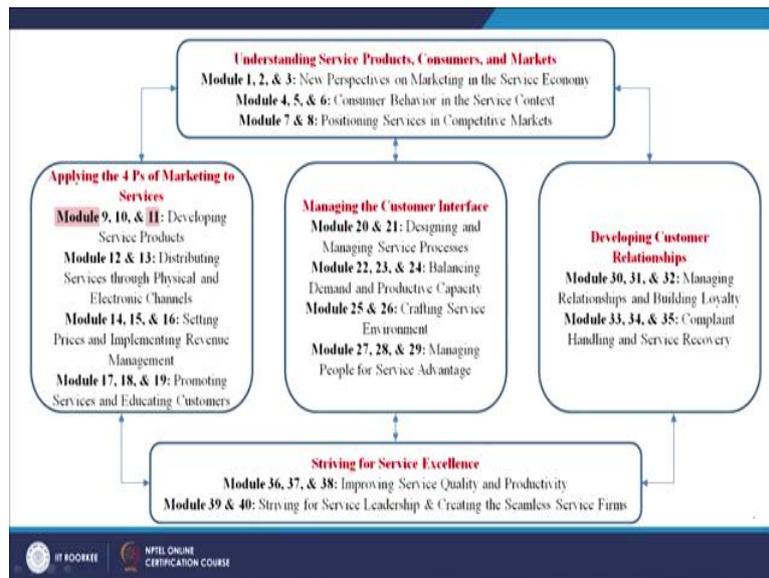


Services Marketing: Integrating People, Technology, Strategy
Professor Zillur Rahman
Department of Management Studies
Indian Institute of Technology, Roorkee
Lecture 11
Developing Service Products Part III

Welcome to this course on Services Marketing. So, and we were talking about the second section that is applying the 4 Ps of marketing to services.

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In this the first section is on developing new services, which is covered under three modules, module 9, 10 and 11. We have talked about module 9 and 10 and now we will talk about module 11. So, we are still talking about developing service products and thereby the brands.

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MODULE OVERVIEW

- Global service experiences - a case from US and Japan
- Understanding differences among different consumers
- Global marketing of services - challenges, opportunities and marketing strategies
- Regulatory mechanism for services:
 - Brief introduction to the evolution of WTO
 - WTO agreement- GATS



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These are the titles that, or the topics that we will be talking about in this module. The first one is the global service experience and we will be comparing a case from U.S. and Japan. Understanding differences among different consumers. Global marketing of services, and we will talk about the challenges, opportunities and marketing strategies. And the fourth is the regulatory mechanism for services. In that we will talk, briefly talk about the evolution of WTO and the WTO agreement related to services.

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DIFFERENCES IN SERVICE EXPERIENCE IN THE US AND JAPAN

- An study has examined differences in the service experience across two cultures, in the US and Japan, and provided both vivid examples and solid evidence of cultural nicety that affect service encounters.
- Japanese students at an American university were interviewed and their statements/examples were categorized by dimensions of service behavior.
- Some of the research findings are as follows:

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Now, let us start with the differences in service experience in the U.S. and Japan. A study has examined differences in the service experience across two cultures in the U.S. and Japan, and

provided both vivid examples and solid evidence of culture, cultural nicety that affect services encounter. Japanese student at an American university were interviewed, and their statements and examples were categorized by dimensions of the service behavior.

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DIFFERENCES IN SERVICE EXPERIENCE IN THE US AND JAPAN		
Parameters	US	Japan
Authenticity	Clerk act independently; more variation in treatment	Every clerk has same type of smile...the smile is not natural; everything is done according to manual
Caring	Not so important; Common statements- "I don't know", "they don't seem to care"	Most important; "customer is God"
Control	Very important for American customers	Less important; customers are kind of timid or nervous and tend to give controlling stake to clerk

Now, some of the research findings are as given in this table. So, on the extreme left we have parameters, then we are comparing these two countries, the United States and Japan. The first parameter that is considered is the authenticity. What they have to say in U.S. is that the clerks act independently, more variation is there in their treatment, while in Japan, every clerk has same type of smile, and the smile is not natural, everything is done according to the manual.

The second parameter considered is caring. In U.S., it is not so important, common statements, I do not know, they do not seem to care, while in Japan, it is the most important, customer is god.

The third parameter is control, that is very important for American customers. While it is less important in the case of Japan. Customers are kind of timid or nervous and tend to give controlling stake to the clerk.

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Parameters	US	Japan
Formality	Treatments are more informal in nature	Required in all services
Personalization	Services are much more personalized; names are used more frequently	Waiters are almost faceless, too business-like, and whoever comes gets same treatment
Promptness	Sales clerks and customers are expected to have a nice little chat	People would prefer a sales clerk who is quick rather than being so friendly

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The fourth parameter is formality. In U.S. the treatments are more informal in nature while in Japan, it is required in all services. Personalization, services are much more personalized in U.S., names are used more frequently. While in Japan, waiters are almost faceless to business-like and whoever comes gets, thus, very same treatment.

The sixth parameter is promptness. In U.S., the sales clerk and customers are expected to have a nice little chat. While in Japan, people would prefer a sales clerk who is quick rather than being so friendly.

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DIFFERENCES IN SERVICE EXPERIENCE IN THE US AND JAPAN	
<ul style="list-style-type: none">• The above study results, supplemented by other studies conducted in both countries, led to compelling insights, critical for understanding what service providers need to do to influence perceptions and evaluations of service encounters.<ul style="list-style-type: none">– Themes of friendliness, being personal, authenticity, and promptness dominate in the US, whereas– Caring and concern are central in Japan.	

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So, the results of this above study supplemented by another studies conducted in both countries lead to compelling insights. Critical for understanding what service provider need to do to influence perception and evaluation of service encounters. So, now these two studies, the comparison of service experience in U.S. and Japan it demonstrates that what, how the culture affect the service experience. So, themes of friendliness, being personal, authenticity and promptness dominate in the U.S., whereas caring and concern are central in Japan.

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DIFFERENCES IN SERVICE EXPERIENCE IN THE US AND JAPAN

- Civility had different meanings in cultures:
 - US - paying attention and providing good service;
 - Japan - being patient and fair.
- Authenticity is a relevant dimension in US, but not in Japan, likely based on the Japanese focus on playing a role rather than expressing individual feelings.





Civility has different meaning in cultures. U.S., it is paying attention and providing good service, while in Japan, it is being patient and fair. Authenticity is a relevant dimension in U.S. but not in Japan, likely based on the Japanese focus on playing a role rather than expressing individual feeling.

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UNDERSTANDING DIFFERENCES AMONG CONSUMERS

- **Global Differences: The role of culture**
- **Culture:**
 - represents common values, norms and behaviors of a particular group and often identified with nations or ethnicity.
 - learned, shared, multidimensional, and transmitted from one generation to the next.
- Understanding cultural differences is important in services marketing because of its effects on the ways that customers evaluate and use services.

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Now, let us try to understand differences among the consumers. The first is the global difference and what is the role of culture in this global difference. So, culture as is normally understood, it represents common values, norms and behaviors of a particular group and often identified with nations or ethnicity. It is learned, shared, multidimensional and transmitted from one generation to another.

Understanding of cultural differences is important in services marketing because of its effect on the ways that customer evaluate and use services. Because customers they are effected by culture. Therefore, it is important to understand the cultural differences, because that in turn will affect how do the customers evaluate and use the services.

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UNDERSTANDING DIFFERENCES AMONG CONSUMERS

- Culture is important in international services marketing – taking services from one country and offering them in another- but it is also critical in within countries.
- More and more countries become multicultural and organisations need to understand how this factor affects evaluations, purchase, and use of services even within countries.
- Some studies say:
 - service quality perceptions in Taiwan revealed that much greater emphasis is placed on the interpersonal dimensions of services than is generally true in studies of US consumers.

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So, culture is important in international service marketing, taking services from one country to, and offering them in another, but it is also critical in within countries. So, it is important not only across the borders but within the borders also. More and more countries become multicultural and organization need to understand how this factor affects evaluation, purchase and use of service even within countries. So, the services may have to be adopted depending upon the culture or cultural differences within the country.

So, some studies says, service quality perception in Taiwan revealed that much greater emphasis is placed on the interpersonal dimension of service than is generally true in studies of U.S. consumers.

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UNDERSTANDING DIFFERENCES AMONG CONSUMERS

- Notable differences, in how fast-food and grocery consumers in eight different countries evaluate these services, were found.
- Firms carefully consider global differences in the ways they measure service quality in order to make valid comparisons across cultures.
- Some of the major differences that can influence how people choose, use and evaluate services include:
 - i. Values and Attitudes Differ across Cultures
 - ii. Manners and Customs
 - iii. Material Culture

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Notable differences in how fast-food and grocery consumers in eight different countries evaluate these services were found. Firms carefully consider global differences in the ways that measure service quality, in order to make valid comparison across the cultures. Some of the major differences that can influence how people choose, use and evaluate services will include, values and attitudes, because values and attitude they differ across culture. Manner and customs and material culture.

So, you see that these are the three points that make up a culture. So, some of the major differences and these are, these three points they are instrumental in influencing how people choose and use and evaluate services. Now, let us talk about each one of them.

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i. VALUES AND ATTITUDES DIFFER ACROSS CULTURES

- Values and attitudes help determine what members of a culture think is right, important and/or desirable.
- Because behaviours flow from values and attitudes, services marketers who want their services adapted across cultures must understand these differences.
- For example,
 - US brands enjoy exotic appeals in other cultures, though it cannot be taken as a long term strategy. In late 1990s Wal-Mart found that prestige of U.S. brands was falling in Mexico.

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The first one values and attitude differ across culture. Values and attitudes help determine what members of a culture think is right, important and or desirable, because behavior flow from values and attitudes. Service marketer who want their services adopted across culture must understand these differences. For example, U.S. brand enjoy exotic appeals in other cultures, though it cannot be taken as a long-term strategy. In late 1990s, Wal-Mart found that prestige of U.S. brand was falling in Mexico.

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VALUES AND ATTITUDES DIFFER ACROSS CULTURES

- The Mexican news media alerted consumers to shoddy foreign goods, and some Wal-Mart customers turned to a spirit of nationalism.
- Retailers responded with an “Hetch en Mexico” similar to “Made in USA”.
- Sometimes it is more than a case of nationalism. Brand attitudes are negatively influenced by specific prejudices toward “dominating” cultures.
 - Korean ban on Japanese movies
 - French phobia about Euro Disney

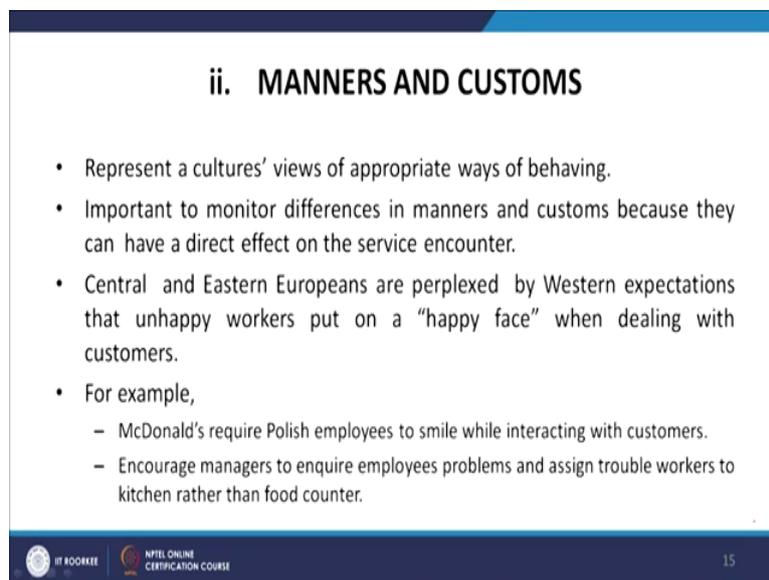


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The Mexican news media alerted consumers to shoddy foreign goods and some Wal-Mart customers turned into spirit of nationalism. Retailers responded within “Hetcho en Mexico” similar to “Made in U.S.” So, sometimes it is more than a case of nationalism. Brand attitudes are negatively influenced by specific prejudices towards dominating culture.

For example, Korean ban on Japanese movies and French phobia about Euro Disney. So, what people think or what countries think or will happen is that, the foreign culture will dominate the local culture and the local culture will be wiped out and they will have to live according to the foreign culture.

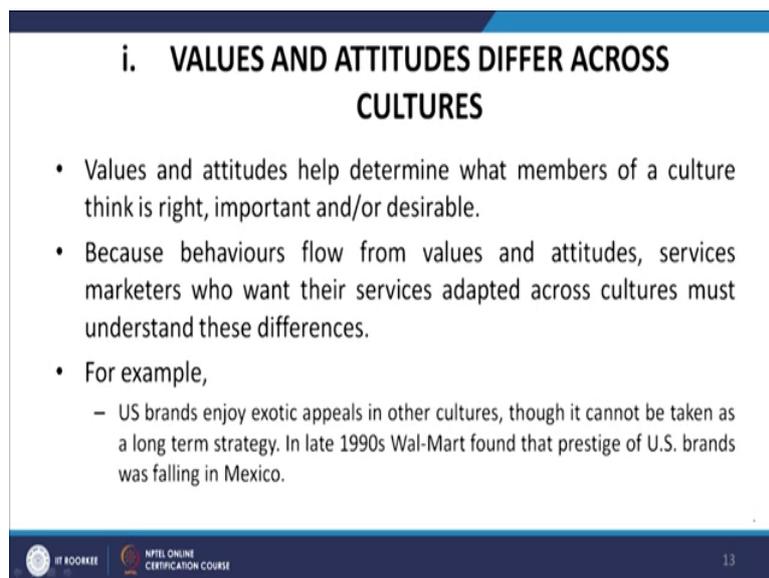
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ii. MANNERS AND CUSTOMS

- Represent a cultures' views of appropriate ways of behaving.
- Important to monitor differences in manners and customs because they can have a direct effect on the service encounter.
- Central and Eastern Europeans are perplexed by Western expectations that unhappy workers put on a “happy face” when dealing with customers.
- For example,
 - McDonald's require Polish employees to smile while interacting with customers.
 - Encourage managers to enquire employees problems and assign trouble workers to kitchen rather than food counter.

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i. VALUES AND ATTITUDES DIFFER ACROSS CULTURES

- Values and attitudes help determine what members of a culture think is right, important and/or desirable.
- Because behaviours flow from values and attitudes, services marketers who want their services adapted across cultures must understand these differences.
- For example,
 - US brands enjoy exotic appeals in other cultures, though it cannot be taken as a long term strategy. In late 1990s Wal-Mart found that prestige of U.S. brands was falling in Mexico.

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The second component of culture is manners and customs. It represents a cultures' view of appropriate way of behaving. So, these values and attitudes they determine what members of

a culture think is right, important and or desirable. While manners and customs, they represent culture view of appropriate ways of behaving. It is important to monitor differences in manners and customs because they can have a direct effect on service encounters.

Eastern and Central European are perplexed by Western expectations that unhappy workers put on a happy face when dealing with customers. For example, McDonald requires polish employees to smile while interacting with customers, encourage managers to enquire employees problems and assign trouble workers to kitchen rather than food counter.

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The slide is titled "iii. MATERIAL CULTURE" and contains the following content:

- Material culture consist of the tangible products of culture.
- Promotional programs in Mexico
 - Constrained by the availability of media. Limited ownership of TVs and radios affects the ability of services marketers to reach target audiences.
- Zoos represent reflection of material culture’s influence.
 - American visiting Tokyo zoo is impressed by two things:
 - Fine collection of animals and the cages in which the animals are kept.
 - For Japanese small cages are appropriate as they themselves live in relatively small houses vs. for US tourists small cages may look like mistreatment.

At the bottom of the slide, there are logos for "JIT KOORKEE" and "NHTEL ONLINE CERTIFICATION COURSE", and the number "16" in the bottom right corner.

Now, material culture consist of the third component of culture is the material culture and it is consist of tangible products of, or tangibles of the culture. Promotional programs in Mexico, they are constraint by the availability of media. Limited ownership of TVs and radios affects the ability of service marketers to reach target audience.

Zoos represent reflection of material culture’s influence. For example, American visiting Tokyo zoo is impressed by two things, one is the fine collection of animals and the cages in which animals are kept. For Japanese, small cages are appropriate as they themselves live in relatively small houses versus for U.S. tourist small cages look like mistreatment.

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- Terms of mortgages are another interesting area of cross-cultural differences in financial services.

Country	Years of Mortgages
US	30
Canada	5
Mexico	Unavailable thus cash dealings
Japan	100

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Terms of mortgage are another interesting area of cross-cultural differences in financial services. So, now you see that in U.S., there is a 30 year mortgage; in Canada it is 5; in Mexico it is unavailable thus only cash dealings are permitted; and in Japan it is 100 years. So, you see that it varies from 5 to 100 years and in one case it is not at all available.

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GLOBAL MARKETING OF SERVICES

- Given the intrinsic need for people-to-people contact, cultural barriers in the global marketplace are much more prominent for service marketers than in other industries.
- Careful screening and training of personnel to ensure consistent quality is extremely vital for international service firms.
- The need for direct customer interface also means that service providers often need to have a local presence.

This is especially the case with support services: advertising, insurance, accounting, law firms, overnight package delivery etc.

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Now, let us look at the global marketing of services. Given the intrinsic need for people-to-people contact, cultural barriers in a global marketplace are much more prominent for service marketers than in other industries. Careful screening and training of personnel to ensure consistent quality is extremely vital for international service firms because these are the personnel, these are the employees, these are the people who will be facing the customer.

The need for direct customer interface also means that service providers often need to have a local presence, otherwise this interaction is not possible. This is especially the case with support services, advertising, insurance, accounting, law firms, overnight package delivery, et cetera.

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GLOBAL MARKETING OF SERVICES

- **Challenges in Marketing Services Internationally**
 - i. Protectionism:
 - Most cumbersome service trade barriers are the non-tariff barriers, where the creative juices of government regulators know no boundaries.
 - ii. Need for geographic proximity with service transactions:
 - Most services are difficult to trade internationally and require a physical presence of the service provider.

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What are the challenges in marketing of services internationally or globally? The first challenge is protectionism. Most cumbersome service trade barriers are the non-tariff barriers where the creative juices of government regulators know no boundaries. So, there can be a variety of creative and new types of non-tariff barriers and that lead to protection.

The second challenge in global marketing of services is the need for geographic proximity with service transactions. Most services are difficult to trade internationally and require a physical presence of the service provider.

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GLOBAL MARKETING OF SERVICES

iii. Difficulties in Measuring Customer Satisfaction Overseas:

- In many countries, consumers are not used to sharing their opinions or suggestions. Instead of expressing their true opinions about the service, foreign respondents may simply state what they believe the company wants to hear. (“courtesy bias”)



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And the third challenge is the difficulty in measuring customer satisfaction overseas. In many countries, customers are not used to sharing their opinion or suggestions. Instead of expressing their true opinion about the service, foreign respondents may simply state that what they believe the company wants to hear. So, that is called as courtesy bias.

So, in several countries, there are several constructs that are dependent on culture, there are several concepts that are dependent on culture, for example, customer satisfaction may have different dimensions in different cultures. Therefore, how we define customer satisfaction in one culture will be different from how we define customer satisfaction in another culture.

So, the problem is then how do we compare the outcome. And in many countries, because customers they are not supposed to express their true opinion about the service, so therefore they just say what the company wants to hear, which is called as courtesy bias.

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GLOBAL MARKETING OF SERVICES

- **Opportunities for Global Service Industries**
 - i. Deregulation of Service Industries:
 - Some of the GATT rules that only applied to tangible goods are now extended to the international service trade under the new WTO regime.
 - In scores of countries, government authorities have privatized services such as utilities, telecommunications, and mail delivery.
 - Several individual countries are taking steps to lift restrictions targeting foreign service firms.



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Now, let us look at the opportunities for global service industries. So, when there are certain problems, there are several opportunities also at the same time. The first opportunity is deregulation of services industries. Some of the GATT rules, GATT is General Agreement on Tariffs and Trade. So, some rules of GATT that only apply to tangible goods are now extended to international service trade under the new WTO regime. WTO stands for World Trade Organization.

In scores of countries, government authorities have privatized services such as utilities, telecommunication and mail delivery. And because of which there are chances for several private businesses to come in. So, several individual countries are taking steps to lift restrictions, targeting foreign service firms.

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GLOBAL MARKETING OF SERVICES

ii. Increasing Demand for Premium Services:

- It expands with increases in consumers' buying power.
- International service providers that are able to deliver a premium product often have an edge over their local competitors.



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The second is increasing demand for premium services. It expands with increasing consumer buying power. So, as consumer buying power or disposable income increases, the demand for premium services, it goes up. International service providers that are able to deliver a premium product often have an edge over their local competitors.

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GLOBAL MARKETING OF SERVICES

iii. Increased Value Consciousness:

- As consumers worldwide have more alternatives to choose from and have become more sophisticated; they have also grown increasingly value conscious.
- Since global service firms usually benefit from scale economies, such savings can be passed through to their customers.



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The third advantage is increased value consciousness. As consumers worldwide have more alternative to choose from and have become more sophisticated, they also have grown increasingly value conscious. Since global service firms usually benefit from scale economies, such savings can be passed on to their customers.

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GLOBAL MARKETING OF SERVICES

- **Global Service Marketing Strategies:**
 - i. Capitalize on Cultural Forces in the Host Market:
 - To bridge cultural gaps between the home and host market, service companies often customize the product to the local market.
 - ii. Standardize and Customize:
 - Both standardization and adaption are doable. The core service product can easily be augmented with localized support service features that cater to local market conditions.





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What are global service marketing strategies? So, when, so after having understood the advantages and disadvantages or the opportunities or the problems in marketing of services globally, now let us look at the global services marketing strategies. So, what are, so what can be service marketing strategies for these, for the globe?

The first is to capitalize on cultural forces in the host market. So, keep in mind that we are talking of host market and not the home market. To bridge cultural gaps between the home and the host market, service companies often customize the product to the local market. The second thing that they should do is to standardize and customize. Both standardization and adaptation at the same time are doable. The core service product can easily be augmented with localized support service features that cater to the local market conditions.

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GLOBAL MARKETING OF SERVICES

- iii. Give Information Technologies (IT) a Central Role:
 - Service firms add value for their customers by employing technology such as computers, intelligent terminals, and state-of-art telecommunications.
 - IT is especially valued in markets that have a fairly underdeveloped infrastructure.
 - Companies should also recognize the potential of realizing scale economies by centralizing their IT functions via “information hubs.”





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The third is give information technologies a central role. So, service firms can add value for their customers by employing technologies such as computers, intelligent terminals and state-of-art telecommunications. IT is especially valued in markets that have a fairly underdeveloped infrastructure. Company should also recognize the potential of realizing scale economies by centralizing their IT functions via information hubs.

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GLOBAL MARKETING OF SERVICES

iv. Add Value by Differentiation:

- Service firms can appeal to their customers by offering benefits not provided by their competitors and/or lowering costs.
- Apart from monetary expenses, cost items include psychic costs (hassles), time costs (waiting time), and physical efforts.



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GLOBAL MARKETING OF SERVICES

- **Global Service Marketing Strategies:**
 - i. Capitalize on Cultural Forces in the Host Market:
 - To bridge cultural gaps between the home and host market, service companies often customize the product to the local market.
 - ii. Standardize and Customize:
 - Both standardization and adaption are doable. The core service product can easily be augmented with localized support service features that cater to local market conditions.



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The fourth thing that these global, these companies should do is to add value by differentiation. So, that second point, where we are talking about standardization and customization. So, this customization can also be used to add value by differentiation. So, services firm can appeal to their customers by offering benefits not provided by their

competitors and or lowering the cost. Apart from monetary expenses, cost item include psychic cost that is the hassles, the time cost, waiting time and physical efforts.

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GLOBAL MARKETING OF SERVICES

v. Establish Global Service Networks:

- Given the huge investments required to develop a worldwide network on its own, more and more companies are choosing to use outside partners for the purpose.
- Trends of firms grouping together to establish global network can be observed in service industries like airline travel and advertising.



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The fifth thing that these companies should do for marketing of services globally, is to establish global service networks. Given the huge investments required to develop a worldwide network on its own, more and more companies are choosing to use outside partners for the purpose. Trends of firms grouping together to establish global network can be observed in service industries like airline travels and advertising.

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DEVELOPMENT OF THE WORLD TRADING SYSTEM

- Post WWII there was a uncertainty and trust deficit.
- The Bretton Woods Conference of 1944, which established an international institution for monetary policy, recognized the need for a comparable international institution for trade to complement the International Monetary Fund and the World Bank.
- Bretton Woods was attended by representatives of finance ministries and not by representatives of trade ministries, the proposed reason why a trade agreement was not negotiated at that time.

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Now we, let us for a moment or for some time talk about the development of world trading system because that is affecting the service companies and the service business. So, post

World War Second, there was a uncertainty and trust deficit. The Bretton Wood Conference in 1944, which established an international institution for monetary policy, recognized the need for a comparable international institution for trade to complement the International Monetary Fund and the World Bank.

So, Bretton Woods was attended by representatives of finance ministries and not by representatives of trade ministries, the proposed reason why a trade agreement was not negotiated at that time.

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DEVELOPMENT OF THE WORLD TRADING SYSTEM

- In the immediate aftermath of World War II, US and the then allied powers met to establish the International Trade Organisation (ITO) with statutory enforcement powers to promote free trade among nations through negotiated reductions in trade barriers.
- The effort to form the ITO lasted between 1945 to 1948.
- Lack of US government support (1950 announcement) saw this fall through. Instead the signatories agreed to operate under the informal aegis of GATT.

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In the immediate aftermath of World War Two, U.S. and then the allied powers met to establish the International Trade Organization with statutory enforcement powers to promote free trade among nations through negotiated reduction in trade barriers. The effort to form the International Trade Organization lasted between 1945 to 1948.

But the lack of U.S. government support that is, that was announced in 1950 saw this fall through. Instead the signatories agreed to operate under the informal aegis of GATT, that is General Agreement on Tariffs and Trade. So, because this ITO did not, or died or did not come into existence, the other countries they still wanted to continue and they operated under this informal arrangement, that was called as GATT.

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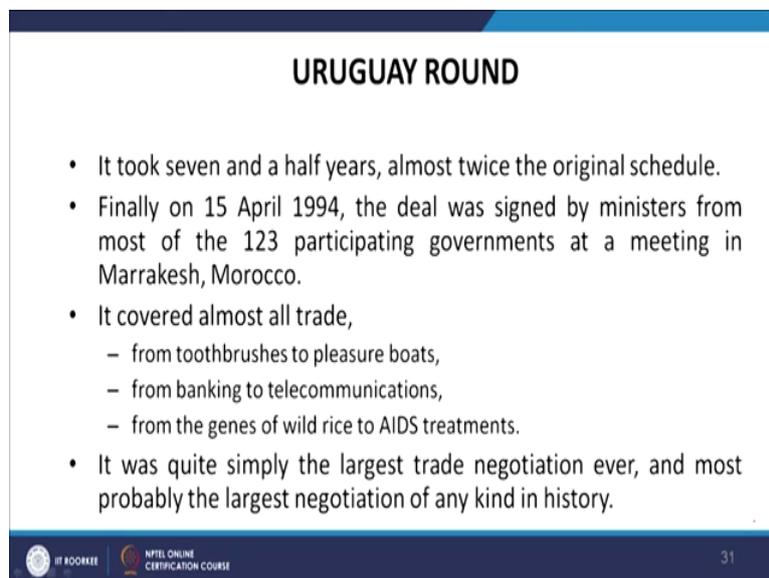
GATT (GENERAL AGREEMENTS ON TARIFFS & TRADE):

- GATT was signed by 23 nations in Geneva on October 30th 1947, and took effect on January 1, 1948.
- Since 1950, GATT succeeded ITO.
- Provided a forum for multilateral discussions to reduce trade barriers.
- Main operating principle was **most favored nation (MFN)/ normal trade relations (NTR)**. This meant that any member state of GATT that extended a tariff reduction to one member had to extend it to all members.

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So, this GATT was signed by 23 nations in Geneva on October 30, 1947 and took effect on January 1, 1948. Since 1950 GATT succeeded ITO. It provides a forum for multinational discussion to reduce trade barriers. The main operating principle was most favored nation or normal trade relations. This meant that any member state of GATT that extended a tariff reduction to one member had to be extended to it, all other members.

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URUGUAY ROUND

- It took seven and a half years, almost twice the original schedule.
- Finally on 15 April 1994, the deal was signed by ministers from most of the 123 participating governments at a meeting in Marrakesh, Morocco.
- It covered almost all trade,
 - from toothbrushes to pleasure boats,
 - from banking to telecommunications,
 - from the genes of wild rice to AIDS treatments.
- It was quite simply the largest trade negotiation ever, and most probably the largest negotiation of any kind in history.

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Then there happened this Uruguay Round that was very important. So, it took seven and a half years almost twice the original schedule. Finally on 15th April 1994, the deal was signed by ministers from most of the 123 participating government at a meeting in Marrakesh, Morocco. It covered almost all trade, from toothbrushes to pleasure boats, from banking to

telecommunication and from the genes of wild rice to AIDS treatment. It was quite simply the largest trade negotiation ever, and most probably the largest negotiation of any kind in history.

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WTO (WORLD TRADE ORGANIZATION)

- The eighth and last round of GATT talks – called the Uruguay Round (1986-1994) established an international body called the WTO which took effect on January 1, 1995.
- As of July 2016, WTO had 164 member countries.
- WTO has statutory powers to adjudicate trade disputes among nations and has its own secretariat.
- WTO is the new legal and institutional foundation for a multilateral trading system.

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Let us look at what this WTO or World Trade Organization is. The eighth and the last round of GATT talks that was called the Uruguay Round that started in 1986 and ended in 1994 established an international body called the WTO, which took effect on January 1, 1995. As of July 2016, WTO has 164 member countries, WTO has statutory powers to adjudicate trade disputes among nations and it has its own secretariat. WTO is a new legal and institutional foundation of a multilateral trading system.

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WTO MAIN FUNCTIONS

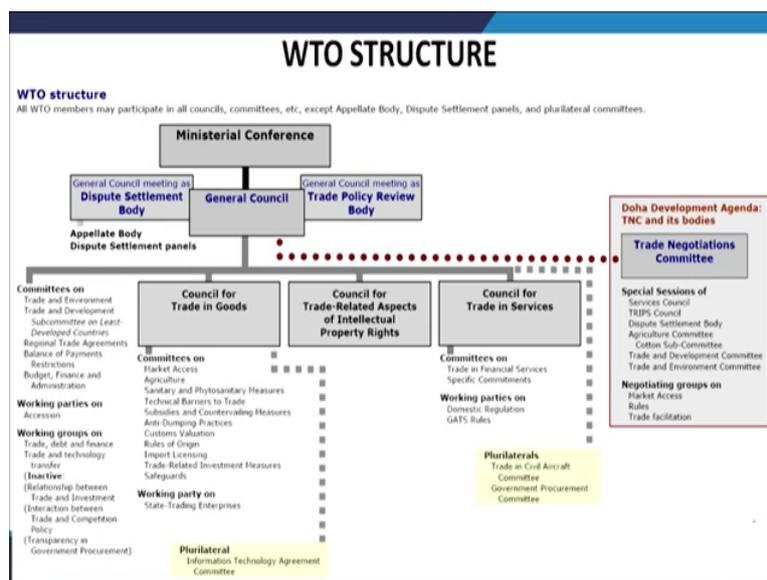
- Administering WTO trade agreements
- Forum for trade negotiations
- Handling trade disputes
- Monitoring national trade policies
- Technical assistance and training for developing countries
- Cooperation with other international organizations



IT KOOBEE NPTEL ONLINE CERTIFICATION COURSE 33

These are some of the main functions of WTO. The first is to administer WTO trade agreements. The second is forum for trade negotiations, so people or the countries having some kind of problems with each other so far is trade is concerned, they can go and negotiate about those issues. And it is also for, and if they are not able to solve out this, the issues mutually, then WTO also have a facility of handling trade disputes. Monitoring national trade policies, whether they are in sync with what was decided in WTO. Technical assistance and training for developing countries and cooperation with other international organizations.

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This is the WTO structure. All WTO members may participate in all councils, committee, et cetera, except appellate body. Dispute settlement panels and plurilateral committees. So, this is the ministerial conference, then it is followed by general council and then there are various committees and working parties and working groups. And then there are council for trade in goods, council for trade-related aspects of intellectual property rights, and then there is a council for trade in services.

This is made up of committees on trade and financial services and working parties on domestic regulations and GATS rules. So, and then there are certain general council meeting as dispute settlement body, then general council meet as trade policy review body.

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GATS(GENERAL AGREEMENT ON TRADE IN SERVICES)

- The creation of the GATS was one of the landmark achievements of the Uruguay Round, whose results entered into force in January 1995.
- The GATS was inspired by essentially the same objectives as its counterpart in merchandise trade, the General Agreement on Tariffs and Trade (GATT):
 - creating a credible and reliable system of international trade rules;
 - ensuring fair and equitable treatment of all participants (principle of non-discrimination);
 - stimulating economic activity through guaranteed policy bindings; and
 - promoting trade and development through progressive liberalization.

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Now, there is specific arrangement in WTO which is called as GATS General Agreement to Trade in Services. So, the creation of the GATS was one of the landmark achievement of the Uruguay Round, whose results entered into force in January 1995. The GATS was inspired by essentially the same objectives as its counterpart in merchandise trade, that was GATT.

Creating a credible and reliable system for, of international trade rules, ensuring fair and equitable treatment of all participants that is the principle of non-discrimination, stimulating economic activity through guaranteed policy bindings, and promoting trade and development through progressive liberalization.

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GATS(GENERAL AGREEMENT ON TRADE IN SERVICES)

- While services currently account for over 60 percent of global production and employment, they represent no more than 20 per cent of total trade (BOP basis). This — seemingly modest — share should not be underestimated, however.
- Many services, which have long been considered genuine domestic activities, have increasingly become internationally mobile.
- This trend is likely to continue, owing to:
 - the introduction of new transmission technologies (e.g. electronic banking, tele-health or tele-education services),

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While services currently account for over 60 percent of global production and employment, they represent no more than 20 percent of total trade that is on balance of payment basis. This seemingly modest share should not be underestimated however. Many services which have long been considered genuine, domestic activity have increasingly become internationally mobile. This trend is likely to continue owing to the introduction of new transmission technologies that is electronic banking, tele-health or tele-education services.

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GATS(GENERAL AGREEMENT ON TRADE IN SERVICES)

- the opening up in many countries of long-entrenched monopolies (e.g. voice telephony and postal services), and
- regulatory reforms in hitherto tightly regulated sectors such as transport.

What services are covered?

- The GATS applies in principle to all service sectors, with two exceptions.
 - 1) Article I(3) of the GATS excludes “services supplied in the exercise of governmental authority”.

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The opening up in many countries of long-entrenched monopolies for example, voice telephony and postal services and regulatory reforms in hitherto tightly regulated sectors such as transport.

Now, what services are covered under GATS? The GATS applies in principle to all service sectors with two exception; the first is article 1(3) of GATS excluded services supplied in the exercise of governmental authority.

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GATS

- These are services that are supplied neither on a commercial basis nor in competition with other suppliers.
- For example, social security schemes and any other public service, such as health or education, that is provided at non-market conditions.

2) Annex on Air Transport Services exempts from coverage measures affecting air traffic rights and services directly related to the exercise of such rights.

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These are services that are supplied neither on a commercial basis or in competition with other suppliers. For example, social security scheme and any other public service, such as health or education that is provided at non-market conditions. Annex on air transport services exempts from coverage measures affecting air traffic rights and services directly related to the exercise of such rights.

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GATS

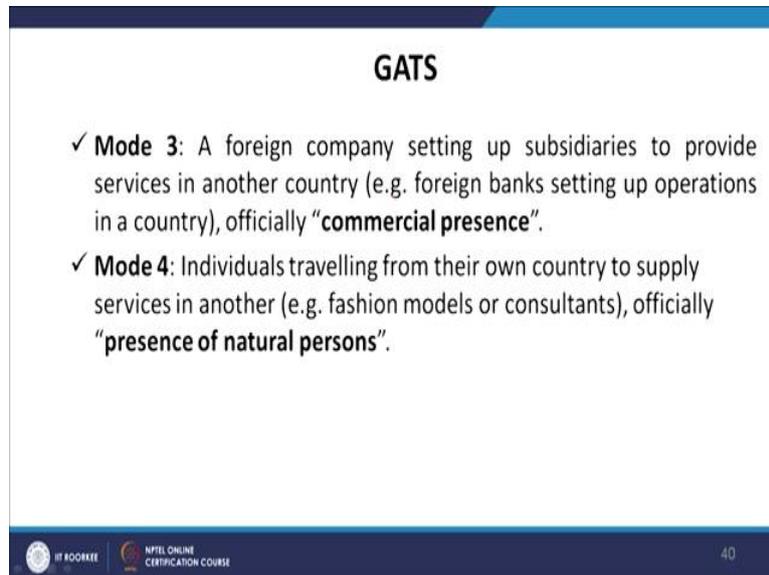
- The GATS distinguishes between four modes of supplying services: cross-border trade, consumption abroad, commercial presence, and presence of natural:
 - ✓ **Mode 1:** Services supplied from one country to another (e.g. international telephone calls), officially known as “**cross-border supply**”.
 - ✓ **Mode 2:** Consumers or firms making use of a service in another country (e.g. tourism), officially “**consumption abroad**”.

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The GATS distinguish between four modes of supplying services. The first is cross border trade, second is consumption abroad, the third is commercial presence and the fourth is presence of natural. So, mode one is, services supplied from one country to another, for example, international telephone calls, officially known as cross-border supply. Mode two,

consumers or firm making use of a service in another country. For example, tourism, which is officially called as consumption abroad.

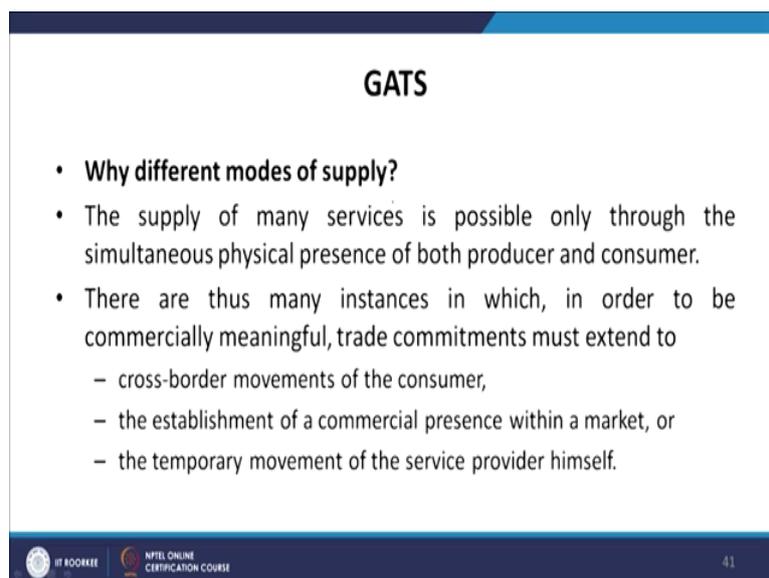
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The slide is titled "GATS" and lists two modes of supply. Mode 3 is described as a foreign company setting up subsidiaries to provide services in another country, such as foreign banks, which is officially termed "commercial presence". Mode 4 is described as individuals traveling from their own country to supply services in another, such as fashion models or consultants, which is officially termed "presence of natural persons". The slide footer includes the logos of IIT Kharagpur and NPTEL Online Certification Course, along with the slide number 40.

Mode three, a foreign company setting up subsidiaries to provide services in another country. For example, foreign banks setting up operations in a country, officially it is called as commercial presence. And mode four, individuals traveling from their own country to supplier services in another. For example, fashion models or consultants, officially presence of, officially that is called as presence of natural persons.

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The slide is titled "GATS" and discusses why different modes of supply exist. It states that the supply of many services is possible only through the simultaneous physical presence of both producer and consumer. It then lists three reasons why trade commitments must extend to: cross-border movements of the consumer, the establishment of a commercial presence within a market, or the temporary movement of the service provider himself. The slide footer includes the logos of IIT Kharagpur and NPTEL Online Certification Course, along with the slide number 41.

Why different modes of supply? The supply of many service is possible only through the simultaneous presence, simultaneous physical presence of both producers and consumers.

There are thus many instances in which, in order to be commercially meaningful, trade commitments must extend to; first, cross-border movement of consumers. Second is the establishment of a commercial presence within a market, and the third is the temporary movement of the service provider himself.

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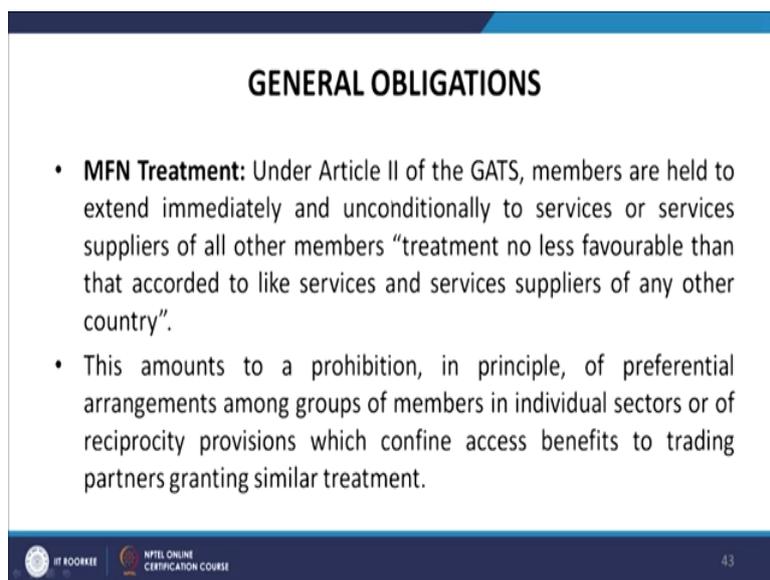
GATS OBLIGATIONS

- Obligations contained in the GATS may be categorized into two broad groups:
 - **General obligations**, which apply directly and automatically to all members and services sectors, as well as
 - **Specific commitments** concerning market access and national treatment in specifically designated sectors.

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The obligation of GATS may be categorized into two broad groups. The first are the general obligations, which apply directly and automatically to all members and service sectors as well as specific commitments, concerning market access and national treatment in specifically designated sectors.

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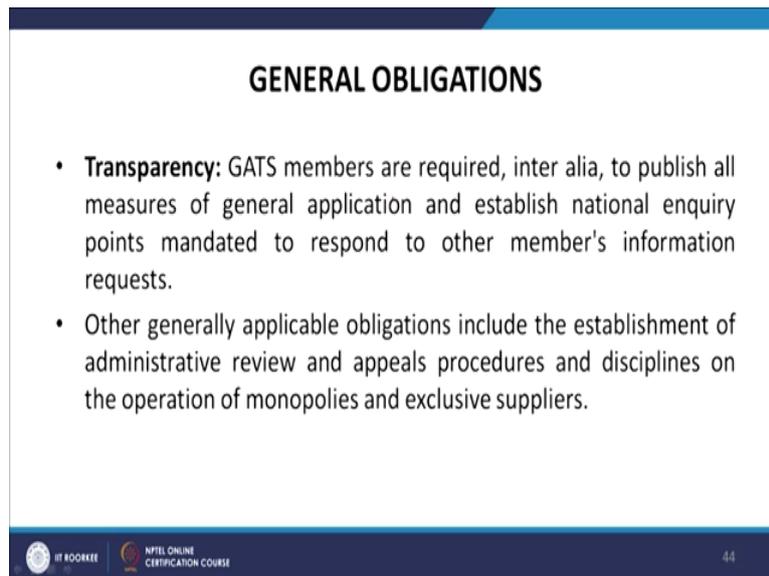
GENERAL OBLIGATIONS

- **MFN Treatment:** Under Article II of the GATS, members are held to extend immediately and unconditionally to services or services suppliers of all other members “treatment no less favourable than that accorded to like services and services suppliers of any other country”.
- This amounts to a prohibition, in principle, of preferential arrangements among groups of members in individual sectors or of reciprocity provisions which confine access benefits to trading partners granting similar treatment.

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General obligations means the first is MFN treatment. Under article 2 of the GATS, members are held to extend immediately and unconditionally to services or services suppliers of all other members treatment no less favorable than that accorded to like service and services suppliers of any other country. This amounts to a prohibition, in principle of preferential agreement among groups of members in individual sectors, or of reciprocity provisions which confine access benefits to trading partner granting similar treatment.

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GENERAL OBLIGATIONS

- **Transparency:** GATS members are required, inter alia, to publish all measures of general application and establish national enquiry points mandated to respond to other member's information requests.
- Other generally applicable obligations include the establishment of administrative review and appeals procedures and disciplines on the operation of monopolies and exclusive suppliers.

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The second is transparency. GATS members are required, inter alia, to publish all measures of general application and establish national enquiry points mandated to respond to other members information request. Other generally applicable obligation include the establishment of administrative review and appeals procedure and disciplines on the operations of monopoly and exclusive supplies.

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SPECIFIC COMMITMENTS

- **Market Access:** Market access is a negotiated commitment in specified sectors. It may be made subject to various types of limitations that are enumerated in Article XVI(2) of GATS.
- For example, limitations may be imposed on the number of services suppliers, service operations or employees in the sector; the value of transactions; the legal form of the service supplier; or the participation of foreign capital.

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Specific commitment include market access. Market access is a negotiated commitment in specified sectors. It may be made subject to various types of limitations that are enumerated in article 16(2) of GATS. For example, limitations may be imposed on the number of service suppliers, service operations or employees in the sector, the value of transaction, the legal form of the service supplier or the participation of foreign capital.

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SPECIFIC COMMITMENTS

- **National Treatment:** A commitment to national treatment implies that the member concerned does not operate discriminatory measures benefiting domestic services or service suppliers.
- The key requirement is not to modify, in law or in fact, the conditions of competition in favour of the member's own service industry.

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Specific commitments also include national treatment, that is a commitment to national treatment employees that implies that the member concerned does not operate discriminatory measures benefiting domestic services or service suppliers. The key requirement is not to

modify in law or in fact the conditions of competition in favor of the member's own service industry.

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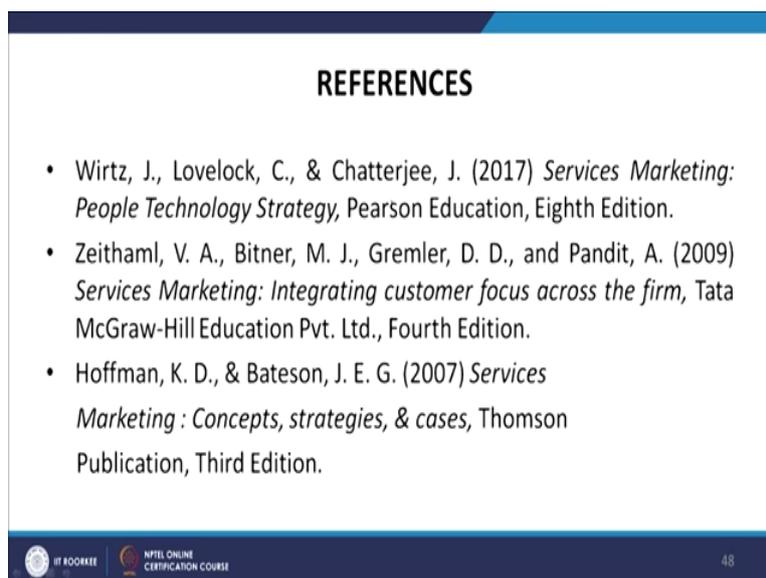
CONCLUSION

- We have discussed the service experiences of customers from US and Japan, based on some research studies.
- Discussed various differences among consumers based on dimensions like values, attitudes, manners, customs and material culture.
- Thereafter we discussed the global marketing of services - challenges, opportunities and marketing strategies.
- Finally, we discussed the WTO framework around services.

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To conclude, we have discussed the service experience of customers from U.S. and Japan based on some research studies. We have also discussed various differences among consumers, based on dimensions like values, attitudes, manners, customs and material culture. Thereafter, we have discussed the global marketing of services, the challenges, opportunities and therefore the marketing strategies. And finally, we discussed the WTO framework around services.

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And these are the three books from which the material for this module have been taken.

Thank you.