight in the extent to which the GDP of a given country has a relationship with any of the problem area of services, a Spearman's rho (r_s) *was* performed. This test, however, yielded no significant correlations, indicating that a relationship between a given country's GDP and each of the listed problem areas that are a result of the unique characteristics of services is not present.

Next, a Spearman's rho was performed to see if there was a relationship between the characteristics of emerging markets and the problem areas of services. This time, two relationships can be described that were statistically significant.

First of all, a correlation for the data revealed that the fact that services cannot be stored and the high risk potential for doing business in emerging markets were significantly related ($N = 64$, $p < .05$, $r_s = .268$. The problem that services cannot be stored seems to increase as the risk potential of a given country decreases.

Secondly, a significant positive relationship was discernible between a lack of institutional governance and the fluctuation of the demand for services. With reference to section 3.8.1.1, the higher a country scores on the institutional governance scale, the better the situation is in this country regarding this matter.

Thus, it can be inferred that as the situation concerning the institutional governance increases for a given country, the more the problem that the demand for services fluctuates seems evident ($N = 72$, $p < .05$, $r_s = -.301$).

4.1.3 Usage of strategies

For the usage of strategies the consistency of the answers to a set of scale items was tested as well and turned out to be more reliable as a scale than the scale items of the problems of services (alpha score of. 734). Removing items from the scale does not have a significant influence in terms of reliability, and with a score of .734 it can be regarded as acceptable (Mwape & Mumba, 2012). A possible explanation as to why the alpha score for this particular set of scale items (i.e., scale items pertaining to usage of strategies) was larger than the set of scale items for the problem areas of services may be attributed to the difference in the number of scale items. Cortina (1993) explains that multidimensionality has an influence on the alpha score − the alpha score increases as more items are added to a given set.

The usage of strategies was divided into six areas: pricing, advertising and word of mouth, personal selling, institutional image, quality control, and customer orientation. The results are presented in table 14, 15 and 16.

Of the statements for the pricing area regarding the usages of strategies, "Base prices on what the market is willing to pay" is most agreed on by the respondents. 43.1% of the respondents agreed and 41.7% strongly agreed. To a lesser extent, the respondents

also seem to agree on the first statement, "Base prices on what it costs us". In terms of agreeing and disagreeing – 20.8% disagreed, while 65.3% agreed with this statement. The respondents are divided regarding the remaining two statements. Nevertheless, it can be noted that the respondents somewhat agreed with said statements (i.e., these strategies are utilized as a marketing strategy in the pricing area, but to a lesser extent than the first and third strategies).

The respondents indicated that advertising in general is an important part of their marketing program (22.3% either strongly disagreeing or disagreeing versus 59.7% either agreeing or strongly agreeing). Additionally, the respondents indicated that stimulating word-of-mouth communication among their customers is an important means of advertising for their respective companies. internet advertising seemed to be the most important means of advertising. Conversely, television- and newspaper advertising turned out to be the least important means of advertising. Lastly, with a mean of 4.12 and a mode of 5.00, word of mouth seemed an important strategy for the companies that the respondents were representing.

Table 14: Usage of strategies – Pricing and advertising & word of mouth

Statements ($N = 72$)	Mean	Median	Mode	Std. Deviation
Base prices on what it costs us	3.53	4.00	4	1.198
Base prices on what the competition charges	3.03	3.00	4	.978
Base prices on what the market is willing to pay	4.18	4.00	4	.939
Use a cost accounting system	3.33	3.00	3	1.187
Advertising in general is an important part of our marketing program	3.57	4.00	4	1.161
Television advertising is an is an important part of our marketing program	1.61	1.00	1	.972
Newspaper advertising is an important part of our marketing program	1.75	1.00	1	1.071
Direct mail is an important part of our marketing program	3.01	3.00	4	1.468
Internet advertising is an important part of our marketing program	3.99	4.00	4	1.068
We make a specific effort to encourage customers to tell others	4.22	4.50	5	.953

Both personal selling and manipulating the institutional image are popular strategies among the companies the respondents were representing.

Carefully choosing personnel who interact with the customers seems to be the most popular form of personal selling. With an average score of 4.51, only 1 respondent, which is 1.4% of the research sample, disagreed (strongly) with the associated statement, while 94,4% agreed with the statement (34,7% agreed, 59,7% strongly agreed). Training of personnel who interact with the customers is an almost equally important form of personnel selling as a strategy to overcome the problems resulting from inseparability (i.e., characteristic of services). Just as the previous strategy, a large group agreed with the statement (i.e., 86,1%, of which 29,2% agreed and 56,9% strongly agreed), while only 2 respondents disagreed.

Regarding institutional image, three strategies were presented for the respondents as a means of coping with the intangibility characteristics of services (see table 15). Although agreeing, the respondents indicated that designing facilities in a way that they achieve specific marketing or image objectives is employed to a lesser extent than having the employees, who have face-to-face contact with the customers, dressed in a certain way to achieve a positive company image, and designing a significant part of the company's marketing efforts to project a specific company image. The latter is considered most preferable (88,9% agreed: 51,4% agreed, 37,5% strongly agreed), while 76,4% indicated that the company utilized the former.

Table 15: Usage of strategies – Personal selling and institutional image

Statements ($N = 72$)	Mean	Median	Mode	Std. Deviation
We do a lot of personal selling of our services	4.25	4.50	5	.975
We contact our customers after they made the purchase	3.86	4.00	5	1.130
We carefully choose our personnel who interact with the customers	4.51	5.00	5	.712
We train our personnel to interact well with the customers	4.40	5.00	5	.799
Much of our marketing efforts are designed to project a specific company image	4.24	4.00	4	.722
Our employees, who have face-to-	4.11	4.00	5	.912

face contact with our customers, are dressed in a certain way to achieve a positive company image				
Our facilities are designed in a way that they achieve specific marketing or image objectives	3.74	4.00	4	1.061

Only one statement pertained to quality control – "we have a formal system for controlling the quality we deliver to our customers". This is in line, however, with the general direction of the usage of strategies: that these are considerably evident in the companies that were involved in this research. To express the latter notion in numbers: only 11,1% indicated to disagree with the associated statement, and with 12,5% being neutral, the remaining 76,4% agreed (48,6%) or strongly agreed (27,8%).

The odd man out regarding the usage of strategies in the customer orientation area is the statement that pertains to regularly collecting information about customer needs. While the rest of the statement scores at least a mean of 4.00, this statement scores a 3.83. A closer look reveals a relatively large amount of neutral responses. Taking away this factor leaves a group of 68 percent either agreeing or strongly agreeing versus 7 percent disagreeing or strongly disagreeing. The rest of the strategies in the customer orientation group has a quite similar score, that is, a mean between 4.26 and 4.36 (apart from redoing services when a customer is dissatisfied), indicating that there is a significant preference for these strategies.

Table 16: Usage of strategies – Quality control and customer orientation

Statements ($N = 72$)	Mean	Median	Mode	Std. Deviation
We have a formal system for controlling the quality we deliver to our customers	3.92	4.00	4	.960
We regularly collect information about customer needs	3.83	4.00	4	.904
Our marketing activities are based on our knowledge about our customers	4.26	4.00	4	.650
Our firm activities are coordinated to ensure customer satisfaction	4.29	4.00	5	.795
Our chief marketing executive participates in top management	4.32	5.00	5	.885

decisions				
We are willing to produce customer designed services for clients	4.36	5.00	5	.756
We redo our services when a customer is dissatisfied	4.00	4.00	5	1.035

4.1.3.1 Usage of strategies - Comparing the extant literature

A student's t-test showed that there was a significant difference in the mean scores for usage of strategies of the companies in developed markets (M = 3.40, SD = 1.31) and emerging markets (M = 3.75, SD = 0.96 as well; t = 2.69, p < 0.01. This result suggests that the usage of strategies, to cope with the problems that stem from the unique characteristics of services, in emerging markets is more evident than in developed markets.

The mean scores for the statement concerning the usage of strategies are presented in table 17. The biggest difference between both markets was discernible for the "base prices on what the market is willing to pay" statement. The fact that emerging markets are characterized by a low per capita income (for reasons discussed, not included in table 2) may provide an explanation for this situation. Due to a low per capita income other, basic provisions obtain priority when it comes to expenditure (Sheth, 2011). Less money is available for business consultancy services and it is therefore important to base the prices on what the market is willing to pay.

For four statements the companies situated in developed markets scored a higher mean than did the companies situated in emerging markets. This was the case for the statements "base prices on what it costs us", "television advertising is an important part of our marketing program", "Our chief marketing executive participates in top management decisions", and "Newspaper advertising is an important part of our marketing program". The difference for the former three statements is negligible, the latter, however, differs nearly 1 point.

Dawar and Chattopadhyay (2002) point out that marketing programs designed for developed markets need revisiting when applied in emerging markets. As an example they use the lack of narrowly focused media that limits the ability of marketers to segment their markets. This, in turn, leads to an increase in the effective cost per hit of advertisements. To illustrate the latter notion, the inhabitants of the United States (population of 250 million) have access to about 18,000 different magazines. The inhabitants of Brazil, on the other hand, with a population of 150 million, have access

to fewer than a 1,000 magazines (Dawar & Chattopadhyay, 2002). Sheth (2011) further explains that most of the inhabitants of emerging markets do not read newspapers because they are illiterate. This is echoed by the United Nations Educational, Scientific and Cultural Organization (UNESCO), showing a correlation between GDP and literacy rates (Unesco Institute for Statistics, 2014). Admittedly, this should also affect the "Direct mail is an important part of our marketing program", since this involves reading as well. The difference, however, between mailing an advertising in newspapers is that the latter is more expensive (i.e., room for the advertisement needs to be bought).

Table 17: Usage of strategies – Developed markets versus emerging markets

Statements	Mean score for developed markets* ($N = 323$)	Mean score for emerging markets ($N = 72$)
Base prices on what it costs us	3.78	3.53
Base prices on what the competition charges	2.99	3.03
Base prices on what the market is willing to pay	2.90	4.18
Use a cost accounting system	3.28	3.33
Advertising in general is an important part of our marketing program	3.20	3.57
Television advertising is an is an important part of our marketing program	1.65	1.61
Newspaper advertising is an important part of our marketing program	2.61	1.75
Direct mail is an important part of our marketing program	2.82	3.01
We make a specific effort to encourage customers to tell others about our services	3.86	4.22
We do a lot of personal selling of our services	3.84	4.25
We contact our customers after they made the purchase	3.35	3.86
We carefully choose our personnel who interact with the customers	4.11	4.51
We train our personnel to interact well with the customers	4.08	4.40

Much of our marketing efforts are designed to project a specific company image	3.78	4.24
Our employees, who have face-to-face contact with our customers, are dressed in a certain way to achieve a positive company image	3.24	4.11
Our facilities are designed in a way that they achieve specific marketing or image objectives	3.37	3.74
We have a formal system for controlling the quality we deliver to our customers	3.54	3.92
We regularly collect information about customer needs	3.60	3.83
Our marketing activities are based on our knowledge about our customers	3.62	4.26
Our firm activities are coordinated to ensure customer satisfaction	4.00	4.29
Our chief marketing executive participates in top management decisions	4.34	4.32
We are willing to produce customer designed services for clients	3.59	4.36
We redo our services when a customer is dissatisfied	2.70	4.00

*Data for this column obtained from Zeithaml et al. (1985)

4.1.3.2 Usage of strategies - GDP and characteristics

A Spearman's rank order correlation was performed to determine if there was a relationship between the GDP and the usage of any of the strategies (to cope with the problems that stem from the unique characteristics of services).

The test revealed that two variables were significantly related to the GDP. Firstly, "Direct mail is an important part of our marketing program" was significantly, negatively related to the GDP ($N = 72$, $p < .05$, $r_s = -.276$). As the GDP went up, the less important direct mail became for the marketing program of the companies for which the respondents were working.

Secondly, a similar relationship was discernible between designing facilities in a way that they achieve specific marketing images or objectives and the GDP ($N = 72$, $p <$

.05, r_s = -.274). Designing facilities in a way that they achieve specific marketing images or objectives seemed to be less used as the GDP increases.

Subsequently, the same test was performed to test the relationships between the usage of strategies and the characteristics of emerging markets, and from those tests seven significant relationships emerged.

Regarding the lack of institutional governance, for this characteristic there was a weak, positive correlation with basing prices on what the competition charges (N = 72, p = < .05, r_s = .277).

The second characteristic, inadequate infrastructure, was weakly and positively correlated to both "we carefully choose our personnel who interact with the customers" (N = 64, p = < .05, r_s = .293) as well as "we train our personnel to interact well with the customers" (N = 64, p = < .05, r_s = .293). Ostensibly, the aforementioned relationships are quite similar.

The data revealed that economic instability had a weak relationship with "base prices on what the competition charges" and "direct mail is an important part of our marketing program". There was a positive correlation with the former (N = 69, p = < .05, r_s = .251), and a negative correlation with the latter (N = 69, p = < .05, r_s = -.252). Lastly, the "high risk potential for doing business" characteristic had a weak relationship with the same usage of strategy items as the "economic instability" characteristic. Once again, there was a positive correlation discernible with "base prices on what the competition charges" (N =64, p = < .05, r_s = .291), and a negative with "direct mail is an important part of our marketing program" (N = 64, p = < .05, r_s = -.255).

In sum, a total of eleven significant relationships were identified. For practical reasons, these relationships were placed in an overview (see table 18) as well as their corresponding sample sizes, probability values and Spearman's rho coefficients.

Of the 34 items (8 pertaining to problem areas, 24 pertaining to strategies), only 7 correlated significantly with the GDP and the characteristics. One relationship is questionable regarding its strength (i.e., weak or moderate).

The characteristics "relatively high market growth rates" and "short histories of economic liberalization" did not have a significant relationship with any of the problem- and strategy items. Additionally, the GDP was not significantly correlated to any of the problem areas. It had a significant relationship with only two strategies.

One important factor that influences not only the p value, but also the strength of a relationship between two variables is the sample size (Rubin, 2010). With 72 respondents having taken part in the survey, it can be noted for the quantitative part that this study is limited by its sample size. Additionally, for some countries there was limited data available regarding the characteristics, and were therefore reported as "missing values" and not included when performing the tests. It concerned the following countries: Barbados, Kosovo, Malawi, Suriname and Zimbabwe.

Table 18: Overview significant relationships

	GDP			
Problem/strategy	**Statement**	*N*	*p*	*r$_s$*
Strategy	Direct mail is an important part of our marketing program	72	.019	-.276
Strategy	Our facilities are designed in a way that they achieve specific marketing or image objectives	72	.020	-.274

	Characteristics				
Problem/strategy	**Statement**	**Characteristic**	*N*	*p*	*r$_s$*
Problem	Services cannot be stored	High risk potential for doing business	64	.033	.268
Problem	The demand for services fluctuates	Lack of institutional governance	72	.010	-.301
Strategy	Base prices on what the competition charges	Lack of institutional governance	72	.019	.277
Strategy	We carefully choose our personnel who interact with the customers	Inadequate infrastructure	64	.019	.293
Strategy	We train our personnel to interact well with the customers	Inadequate infrastructure	64	.020	.291
Strategy	Base prices on what the competition charges	Economic instability	69	.038	.251
Strategy	Direct mail is an important part of our marketing program	Economic instability	69	.037	-.252
Strategy	Base prices on what the competition charges	High risk potential for doing business	64	.020	.291
Strategy	Direct mail is an important part of our marketing program	High risk potential for doing business	64	.042	-.255

4.2 Interviews

This section presents the qualitative empirical findings, separated by their category of strategic issue: the *market situation*, the *target audience*, the *sales process*, and the *pricing* strategies. Three managers of leading positions from different business-to-business (B2B) consulting firms have been interviewed to gain a detailed insight of the strategic approaches and problems of service marketing in emerging markets. All three managers have the reputation or the working experience to be considered experts on that field (senior managers and head of business development and marketing). The selected companies offer a wide range of strategic management consulting services, including information management, operations management, risk management, as well as technology and innovation management for outsourcing and local activities in combination with accounting, tax, and advisory services.

4.2.1 Market situation

The statements about the market situation the companies faced can be judged as fairly similar. All managers emphasized the growing nature of the field of consulting services in emerging markets. The opportunities seem to grow everywhere. This quite possible is due to the declarations that firstly the amount of wealthy companies in the related regions is growing, and secondly that several globalization processes apparently influence the modern business processes. For that reason, the interviewed managers stated that their clients were forced to cope more quickly with the global trends and are facing an increasing pressure on the customer's innovation capability. Additionally, both the increase in foreign investments and governmental initiatives positively influenced the daily business of the consulting companies. These were identified to be the prime market fuels, something on which all the interviewees agreed.

On the other hand, the inhibiting forces were mainly characterized by a growing competitive situation, distinguished by processes of price undercutting according to the interviewees. The supply of consulting services seems to grow, but the selected managers stated that their advantage lies in their wide-positioned and long-experienced expertise. Secondly, one interviewee stated that the slowdown of the country's and the global economy was an inhibiting force. Furthermore, cycles or seasons of the consultancy business seem "not of relevance", quoting one of the interviewed managers. The other two stated that the financial crises were the only

"seasonal" influences on the daily business. Nevertheless, the pause in the acquisition of new clients, as a result of the seasonal influences, was minimized by the growing internationalization of the clients, which makes a regional leverage of economic developments possible, as stated by one manager.

4.2.2 Target audience

As mentioned previously, all three included companies operated on a B2B basis; two of them were mainly reaching for the most fortune companies in the region, while the other one was focused on collaboration with small- and medium-sized firms.

The reason why the clients choose to hire these consulting companies lies in their professional structure and their appreciated reputation, because all three claimed their deep and professional knowledge to be the main reason to buy their products. This statement somewhat relates to the former mentioned processes of globalization and the clients' growing demand for transformation processes and knowledge extensions. Furthermore, all participants agreed on the fact that the importance of the customer's integration in the service process was evident. Regular client feedbacks and discussions on the service portfolio, sometimes executed in cooperation with other experts from the industry, and were integrated in the consulting process of all firms. Concerns by the customer on the other hand did not seem to exist.

The statements on how the companies retain their positive image were also fairly similar. Client interviews were conducted to receive feedback on the work that had been done by the consulting companies. Additionally, two out of three interviewees indicated that their companies were present in the respective markets for over a decade and were ranked high in the management consultant company rankings; evidence of the notion that their clients were satisfied.

4.2.3 Sales / Buying / After-Sales

The interviewed had been asked to outline the processes, which were used for the whole actions regarding sales, buying and after-sales methods. Firstly, the whole range of processes (i.e. for acquiring new clients till the main selling point) had been standardized by all three companies, using sales, business development methodologies and other tools. The strong role of the current client referral can be recognized during the activities that take place, ranging from the general business development till the main case. After the identification of the clients' issues and

budgets, the proposals were discussed within a steady communication contact.

Regarding the employees involvement, the processes seem to be similar again. All experts on the related subject (e.g. head of international desk, head of one service team like payroll, bookkeeping or audit, consultants, Key Account Managers) were integrated as well as some other partners that were in charge of the service line, if needed.

Also the mentioned problems concerning after-sales processes seemed non-evident. This was because of strong reviewing actions. The client was also offered advisory and provision of additional services, if he or she requested this. Additionally, one manager emphasized the importance of relationship building, because of the fact that consulting services are often required frequently on an annual basis. For that reason the companies were represented by key account managers (i.e. personnel who are specialized in maintaining a relationship with the clients. Additionally, the task of quality control was executed by these employees, who collected client feedback by initiations, interviews, or debriefings as part of stringent risk and quality management processes.

4.2.4 Pricing

Lastly, the pricing strategies of the included companies were also showing similarities in their nature. To clarify, all three participants explained that standard billing rates existed, which are based on the hierarchy level of the staffed team (i.e. different consulting hourly rates: e.g. partners, directors, managers) and on the scope of the performed work and its complexity. Discounts seemed only to exist within special circumstances of strategic importance, as stated by one manager. These pricing structures were communicated transparently with the client during the proposal process. The major difficulty existed in the growing competitive situation, where the implementation of these standard billing rates is difficult in times of severe price undercutting. Price changes were adjusted according to the general market development or after reviewing the clients' feedback for lost proposals due to the price. Nevertheless, the interviewees agreed on a remarkable trend of price rising, because of the aforementioned growing demand for high-quality consulting work, niche expertise, and outsourcing advisory. These changes were only endangered by the competition of local low-price suppliers and the market's consolidation.

The following table is summarizing the main results of the interviews.

Table 19: Interview results

Q1 – Market situation	
Market opportunity	• Growing sector of consulting services in emerging markets
Key industry trends	• Growing amount of wealthy companies in related regions • Globalization processes are increasing pressure on customer's innovation capability • Increase in foreign investments • Increase in governmental initiatives
Inhibiting forces	• Growing competition (price undercutting) • Possible slowdown of country's and global economy
Q2 – Target audience	
Kind of audience	• B2B basis
Customer's reason to buy	• Professional structure • Reputation • Knowledge and expertise
Customer's integration in the service process	• Of evident importance • Regular client feedbacks and discussions on service portfolio
Q3 – Sales / Buying / After-Sales	

Selling process	• Fully standardized
	  o General business development
	  o Identification of client's issues and budgets
	  o Proposal discussion

Employees' involvement	• Integration of all experts on related subject and selected

	partners
After-Sales process	• Strong reviewing actions
	• Offering of advisory and provision of additional services
	• Importance of relationship building (frequent requests)
Quality control	• Representation by Key Account Managers
Q4 - Pricing	
Pricing structure	• Standard billing rates, based on
	o Hierarchy level of staffed team
	o Scope of performed work and its complexity
	• Discounts within special circumstances of strategic importance only
	• Transparent communication
Pricing trends	• Adjusted to general market development
	• Remarkable trend of price rising
	• Growing competition of local low-price suppliers and by the market's consolidation

5. Conclusion

This is the final chapter of this work and the findings of the study will be concluded here. Furthermore, the limitations of this study will be discussed as well as the suggestions for future research.

5.1 Results

Two research questions were formulated for this study that sought to elicit new perspectives for the literature on service marketing in emerging markets. The first question was as follows:

"To what extent do the problems that stem from the unique characteristics of services and the strategies to cope with these problems apply to service providers in emerging markets?"

In the developed markets, only one of the eight problem areas had an average score above the midpoint (the demand for services fluctuates), and three problem areas score between 1 and 2, indicating that these problems areas were, in fact, not problematic. The emerging markets scored higher on all the items that belonged to the problem area scale than did the developed markets – they scored between 3 and 4 for three items, the rest of the items leaned towards 3 (2.58 and higher). Additionally, the emerging markets scored the highest on "customers themselves are involved during the production of services", and this is also where the biggest difference was discernible between developed and emerging markets regarding the problem areas. This evidence was also supported by the statements stemming from the interviews, noting that the whole sales and after-sales process is done in collaboration with the clients.

The difference in the usage of strategies between developed and emerging markets was less evident than the problem areas. The respondents from the emerging markets agreed more to the usage of the different strategies than did the respondents from the developed markets. However, when taking into account that the developed markets had less trouble with the problem areas than did the emerging markets, places the usage of strategies result in a different perspective. The latter notion pertains to the online interviews as well: the qualitative data showed that consulting processes are

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standardized in all the methods of customer acquisition, sales, and pricing strategies.

In sum, the emerging markets experienced more problems than the developed markets, but made, marginally, more use of the strategies than their more developed counterparts. On the other hand, the developed markets made more use of the strategies when adjusting for the extent to which the different problems were perceived.

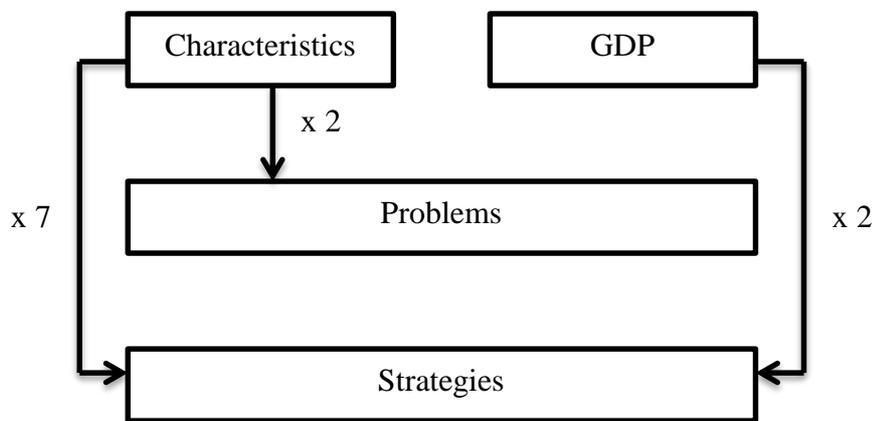Regarding the second question, it was formulated as follows:

"To what extent are the Gross Domestic Product per capita, adjusted for purchasing power parity, and the characteristics of emerging markets related to the problems that stem from the unique characteristics of services and the strategies to cope with these problems for service providers in emerging markets?"

The results revealed no significant relationships between the GDP and the problem areas of services and two significant relationships were observable between the GDP and the usage of strategies to cope with the problem areas. There were a total of thirty items for the problem areas and usage of strategy items, thus it can be concluded that the GDP per capita (PPP adjusted) may not necessarily be related to the problems that stem from the unique characteristics of services and the strategies to cope with these problems, specifically for service providers in emerging markets.

The same conclusion can be somewhat drawn for the relationship between the characteristics of emerging markets, and the problem areas and usage of strategies. The "high risk potential for doing business" characteristic was significantly related to three items (two of which were strategies). This was also the item with the most significant relationships, and this might well be because it was composed of several characteristics (i.e., "lack of institutional governance", "inadequate infrastructure" and "economic instability").

Figure 2 is a concept illustration of the relationship between GDP and the characteristics of emerging markets, and the problems that stem from the unique characteristics of services and the strategies to cope with these problems. The characteristics of emerging markets have relationships with both the problems (i.e., two different problems) and strategies (seven different strategies), whereas the GDP only has a relationship with two different strategies. Table 18 provides on overview as to which characteristics and strategies the relationships were related to and to what extent. We urge future research to focus more on the characteristics for reasons that will be discussed in section 5.3.

Figure 2: Overview of the relationships between characteristics, GDP, problems and strategies

```
┌──────────────────┐          ┌──────────────────┐
│  Characteristics │          │       GDP        │
└──────────────────┘          └──────────────────┘
            │ x 2
            ▼
┌────────────────────────────────────────┐
│                Problems                 │
└────────────────────────────────────────┘
 x 7                                   x 2

┌────────────────────────────────────────┐
│                Strategies               │
└────────────────────────────────────────┘
```

5.2 Limitations

Upon using the results from this study, there are some limitations that require careful consideration.

First and foremost, the limited sample size of study is an issue that needs to be taken into account. This not only limits the generalizability of the study, but also influences the precision of the estimates the study makes, the probability of finding a statistically significant outcome, and the strength of a relationship between two variables (Rubin, 2010). One explanation for the limited sample size is the environmental context in which this study took place. Hokisson et al. (2000) explain that the problems that pertain to data collection and issues concerning the reliability of responses are more evident in emerging markets. The latter notion is echoed by Neumeyer and Perri (2005). These problems may be exacerbated by the difficulties the respondents in these markets experience when being confronted by terms and concepts that are

familiar to managers in developed markets (Hoskisson et al., 2000). As the survey was in English, this can cause a problem as well for countries in which English is not an official language.

Secondly, this study is limited to business consultancy service providers. Although a narrowly focused research sample can be regarded as a positive trait, it poses a potential threat to the extent to which the results of this study can be compared to that of Zeithaml et al. (1985). A trade off had to be made between obtaining results from a particular group or the general population of service providers. It was argued that, in case of obtaining data from a particular group, conclusions could be drawn with greater accuracy. More energy and time would be spent on obtaining data from this group, hereby increasing the probability of obtaining a sufficiently large sample size. In case of obtaining data from the general population, or rather, the categories of services providers that Zeithaml et al. (1985) included in their study, this allows the researcher to make a better comparison of the data obtained from emerging markets and developed markets for the problem areas (i.e., by including the full spectrum of services). Nevertheless, when opting for the latter approach, one has to adhere to the distribution of the respondents regarding their respective service category as maintained by Zeithaml et al. (1985). This seemed problematic due to the sheer number of emerging markets, hence the choice for focusing on business consultancy service providers.

A third limitation is the number of factors included for the characteristics of emerging markets. This does not pertain to the actual number of characteristics described and included in table 2, but the factors included for the quantification of the said characteristics. Given the complexity of certain characteristics (e.g., inadequate infrastructure), it is a cumbersome task to demarcate the relevant items. Adding the fact that obtaining data in emerging markets might be more difficult than in developed markets due to formerly discussed reasons (Hoskisson et al., 2000; Neumeyer & Perri, 2005), makes it ever more challenging to study the characteristics of emerging markets. This is evident in the freely accessible databases of, for instance, the World Bank, the World Health Organization and the International Monetary Fund, where country specific data for emerging markets is frequently incomplete.

5.3 Theoretical implications

As reiterated throughout this study: emerging markets are not homogeneous or clearly

identifiable and recognizable, nor do they follow a homogeneous pattern of economic development. Thus theories created for developed markets may not be appropriate for emerging markets. This study has proven that this is the case for service marketing as well, and, more specifically, for the problems that stem from the unique characteristics of services and the strategies to cope with these problems. It responded by taking the heterogeneity of emerging markets into account when creating new insights regarding service marketing in emerging markets. Clearly, more future research is needed for service marketing in emerging markets. That being said, this study as taken yet another important step towards theory development for emerging markets.

There is, however, more ground to gain in this area, so to speak. First of all, considering the complexity of some of the characteristics, future research should focus on creating a holistic quantification, hereby incorporating multiple data points that reflect a given characteristic more accurately. Additionally, a meta-analysis on the characteristics of emerging markets is an interesting topic to investigate, and will benefit future research on emerging markets.

Secondly, this study investigated the extent to which two variables were related. The next step would be to investigate causality, that is, if one of the of the problems during the service marketing process, for example, is a consequence of one of the problem areas.

Thirdly, future research should focus more on eliciting other problem areas and strategies by means of qualitative data gathering. This, in turn, will lead to more strategies as to cope with these problems as well. The problem areas included in this study were limited to eight, which limits the variables that can be researched.

Fourthly, future research should also include more countries and more respondents so as to reflect the whole range of emerging markets. This, naturally, depends on the definition one maintains regarding emerging markets, which has implications for the list of included countries.

5.4 Managerial implications

In order to move forward, service providers in emerging markets need to take into account that when implementing practices that can be found in the extant theory on marketing, these practices were often derived from and applicable to the developed market context. Other studies, however, pointed out that the said theory does not

always apply to the emerging market context (Hoskisson et al., 2000). Indeed, according to Sheth (2011), the greatest impact of emerging markets will be on marketing practice.

This study showed that problems that stem from the unique characteristics of services are more evident in emerging markets than in developed markets. This is not only valuable information for local companies in emerging markets, but also for companies aim to enter new, emerging markets. By providing an indication of the extent to which each of the problems occur, chief marketing officers are now better equipped for dealing with the uncertainties that come with new market penetration, and, in this case, a market that includes a broad range of customers in terms of socioeconomic background. Consequently, this will have implications for the usage of strategies to cope with the problems as well. By elucidating the extent to which a given problem was evident for service providers in emerging market, more specifically business consultancy service providers in emerging markets, this enables the marketing department to act accordingly and achieve more marketing efficiency.

Appendix I: List of emerging markets

Afghanistan	Djibouti[*]	Liberia
Albania	Dominica	Macedonia, FYR
Algeria	Dominican Republic	Madagascar
Angola	Ecuador	Malawi
Argentina[*]	Egypt, Arab Rep.	Maldives
Armenia	El Salvador	Mali
Azerbaijan	Eritrea	Marshall Islands
Bangladesh	Ethiopia	Mauritania
Barbados[*]	Fiji	Mauritius
Belarus	Gambia, The	Mexico
Belize	Georgia	Micronesia, Fed. Sts.
Benin	Ghana	Moldova
Bhutan	Grenada	Mongolia
Bolivia	Guatemala	Montenegro
Bosnia and Herzegovina	Guinea	Morocco
Botswana	Guinea-Bissau	Mozambique
Brazil	Guyana	Namibia
Bulgaria	Haiti	Nepal
Burkina Faso	Honduras	Nicaragua
Burundi	India	Niger
Cabo Verde	Indonesia	Nigeria
Cambodia	Iran, Islamic Rep.	Pakistan
Cameroon	Iraq	Palau
Central African Republic	Jamaica	Papua New Guinea
Chad	Jordan	Paraguay
China	Kenya	Peru
Colombia	Kiribati	Philippines
Comoros	Kosovo	Rwanda
Congo, Dem. Rep.	Kyrgyz Republic	Samoa
Congo, Rep.	Lao PDR	Sao Tome and Principe
Costa Rica	Lebanon	Senegal
Cote d'Ivoire	Lesotho	

Serbia

Sierra Leone

Solomon Islands

South Africa

South Sudan

Sri Lanka

St. Lucia

St. Vincent and the Grenadines

Sudan

Suriname

Swaziland

Syrian Arab Republic[*]

Tajikistan

Tanzania

Thailand

Timor-Leste

Togo

Tonga

Tunisia

Turkmenistan

Tuvalu

Uganda

Ukraine

Uzbekistan

Vanuatu

Venezuela, RB

Vietnam

Yemen, Rep.

Zambia

Zimbabwe

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[*] Data from 2013 was not available. The status of "emerging market" for this list is based on available data from current GDP and current GDP per capita.

Appendix II: Overview resulting market problems and strategies to solve problems

Characteristics	Resulting marketing problems
Intangibility	1. Services cannot be stored.
	2. Cannot protect services through patents.
	3. Cannot readily display or communicate services.
	4. Prices are difficult to set.
Inseparability	1. Consumer involved in production.
	2. Other consumers involved in production.
	3. Centralized mass production of services difficult.
Heterogeneity	1. Standardization and quality control difficult to achieve.
Perishability	1. Services cannot be inventoried.

	Marketing strategies to solve problems
Intangibility	1. Stress tangible cues.
	2. Use personal sources more than non-personal sources
	3. Simulate or stimulate word-of-mouth communications.
	4. Create strong organizational image.
	5. Use cost accounting to help set prices.
	6. Engage in post-purchase communications.
Inseparability	1. Emphasize selection and training of public contact personnel.
	2. Manage consumers.
	3. Use multisite locations.
Heterogeneity	1. Industrialize service.
	2. Customize service.
Perishability	1. Use strategies to cope with fluctuating demand.
	2. Make simultaneous adjustments in demand and capacity to achieve a closer match between the two.

Appendix III: Survey

Intro

On behalf of the researchers, Kevin Siemons and Henrik Steybe, as well as the University of Gävle we would like to thank you for participating in this study.

Mr. Siemons and Mr. Steybe are conducting research on the underexplored field of service marketing in emerging markets. It is hoped that, using the respondents' answers, this study provides a platform for follow-up studies, thus building further on the scanty literature in the aforementioned field.

Part 1: Profile	
Question	Type and values
What is your position within the company?	String – nominal
In which country is your company located?	String – nominal
What is the size of your company in terms of the number of total number of employees?	Numeric – ordinal - Fewer than 10 - Fewer than 25 - 25 – 49 - 50 – 99 - 100-199 - 200-499 - 500 and over - Not available
What is the annual sales revenue of your company?	Numeric – ordinal - Less than $1 million - $1 million–less than $5 million - $5 million-less than $10 million - $10 million-less than $50 million - $50 million and over - Not available
Part 2: Problem areas of services Description *Indicate to what extent you agree or disagree with the following statements pertaining to the problems stemming from the characteristics of services.*	
Statement	Type and values
Services cannot be stored	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Services cannot be transported	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Quality of services is difficult to control	Numeric – ordinal

	Likert scale 1-5 (disagree - agree)
Services cannot be "mass produced"	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Services cannot be protected by patents	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Costs of providing services are difficult to calculate	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Customers themselves are involved during the production of services	Numeric – ordinal Likert scale 1-5 (disagree - agree)
The demand for services fluctuates	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Part 3: Usage of strategies Description *Indicate to what extent you agree or disagree with the following statements pertaining to the strategies your company uses to overcome the problems stated in part 2.*	
Area and statement	**Type and values**
Pricing - Base prices on what it costs us	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Pricing - Base prices on what the competition charges	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Pricing - Base prices on what the market is willing to pay	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Pricing - Use a cost accounting system	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Advertising and word of mouth - Advertising in general is an important part of our marketing program	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Advertising and word of mouth - Television advertising is an is an important part of our marketing program	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Advertising and word of mouth - Newspaper advertising is an important part of our marketing program	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Advertising and word of mouth - Direct mail is an important part of our marketing program	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Advertising and word of mouth - Internet advertising is an important part of our marketing program	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Advertising and word of mouth - We make a specific effort to encourage customers to tell others about our services	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Personal selling - We do a lot of personal selling of	Numeric – ordinal

our services	Likert scale 1-5 (disagree - agree)
Personal selling - We contact our customers after they made the purchase	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Personal selling - We carefully choose our personnel who interact with the customers	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Personal selling - We train our personnel to interact well with the customers	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Institutional image - Much of our marketing efforts are designed to project a specific company image	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Institutional image - Our employees, who have face-to-face contact with our customers, are dressed in a certain way to achieve a positive company image	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Institutional image - Our facilities are designed in a way that they achieve specific marketing or image objectives	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Quality control - We have a formal system for controlling the quality we deliver to our customers	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Customer orientation – We regularly collect information about customer needs	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Customer orientation - Our marketing activities are based on our knowledge about our customers	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Customer orientation - Our firm activities are coordinated to ensure customer satisfaction	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Customer orientation - Our chief marketing executive participates in top management decisions	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Customer orientation - We are willing to produce customer designed services for clients	Numeric – ordinal Likert scale 1-5 (disagree - agree)
Customer orientation - We redo our services when a customer is dissatisfied	Numeric – ordinal Likert scale 1-5 (disagree - agree)

Appendix IV: Interview questions

Part 1: Background

    A. What is your position within the company?

    B. What business is your company in? (What needs does your company meet in the marketplace?) (2–3 sentences)

    C. What services does your company provide? (1 paragraph)

Part 2: Market

    A. What is the market opportunity? What is the market size? Be sure to look at market size with respect to geography and to industry.

    B. What are the key industry trends that are fueling your company's success? What industry trends can inhibit your company's success?

    C. Is your company or market affected by business cycles or seasons? If so, describe how it is affected.

    D. What categories of competition threaten your company's success? Label each category, and identify its key characteristics. Prioritize the categories from greatest to least threatening.

Part 3: Target Audience

    A. What kind of audience is your company targeting?

    In a business to customer setting: What are the members' demographics and psychographics?

    In a business to business setting: What are the members' fields of operations?

    List multiple audiences in order of priority.

    B. What is your company's customer's primary reason for buying or wanting to use your service?

    C. To what extent does your company integrate its target audience in the selection process of the service portfolio?

    D. Are there any issues or concerns that the target audience might have regarding this type of service (please be elaborate when answering this question)?

    E. What evidence can be used to support the claim that the image your company wants to create is perceived as such by the target audience?

Part 4: Sales-, Buying- and After-Sales Process

A. What is the process for selling your company's services (list the key milestones in the process)? To what extend is this process standardized?

B. Who is involved, both from your company and from your sales channel partners, in each step of the sales process?

C. Does your company or its sales partners experience difficulties when reaching out to its target audience? What problems occur for which segments (please be elaborate when answering this question)?

D. What is the after-sales process for selling your services (list the key milestones in the process)?

E. What is the quality control process for evaluating your services (list the key milestones in the process)?

Part 5: Pricing

A. What is your company's current pricing structure, including discounts, service options, rebates, and so on? Do your customers understand it?

B. What difficulties does your company experience in its pricing strategy?

C. How does your company anticipate competitive price changes in the near future?

D. What industry trends are going to drive prices down? What industry trends are going to drive prices up?

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