Is Health Services Marketing an Issue for Emerging Markets?

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Abstract

The purpose of this study is to examine how multinational firms deal with challenges in marketing of health services in emerging markets (EMs). To conduct this study, qualitative method has been used to focus on the marketing process. A single European health services firm operating in seven EMs and in four continents is studied to highlight the role of context. A theoretical framework is developed for service marketing in EM based on three levels. The macro level deals with infrastructural factors while the micro level reflects on the marketing process. The messy level reflecting the local culture is interconnected with the two levels.

Keywords: emerging markets, service quality, infrastructure, context, networking, trust

Introduction

Offering health services in in international market is complex as it involves cultural differences which can result into variation of values, customs, needs and ways of thinking and perceiving (Hyder and Fregidou-Malama, 2009). Service itself is different from product for heterogeneity, intangibility, perishability, and simultaneous production and consumption (Zaithaml et al., 2006). Fregidou-Malama and Hyder (2015) argue that in international marketing, managers must deal with the local culture, and in doing so, managers experience problems in making the services visible to customers. The situation will be further challenging in offering services in emerging markets (EMs) due to their varied market conditions, income inequality and infrastructural differences. EMs however play a crucial role in the current global economic scenario (Bortoluzzi et al., 2015). Sheth (2011) argues that five characteristics, i.e., market heterogeneity, sociopolitical governance, chronic shortage of resources, unbranded competition and inadequate structure have made EMs different from traditional industrial economies. The relatively inferior institutions of EMs result in poorly functioning capital, labor, and information markets, which in turn increase the transaction costs of doing business in EMs (Banerjee et al., 2015). All these factors together can make marketing of services exciting but challenging in EMs.

In an editorial note, Burges and Steenkamp (2013) claim that success in EMs will be a decisive factor for many companies around the world. They further observe that research is needed for advancing marketing and management practices in EMs (2006). Sheth (2011) also maintains that rise of EMs offers opportunities for new research and theory development. Dawar and Chattopadhyay (2002) argue that traditional business models depending on innovation, fine segmentation, high margins, and finely tuned global brands need to be rethought for EMs. In the last decade, researchers have addressed different issues in EMs such as factors for competitive advantages, effective product strategies, advertising strategies, the first mover advantage and country of origin effect (Cassia and Magno, 2015). Further market orientation with regard to managerial perceptions and corporate culture, and entrepreneurial orientation in connection to performance have been studied in EMs by Yaprak et al (2015) and Gruber-Muecke and Hofer (2015) respectively.

We observe that research in emgerging markets have been conducted on strategies related to consumer and industrial good industries (Cassia and Magno, 2015) without giving attention to the service sector. Gustafsson et al (2015) report that 80 per cent of the gross domestic product of developed countries originates from service-related activities. Freeman and Sandwell (2008) note that services firms, particularly professional services sector, is becoming an important component in both developed countries and EMs. Considering its significance, several researchers have studied health services (Gineikiene et al., 2016; Berry and Bendapudi, 2007; Gilson, 2006; Dellande et al., 2004) but almost no study has reflected on how these services are marketed, particularly in EM. Fregidou-Malama and

Hyder (2015) claim that delivering health services in EM context is a professional, timely and complex process which need further research. *In this study we address this issue by examining how multinational firms deal with challenges in marketing of health services in emerging markets.* To conduct this study qualitative data has been collected on a single European health services firm operating in seven EMs located in four continents.

This paper is structured as follows. The next section includes a theoretical discussion on EMs and internationalization of services to review the relevant literature. Methodology covering how the data is collected and analyzed is then presented. Later on comes empirical study which is followed by discussion linking the findings with the theory. Final section includes concluding remarks with implications, limitations and suggestions for future research.

Characteristics of emerging markets

EMs are characterized by low levels of infrastructure and resources, and high levels of growth (Tanusondjaja et al., 2015). Yaprak et al (2015) observe that firms operating in EMs have grown under protection and in institutional vacuums containing weaker competition, market institutions they could influence, government subsidies they benefited from, and exploding demand for their products. Dawar and Chattopadhyay (2002) have identified two sources of variability in EMs: income and infrastructure. Income variability relates to low incomes and income flow, i.e. daily/weekly/monthly payments. Infrastructural variability is connected to transportation, telecommunications, power and financial issues. This view is similar to Chakravarthy and and Coughlan (2012) who find two hurdles in EMs to cope with: (a) innovating and pricing products to suit customers with low purchasing power and (b) dealing with missing or inadequate government institutions and infrastructure. Khanna et al (2005) maintain that companies from developed countries take it for sure that "soft" infrastructure will work as expected and fit their business models as happens in their counties. But they claim that it is not the case in EMs where infrastructure is often underdeveloped or absent. In China, guanxi was needed to deal with the institutional factors such as government organizations and political institutions (Wang, 2007). Characteristics and obstacles witnessed in the previous EM research are presented in Table 1.

Hyder and Abraha (2014) identify lack of marketing awareness and market uncertainty as major sources of problem in marketing products/services in EMs. Rapidly changing environments, regulative systems and inconsistent context can also make planning and developing market strategy difficult (Schlager and Maas, 2013). Tanusondjaja et al (2015) observe that penetration of international brands in EMs can be hindered due to insufficient infrastructure. This allows competition between local brands and unbranded products in EMs. It implies that value of firm's resources and capabilities is not the same in every market context (Oliver, 1997; Bortolussi et al., 2014). It is also one of the reasons why each EM needs to be treated unique in considering marketing activity. We argue that theory development is necessary not to generalize the outcome or the process but to understand the patterns of variation in EM. Nakata and Sivakumar (1997) maintain that developing marketing strategy for EMs requires understanding of economic, technological, socio-cultural, legal/political and competitive/marketing conditions. Sheth (2011) rightly points out that markets in emerging economies are created by shaping customer epectations, not by assessing them. Technologically developed health services may not be known in many EMs and consequently their introduction and follow-up can be crucial for customer acceptance.

Culture is often described different and has influence on the marketing process in EM (Sheth 2011). Freeman and Sandwell (2008) argue that workplace practices i.e. "ways of doing business" is a barrier in EMs. Yaprak et al (2015) find that for market orientation, it is necessary to explore cultural contexts because they inspire adaptability, cohesiveness, participation and role of family in EMs.

Table 1: Relevant research on emerging markets

Characteristics	Research issues	Major obstacles	Research studies
Market heterogeneity, sociopolitical governance, chronic shortage of resources, unbranded competition, inadequate infrastructure	Impact of EMs on existing marketing perspectives and practices	Understanding the local context, influence of culture, tradition and faith-based institutions, shaping customer expectations	Sheth (2011)
Institutionally driven heterogeneity, hierarchy and embeddedness, cultural diversity	International segmentation, institutional effects	Rapidly changing environments, regulative systmes, inconsistent context	Schlager and Maas (2013)
Different cultural, social and regulative systems than the developed countries	Theory development, acquisition of meaningful data, data analysis and learning	Rapid economical and socio-political changes, cultural hierarchy, corruption, varied living standard	Burges and Steenkamp (2006), (2013)
Rapidly growing populations, low levels of income per capita, poor infrastructure, lack of capital	Barriers to internationalization in EMs for professional service firms	Language barrier, longer communication time, internal strategic decision making and planning	Freeman and Sandwell (2008); Khanna and Palepu (2010); Chakravarthy and Coughlan (2012)
Lack of reliable information, misguided regulations, political goals important, Marketing strategy missing	Consideration of marketing issues while entering eastern Europe	Market uncertainty due to institutional factors, problem to build sales network, adaptation	Cassia and Magno (2015)
Low incomes, variability in Consumers and relative cheapness of labor	Inconsistency in the EM infrastructure, strategies of multinational firms	Cultural, religious and linguistic diversity, Variation in power, communication and financial facilities	Dawar and Chattopadhyay (2002)
Institutional inconsistence, underdeveloped infrastructure, cultural differences	Resources, learning and performance and impact of institutional factors on alliance relationship, market strategy	Short-term goal, legal aspects central planning, lack of marketing awareness, market uncertainty	Hyder and Abraha (2008), (2014)

Hofstede in his several works (Hofstede, 1991; Hofstede et al., 2010; Minikov and Hofstede, 2011) have established that developing countries (EMs) in general follow high power distance and collectivism but there is difference among the developing countries in degree for applying these two cultural dimensions. In these studies Hofstede claims that national culture has influence on business activities and therefore role of culture is vital in understanding and practicing international marketing.

Following Levitt's (1983) globalization argument, Sheth (2011) observes that firms operating in EM are in need of aggregation for taking advantage of standardization. It is therefore an important issue to investigate how much aggregation of fragmented demand and standardization of products and services can be done and where there is a need for adaptation adjusting to the local environment. Dawar and Chattopadhyay (2000) claim that multinationals can choose standardization at the cost being tiny players in EMs. Previous study on international entry into EMs stresses on the necessity to deal with entry barriers, networking and developing market knowledge (Ghauri *et al.,* 2014; Chandra *et al.,* 2009; Akbar and Samii, 2005). Yaprak et al (2015) argue that firms in operating in EMs will need to be more market oriented to effectively generate and deliver superior value and sustain customer loyalty. To summarize, the studies on EM suggest that there are different obstacles which need to be carefully addressed in international marketing. Further EMs are similar but not the same which makes the role of context important in considering service offering across the national border.

International services marketing

Uppsala model on internationalization was developed by Johanson and Vahlne (1977). In that article gradual internationalization process based on two interdependent sub-processes, i.e. experimental learning and commitment building had been highlighted. Bortolussi et al (2014) have found in their study support for incremental learning while internationalizing. Through international experience, firms can gain two kinds of knowledge, one relating to markets and the other relating to internationalization process itself (Aulakh and Gencturk, 2008). In 1990, Johanson and Vahlne shifted focus from one firm to firms where at least two partners get engaged in interaction. Later on the original model has been made closer to the network perspective of industrial markets to focus on building and changing of relationships (Johanson and Vahlne , 2006; Johanson and Vahlne, 2009). The purpose of this extension is two-fold: uncertainty reduction and opportunity development – also two rising questions in EMs. In a network relationship, the actors exchange and combine resources through various activities for their mutual benefit (Ghauri et al., 2014).

Internationalization of services marketing however has covered other issues like industrialization process in different service industries (Bhuian, 1997); role of service industry for competitive advantage (Porter, 1985); marketing strategies (Lovelock, 1999; Grönroos, 1999), strategies for globalization (McLaughlin and Fitzsimmons, 1996), service quality (Eriksson et al., 1999; Smith and Reynolds, 2001); trust (Altinay et al., 2011); and culture (Cavusgil et al., 2014); standardization and adaptation (Vrontis et al., 2009; Wong and Merrilees 2009). Hyder and Fregidou-Malama (2009) observe that mutual awareness in foreign markets can be gained by reducing cultural gaps through adaptation, and reputation by taking on successful and quality product and service standards of the foreign firm. Similarly Siraliova and Angelis (2006) see point in combining adaptation and standardization for developing marketing strategy by multinational firms. Considering extant divergence in EMs, we argue that it will be necessary to contemplate both options while marketing health services.

Technological complexity is another important issue when the service requires intense resources from the service provider (Black et al., 2014). The complexity further increases if the service is delivered in EMs where different way of thinking and managing prevail. Service characteristics, i.e. heterogeneity, intangibility, perishability and simultaneous production and consumption make service marketing different from product marketing. Among these characteristics, Hyder and Fregidou-Malama (2009) find the first two characteristics problematic in international marketing due to heterogeneous perception on the services and inability of the customers to assess the quality of the offerings. According to them, one comparatively easy way is to maintain service quality throughout by strictly

following the service provider's guidelines. The foreign firm's country reputation can also help to minimize the adverse impact of services characteristics. Face-to-face meeting in international marketing is often delicate considering risk for misunderstanding due to cultural, social and political differences (Usiner and Lee, 2005). Fregidou-Malama and Hyder (2015) find development of long-term relationship with customer important to reduce theses uncertainties.

Wilson et al (2012) find that need of cultural understanding is significant in international services marketing due to culture's impact on the ways that customers perceive and use services. Fregidou-Malama and Hyder (2015) also stress on cultural context and find that culture plays an important role in the process of international services marketing while studying an emerging market. They have further examined how the impact of service characteristics can be reduced and marketing strategies can be formulated by developing trust and networks in the local market (EM). Håkansson and Snehota (2000) combine cultural issues together with trust and networks and claim that cultural understanding and methods to overcome cultural differences is required to build trust and network in international business. Ford (2002) on the other hand observes that cultural differences can be avoided by developing relationships with customers and employing local people to develop trust. It can be therefore claimed that culture has impact on trust and networking which constitutes the internationalization process.

Black et al (2014) find that understanding dynamic role of service context is important to create positive service quality perceptions. Hohenthal et al (2014) raise an important question whether factors such as culture and institutions directly affect growth in the foreign market. In EMs, Dharinger (1991) find government policy and regulation while Salmi (2000) recognize instability, uncertainty and risk as key barriers for service firms. In this paper we address these issues in EM context and examine how they impact on the internationalization of health services.

Method

Marketing practices in EMs is complex and quite unknown. Methodology scholars such as Eisenhardt (1979) and Yin (2013) highlight the applicability of qualitative approach when the investigated phenomenon is intricate and deals with real-life situations. Health service is an emotional involvement of the parties, particularly for the customers, requiring a total understanding of the condition. Burges and Steenkamp (2006) observe that the extreme heterogeneity of EM populations increases the importance of considering possibly hidden institutional context effects that may be difficult to uncover in primary and multi-nation data collected in standardized formats and therefore meaningful differences in content and quality may not be disclosed. Hyder and Fregidou-Malama (2009) argue that internationalization of services is a delicate process and therefore a snapshot cannot capture its dynamic features in EM environment. Further Poulis and Plakoyiannaki (2013) find that qualitative research can contribute to understanding actors in contextual settings and international relations. In this study a qualitative method has therefore been used to go into the depth of the marketing process and to explore theory development in this vital area of research. Burgess and Steenkamp (2006) argue that EMs offer a fertile ground to develop new constructs that has been overlooked in earlier research. By applying an explorative approach, this study gathers knowledge on service marketing practices to develop theory on international services marketing in EM.

Context is central in this study as EMs are different from each other due to cultural, social, economic and political reasons. It has been therefore important from the outset to distinguish the role of context and thereby to find out how it affects heath marketing. The same European health service firm engaged in brain tumor radiotherapy has been studied in Egypt, Brazil, the Philippines, Russia, China and Hong Kong and Argentina. Concentrating on a single foreign company was in the line of the aim of the study for capturing contextual impact in different EMs. It was further necessary that the operations went for a long period of time so that the marketing process came in full effect. Keeping in mind the theory building, selected countries had to fulfill the following criteria to be included in the study:

- The local business is associated with the same European service provider focusing on sophisticated health care services
- The same foreign firm and its services is studied in all the selected countries
- The operation has been continuing for more than 10 years, which is considered a reasonable long time to develop and implement its marketing strategy. However it can happen that the business has expanded later on to some other cities within the country.
- The operation takes place in different organizational forms (i.e. not only in wholly ownership by the foreign firm but also in other forms such as joint ownership, private ownership and distributorship). This variation is expected to offer different ways of thinking in relation to management decisions, marketing strategies and marketing process).

Data was collected in the form of direct observations, documents and semi-structured interviews to increase our understanding of how the European company provides health-care solution in the studied markets. Forty four interviews were conducted at European company's head office in Europe, and companies and their customers in the selected countries. Following Doz (2011), we tried to include all key people engaged in the services firm's operations in the selected countries. The purpose was to get a complete picture of the marketing process. We interviewed top management, directors, managers, medical physicists, medical doctors, nurses, and some owners of medical centers or hospitals (in Egypt, the Philippines and Brazil) by applying a convenience technique. The interviews were conducted in different languages namely, Swedish, English, Filipino, Mandarin, and Russian, and written down first in native languages whenever applicable. All the final transcriptions were prepared in English. An interview protocol was prepared in advance to share with the respondents and also to guide us in conducting the interviews. Issues and the purposes are presented in Table 2.

Table 2: Interview guidelines with purposes and theoretical connections

Major issues discussed	Inquiries	Purposes	Theoretical inspirations
Infrastructure	Political changes, inconsistency, market uncertainty, social structure, hierarchy, law & regulations	What infrastructural problems arise and how they are dealt with?	Yaprak et al (2015); Hyder & Abraha (2014)
Cultural differences	Language, tradition, religion, cultural context	How culture impact on the marketing process?	Sheth (2011); Dawar & Chattopadhyay (2002)
Service characteristics	Heterogeneity, intangibility, perishability, simultaneous Production and consumption	How service characteristics make marketing difficult?	Zeithaml et al (2006); Hyder & Fregidou-Malama (2009)
Service quality	Technological upgrading, delivery as promised	How service quality has been important in the service delivery?	Eriksson et al (1999); Black et al (2014)
Network	Actors, collaboration, Activities, resources	How networks are are developed to secure vital resources?	Håkansson & Snehota (2000);
Trust	Country reputation, word-of-mouth, long-term relationship	How trust practices influence the marketing process?	Fregidou-Malama & Hyder (2015)

Unit of analysis in this study is the local firms which represent the European health services firms. For the analysis, case on each country was initially prepared as the unit of analysis had also been the country. Reading through the cases gave us first impression on the local context, the business in general and how the marketing process proceeded. From the cases data were sorted out based on similarities and dissimilarities. Finding of similar nature confirmed us some outcomes while dissimilar finding led to thinking whether it was a temporary phenomenon or it was a special characteristic for certain country. This process led to finding four themes: service characteristics and quality; network; trust and adaptation/standardization constituting marketing strategy for the service firms. A theoretical framework on marketing process has been drawn considering the themes in regard with EM challenges.

Findings and discussion

Seven local firms represent the European health services firm in seven countries. Forms of the firms have been different to highlight how the marketing processes differed based on the local contexts and the stages of internationalization they went through. General information on the firms is presented in Table 3.

Table 3: General information on the firms and the selected countries

Country of Business	Locations	Year of establish- ment	Form of business	Major activities
Egypt	Cairo	1997	Joint venture	Offering treatment through Gamma knife machines
Brazil	São Paulo* Curitiba	1998*	Foreign ownership Branch office	Marketing gamma knifes & accelators
The Philippines	Manilla	1997	Local ownership	Operating in the local market through gamma knife
Russia	Moscow* St. Petersburg	2005*	Local distributor Local distributor	Marketing gamma knife & accelarators through locals
China	Shanghai* Beijing	2000*	Foreign ownership	Marketing gamma knife & accelarators
Hong Kong	Hong Kong	1992	Foreign ownership	Marketing gamma knife &
Argentina	Buenos Aires	2002**	Local distributor	Marketing gamma knife & accelarators

*First and main establishment in the country
**The first gamma knife in Argentina was installed in 1983 but the treatment with Gamma knife was dropped later on.. In 1997, the European heath service firm acquired Philips radiotherapy division in Argentina for providing services in Latin America

Infrastructural and institutional context

Role of government has been found important to market health services in all selected countries except Hong Kong. In the latter case, the local firms were mostly privately owned and could be flexible considering the extant competition. In general, the government involved in issues on taxation, permission of nuclear energy for radiotherapy, change of rules and its role as a financier where the local customer happened to be a state-owned hospital. In China, contact with political institutions and

their support were necessary to run the business. Guanxi was applied in this context as support element deal with political factors (Wang, 2007). Formally no government authority was represented in the firm but the activities in the local company had to be transparent to government scrutiny. Further risk for copying was perceived high in China due to absence of intellectual property right. In Egypt and Russia, government bureaucracy was widely spread which largely affected business activities, particularly in relation to foreign companies (Sheth 2011).

Low income in these countries was also a delicate issue considering affordability of quality health services by the patients. Even the treatment equipments which were very costly, had to be financed by special arrangement with the banks and sometimes with the European headquarter. This issue was particularly relevant in Brazil, China and Hong Kong. To solve financial problems, the European health services firm came with different solutions and to see that the ultimate consumers could receive the treatment by the support of the governments. These particularly happened in Egypt, Brazil, China and Hong Kong. In the Philippines and Egypt, the local firms offered special prices to government patients to increase customer base. This is in line with Sheth's (2011) observation in creating new customers in EMs.

Cultural context

Cultural difference was visible between the EMs and also with the European health services firm. Respect for tradition was featured in developing personal network and maintaining difference in the relationships due to high power distance in Egypt and the Philippines. Further patients in these countries preferred to rely on doctors to hospitals for their less attachment to institutions. Family presence in major decision making and treatment were considered important in Hong Kong and Egypt confirming Hofstede's (1991) cultural observation on collectivism in EMs. Role of authority and following local rules were important issues in Brazil but particularly applicable in China and Russia. This required the local firms to have local knowledge and aware of what was happening in relation to health policies. Guanxi, a special way of developing relationship was in China, had to be created and maintained to deal with political institutions and government authorities.

Service quality

The health service was itself complicated and highly technology oriented. Further the treatment given to the customers was sensitive and emotionally involved. Invisibility of services as observed by Fregidou-Malama (2015) was a problematic issue in all the cases which required that service quality was maintained throughout and the same service and treatment had been offered. To keep the quality, regular training and supervision was offered to the doctors, nurses and technicians in the hospitals and the clinics as recommended by Black et al (2014). However the pattern of support differed among the countries based on the ownership. In wholly-owned subsidiaries and the JV, there were specific training packages which were conducted under the direct supervision of the European service provider. In case of local distributorship, the support was organized by the local company with indirect support from the European firm. In Argentina, main part of this work was done by the distributor for its high technical and advanced knowledge in the field. Only in the Philippines this support was irregular as the machine used there had been old and the local hospital was locally owned with less contact with the European firm.

Adaptation took place in several areas relating to local context, way of marketing, delivery of services, income level, rules and regulations and institutional features. Adjustments dealt with respecting traditions, developing personal networks with customers, government authorities and other institutions, and these have been quite common in the studied countries. The purpose of adaptation was not to deviate from the original concept but to focus on the customers' needs and preferences to offering services in a better way. In this sense adaptation is related to increase service quality by developing customer oriented solution. Siraliova and Angelis (2006) find it necessary to combine adaptation with standardization to getter respond the need of local customers.

In response to collectivistic value, family involvement had been allowed in Egypt and Hong Kong while delivering services. Marketing in Russia had been sensitive due to local and political involvement and therefore the service had been offered there through distributors. This also follows the internationalization stages as the market was comparatively new and on the verge of expansion. Due to cultural differences and EM contextual factors, the firms focused on developing and maintaining trust to reduce uncertainty. Technical support, training and service quality offered by the foreign firm were taken positively in the Chinese, Brazilian and Hong Kong markets.

Networking

Networking with local and international institutions was found necessary to establish the local firms. Personal networking and developing long-term relationship with different actors was a clear cut strategy for the Egyptian and the Filipino firms to get local identity. Contact with political institutions and get their support was an important strategy in Russia and China. However Russian market was unstable which needed quick adjustment. Further the market was quite new. To handle these uncertainties, the business was managed by the local distributors having contact with different level of people in the country. In Argentina, the role of local distributor was invaluable for its high technical focus and wide contact with the government and business firms. Relationship between the European firm and the local distributor was not only guided by the contract but also by the legal restrictions due to the use of radiation. The chief of Gamma knife center in Argentina was directly involved in the first treatment center in 1983 and gradually built up network with government and medical institutions in the country. Experience in offering such specialized service was highly valuable in the new market on awareness (Johanson and Vahlne, 1977). In Hong Kong, network took place in different forms, namely, through exchange of employees, establishing long-term relationship with customers and other local and international medical institutions and interacting with public hospitals.

Trust

Development of trust was a necessity in all the cases between the European health company, its local associates, local hospitals, customers and patients. Country image of the service provider helped with initial trust in all the studied countries. However, the way of developing trust was not always uniform due to varied infrastructural and cultural contexts. Involving family in the initial stage of treatment was vital in Egypt, Hong Kong and Argentina to create an atmosphere of friendliness and closeness. Yaprak et al (2015) highlight the role of family in doing business in EM. Further in Egypt, people went to the doctors they already knew and had positive experience than to go hospitals and clinics. In Argentina, trust generation took place by organizing network of old patients and allowing sharing of experiences.

Developing personal relationship was important in the Philippines to sell services in the local market. Long-term relationship with customers and other actors was emphasized in Hong Kong for continuation in offering health services. Fregidou-Malama and Hyder (2015) stress the need of long-term relationship in dealing with customers. Communication needed to function between different actors to go ahead with the marketing. This important task was managed in different ways through different forms of business arrangements considering the culture of the local country.

Marketing strategy

Considering infrastructural and cultural contexts, local associated companies chose between adaptation and standardization. Adaptation was significant in Egypt relating to marketing but there was no compromise on the method of treatment. The least adaptation was made in Brazil considering the acceptance of the European culture. Siraliova and Angelis (2006) see point in combining adaptation and standardization for developing marketing strategy by multinational firms. Country of the European service provider created positive image on the local people for two reasons – neutral standpoint of the country and the firm's eagerness to keep quality consistency of the services. In all the studied countries the local firms used these characteristics successfully in their marketing campaign.

Respect to tradition and role of power distance had been two important factors in most of the studied countries. Further reliance on the doctors rather than on the hospitals was evident in some cases. To be responsive to the local context, the local firms took initiatives to integrate these issues their marketing strategy so that the local culture did not get hurt and positive image of the service could be retained. This finding is in the line of Wilsson et al (2012) who emphasize the need of cultural understanding in international services marketing to realize how customers perceive and use services. Applying various organizational forms in different countries was a deliberate strategy of the European health firm to deal with local situations. Size of the business in the country played also a significant role in choosing the organizational form.

Conclusion and implications

This research has through a study of a multinational firm analyzed how external challenges can be dealt with in marketing health services in EMs. The diverse situation in the selected countries creates different economic, cultural and infrastructural challenges. Role of context is found important to have impact on how the marketing strategy is developed and how the marketing process in EMs can proceed. To deal with these issues the European health firm has applied various ways to enter and deliver services in the selected countries. This study offers valuable insights on services marketing in EM which is illustrated in Figure 1.

Three levels i.e. macro, messy and micro are identified which reflect internal and external environments of the firms. Micro level, the inner cycle of the diagram, describes how the marketing process takes place and what measures firms take to deal with outside challenges. The marketing process constitutes of service quality, trust and network which form marketing strategy of service firms. Service quality is the argument why a multinational firm gets engaged in internationalization of services. It is maintained by offering a consistent service with possibility of certain adaption to the local environment. Trust can give a firm initial legitimacy and also continuous support to build the service concept in the market. Further initial trust is gained through the reputation of the European service provider and the quality conception of the provider. It is necessary that the service offered has a required quality and the service provider is involved in the right network including government authorities, regulatory and financial institutions, supporting organizations like hospitals, clinics, training facilities and educational centers. Figure 1 thus shows that service quality, trust and network are interconnected and affect each other in relation to marketing strategy.

Macro level presents what and how infrastructural and institutional factors can pose difficulty to the marketing of health services. The local firm can hardly influence these factors rather get influenced and adapt to these guidelines. Although the quality of the marketing process is vital, it cannot work unless external factors are properly dealt with. The messy level refers to the cultural context in which firms operate. This level interacts with the other levels suggesting how infrastructural issues can be interpreted and taken into account, and how marketing strategies can be designed with an understanding of local culture.

Theoretical and practical implications

By focusing on context this study conceptualizes how marketing process in different EMs take place. This research contributes with a theoretical framework by proposing three levels of activities dealing with external and internal environments of firms operating in EMs.

Understanding of these levels is necessary to enter and succeed in a certain market. It is suggested that it is not suffice that a firm has a good activity level inside the organization but not capable to judge the external environment. It is further shown that health services need to focus on quality even it is marketed in a remote emerging market. From this viewpoint we claim that there is indeed no difference between advanced and EMs in considering services. However we have observed that trust development needs to be integrated in marketing strategy to deal with cultural and institutional issues in EMs.
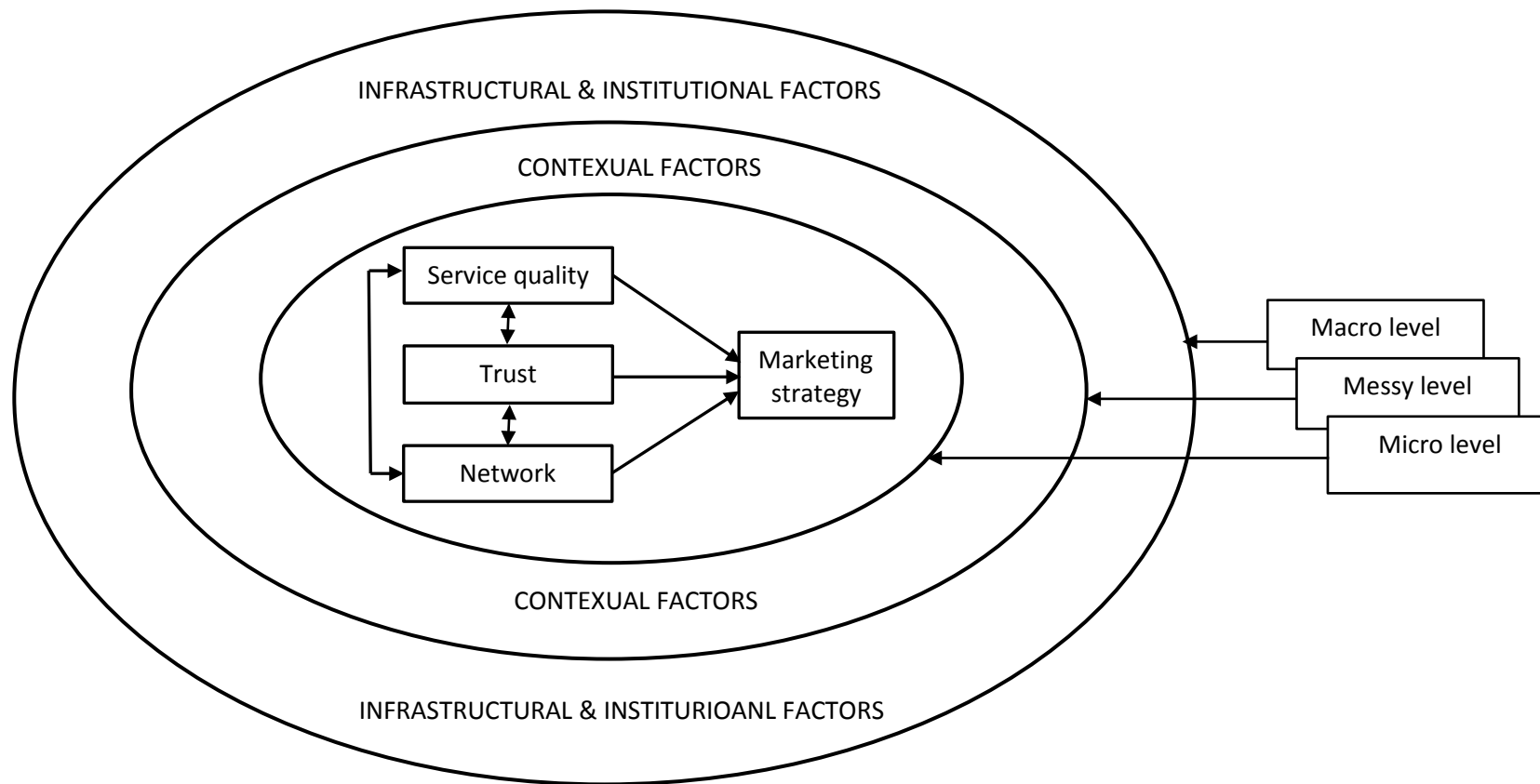
Descriptions:

INFRASTRUCTURAL FACOTRS
Low income
Lack of capital
Communications
Transport?

INSTITUTIONAL FACTORS
Political instability
Government influence
Inconsistent law and regulations
Bureaucracy
Government as owner
Government as customer

CONTEXUAL FACTORS
Market uncertainty
Missing customer expectations
Traditions
Cultural gaps and diversity
Rapidly changing environment
Lack of marketing awareness

Figure 1: Service marketing in emerging markets

Managers need to develop a marketing strategy by combining adaptation and standardization of the health services. As health service is sensitive and deals with life and death, it is necessary that service quality is maintained throughout. If some adaptation is necessary, it may concern the marketing process but not the service itself. For multinational firm, a good lesson is to choose between different organizational forms while entering a market. It needs to be done for two reasons: cultural and infrastructural context differ among the EMs, and the nature and required investment and engagement vary among the countries.

Limitations and further research

One limitation of this study is the focus on only one firm. Although this approach has helped to distinguish the role of cultural context but made the comparison of the result with other firms difficult. By including more firms in the future study, it is possible to reflect on the context and also see the variation of working in different firms.

Another limitation is the emerging market in which multinationals are getting more interested to invest. It could be worthy not only to compare between the emerging markets but also between emerging and advanced markets to gain insight on the international marketing. Further, this study has dealt with some EMs, and therefore a generalization of the result is difficult to make. A quantitative study including several EMs of different income levels can be an alternative to generalize research findings.

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