

Chapter 1

Service Sector and Antecedents of Marketing Strategies for Emerging Markets: A Case of Indian Market

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ABSTRACT

Emerging Markets are of huge interest not only to MNCs, but also to many national governments of developed and developing countries. The size and prospectus of opportunities and challenges of entering and promoting any business in general, and particularly services, has led to this special interest in emerging markets. Executives are interested in to know about appropriate strategies for performing better in the emerging markets such as India. To explore into the ways of various right strategic moves that are required to promote services in emerging markets, it is significant to understand the antecedents behind the choice of fitting marketing and servicing strategies. This chapter explores various concepts like customer service quality, services, marketing and brand related factors and customer relationship management and discusses these in global context in general and in Indian context in particular. The literature develops a conceptual framework that links a range of consumer behavior related and marketing concepts with Customer Relationship Management and ultimately with appropriate marketing strategies suitable for the emerging markets. The findings from literature and secondary research indicated that the companies are becoming more CRM oriented and adapting their business models to local conditions to promote their products and services in the emerging markets.

DOI: 10.4018/978-1-5225-2206-5.ch001

INTRODUCTION

Marketing and promoting the products and services has always been purpose of all the businesses. With saturation of and recession in developed world, MNCs have started looking forward to expand their operations in fast-growing emerging markets (EMs) in Asia, Latin America, the former East Bloc countries, and Africa. In all these markets, incomes are rising and size of middle class is growing. Among Ems very recently the focus has been shifted to BRICS (Brazil, Russia, India, China and South Africa). Studies, indicate that in 2007, the BRICS nations already accounted for 15 percent of global GDP (Goldman, 2007). Some of the MNCs brands such as Mars, now sells more cat food in Russia than anywhere else in the world. Similarly, Zara is now increasing its focus to China and India. To be successful, in marketing of services, the companies have to improve service quality, customer satisfaction, customer retention, customer loyalty and other behavioral consequences leading to profitability. Indian companies are already facing increased competition and Indian customers have become more demanding. Moreover, the information explosion has also pervaded in sectors such as the banking and Mobile Telecom sectors in a big way. It has not only changed the way service sector businesses are being conducted but also have changed the way service sector businesses are being perceived today.

In Indian market, various changes from supply side, competition and from customer sides have squeezed margins and have emphasized the need to sell new products, adopt new dynamic marketing strategies and emphasis on both the tangible and intangible aspects of their services. Because of this heightened competition, service quality, service satisfaction, customer trust, customer retention and loyalty have become more important factors in determining market shares and profitability of the companies. In retail, banks and Mobile Telecom Services Providers (MTSPs) are directing already their strategies towards increasing customer satisfaction, customer retention and loyalty through improved service quality & customer delivered value in India. However, it has always been challenging to MNCs to decide their right marketing strategies in another countries. Usually, due to cultural and product related factors, there is often a need of localisation and adaption. However, the questions is, what should be antecedent factors for such changes in strategies? This, chapter explores and discusses various such factors like; customer service quality, customer service, marketing & brand related factors and Customer Relationship Management (CRM) in global context in general and in Indian context. The literature develops a conceptual framework that links a range of consumer behavior related marketing concepts with Customer Relationship Management (CRM) and ultimately with marketing strategies in the emerging markets

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