

# Services in global perspective

## **Reasons for a service organization going global**

- Saturated domestic market
- Small domestic market
- Customers want their suppliers to have international presence
- Competitors are going global

# Reasons for a service organization going global

- Developed markets have high cost structure
- Spread out risk-different growth rate and potentials
- To maintain market share and growth

# Benefits of globalization

- Economic development
- Optimization of resources
- Improved foreign investment
- Technology transfer
- Exchange of cross-border information
- Economies of scale
- Improvement in internal efficiency

# Pitfalls of globalization

- Increased inequality within and between nations
- Threatened employment and thus living standard
- Loosing the culture and values of its own roots
- Affecting domestic players
- Tendency to serve profitable segments resulting in unbalanced development

# Environmental factors affecting service organizations

- Economic factors
- Social and cultural factors
- Political and legal factors
- Market attractiveness
- Capability of company

# Different modes of entry

- Licensing
- Franchising
- Joint ventures
- Direct investment

# Marketing Mix Decisions

- Product
- Price
- Place
- Promotion
- People
- Process
- Physical Evidence

# Suggestions to win price wars in international market

- Reveal its low cost structure without responding to price cut
- Emphasize high quality or value added service
- Strengthen brand by providing more features and benefits
- Fight the price war
- Exit strategy



Technological developments which have affected services worldwide

**Universal Product Code (UPC) or bar code** contains the following information-

Product category

Brand particulars

Variant particulars

Batch numbers

Expiry date particulars

Price details

Manufacturers details etc.

# Technological developments which have affected services worldwide

- Cellular phone technologies
- Internet
- Information system-MIS, DSS

# Managing Various Arbitrages

- Cultural Arbitrage-exploits difference in culture
- Administrative arbitrage-e.g.-Tax differences
- Geographic arbitrage
- Economic arbitrage –labor cost and availability of talents at low cost