

The Emerald Research Register for this journal is available at
www.emeraldinsight.com/researchregister



The current issue and full text archive of this journal is available at
www.emeraldinsight.com/0265-1335.htm

IMR
22,3

256

Received January 2004

Revised June 2004

Accepted July 2004

INVITED PAPER

Dimensions of service quality in developed and developing economies: multi-country cross-cultural comparisons

Naresh K. Malhotra and Francis M. Ulgado

College of Management, Georgia Institute of Technology, Atlanta, Georgia, USA

James Agarwal

University of Calgary, Calgary, Canada

G. Shainesh

Indian Institute of Management, Bangalore, India, and

Lan Wu

College of Management, Georgia Institute of Technology, Atlanta, Georgia, USA

Abstract

Purpose – Despite the rapid growth and internationalization of services, marketers of services realize that to successfully leverage service quality as a global competitive tool, they first need to correctly identify the antecedents of what the international consumer perceives as service “quality.” This paper aims to examine the differences in perception of service quality dimensions between developed and developing economies.

Design/methodology/approach – Parasuraman *et al.* proposed a framework consisting of ten determinants or dimensions of service quality: reliability, access, understanding of the customer, responsiveness, competence, courtesy, communication, credibility, security, and tangible considerations. The authors propose 14 hypotheses emphasizing differences in the perception of these dimensions between developed and developing economies by linking these with economic and socio-cultural factors. Extensive survey data are collected in the context of banking services from three countries: USA, India, and the Philippines and statistically tested using multivariate analysis of variance.

Findings – Of the 14 hypotheses, 13 were supported (five partially) in that the results for the USA were systematically and significantly different from those for India and the Philippines in the predicted direction.

Research limitations/implications – While almost all of the hypotheses are supported, future research should look at multiple service sectors and include alternative service quality models to further validate this study.

Practical implications – Despite limitations, current results have significant implications for international marketing in service strategy formulation, service development, pricing, communications, and service delivery.

Originality/value – International service managers need to understand the value of environmental differences between countries in terms of economic development and cultural value system and accordingly emphasize the various dimensions of service quality differentially.

Keywords Customer services quality, Developing countries, Service industries, Cross-cultural studies

Paper type Research paper



Recent trends in international services

Services account for almost two-thirds of the world's total output (World Bank, 2002). Trade in services is growing faster than other areas and accounts for one-fifth of world trade (Stauss and Mang, 1999). Exports in commercial services are now growing faster than exports in merchandise goods. Currently, they account for more than 20 percent of the volume of merchandise trade (Trade & Development Center, 2003). Global trade in services has grown faster than trade in products for the past decade. Total worldwide trade in services surpassed \$1.48 trillion by 2001 (OECD, 2003). Particularly, advances in information technology have vastly expanded the range of services that can be traded internationally (Braga, 1995) and the inclusion of "Generally accepted trade in services" (GATS) in the Uruguay Round has drastically reduced barriers in trade in services (Javalgi and White, 2002). This direction in world trade has resulted in an increasing trend towards globalization/internationalization of services (Cicic *et al.*, 1999; Grönroos, 1999). Such internationalization and expansion of services has, in turn, made other industries (i.e. information technology) more innovative, diversified and sophisticated (Trade & Development Center, 2003) and resulted in the growth in the marketing of such activities as well. For the last ten years, the international marketing of services has been one of the fastest growing sectors of the world economy, vital to both developed and developing nations (Javalgi and White, 2002). Such growth is clearly evident in all developed and developing countries (Clark and Rajaratnam, 1999; Javalgi and White, 2002; Riddle, 1996; Wirtz, 2000).

Developed and developing country significance

In the USA alone, the service sector amounts to over 75 percent of GNP and 80 percent of workforce employment, with exportable services the largest segment of the US global service trade (Czinkota and Ronkainen, 2002). Such dominance in the service sector has afforded the US world leadership through a trade surplus and a competitive advantage in the world trade of services (Rearden *et al.*, 1996). Other industrialized nations of Western Europe, Canada and Japan have also been characterized with rapid growth and development of the service sector as a percentage of GDP and employment.

However, such growth is not limited to developed countries. While services make up over 70 percent of production and employment in more developed nations, less developed countries have reached a growing share of world trade in services, growing from 17 percent in 1980 to 20 percent by 1997 (World Bank, 1999). For example, in Latin America, services account for 65 percent of GDP for Argentina, and 64 percent for Mexico. Similarly, 65 percent of South Africa's GDP is attributed to services (Czinkota and Ronkainen, 2002). In Asian developing economies, countries like China, Indonesia and Thailand employ almost 40 percent of the workforce in the service sector with significant potential for even further growth and opportunity (Wirtz, 2000). In 2001, the service sector's contribution to the GDP was 48 percent in India, 54 percent in the Philippines and 33 percent in China. The average annual growth rate of the services during the decade of 1990s was 8 percent in India, 9 percent in China and 4.1 percent in the Philippines (Tata Services Ltd, 2002-2003).

Despite the recent financial crisis that began in 1996, the rapidly developing economies of Asia (Hong Kong, Singapore, South Korea, and Taiwan) have been showing signs of reaching the economic levels of historically more advanced economies. With relatively the most developed service sector, Hong Kong's service

industries have accounted for over 80 percent of its GDP and employment (Wirtz, 2000). Meanwhile, South Korea's services have amounted to 52 percent of GDP (World Bank, 2000). For the past ten years, the growth rate of service exports has surpassed that of goods exports in both these countries. Singapore, on the other hand, has exported close to 70 percent of its total service output (Wymbs, 2000). Therefore, it is evident that services have been the fastest growing segment of the world economy, particularly in developing countries, creating unparalleled opportunities for all types of service-related firms.

Developing countries benefit not only from increasing their exports of services, but also from gaining access to services not available domestically (Braga, 1995). For some developing countries, services are a major foreign exchange earner. Moreover, many services provide the infrastructure that is necessary for the rest of the economy. Foreign direct investment is intimately linked to services because many developing countries suffer from a shortage of capital or qualified human resource. In 1990, about 50 percent of total foreign direct investment stock was in the services sector (Trade & Development Center, 2003).

Need for further research

However, despite this rapidly growing activity of trade and investment in services, it is acknowledged that the area is relatively new in terms of research and literature (Clark *et al.*, 1996; Knight, 1999). A number of scholars have pointed out the lack of research in general and a paucity in the theoretical and empirical rigor of existing studies in international services marketing (Axinn and Matthyssens, 2002; Eriksson *et al.*, 1999; Javalgi and White, 2002; for a detailed review see Knight, 1999). Indeed, the historical emphasis has been placed on domestic and mono-cultural service marketing issues, particularly in the area of service quality. Service quality has been the dominant focus of both practitioner and academic literature, and has even been characterized as the most researched area of services marketing (Fisk *et al.*, 1993). While such is true in a single-culture setting, few studies have examined the issue of cross-cultural perceived service quality (For an overview and analysis of published cross-cultural service quality studies see Smith and Reynolds, 2002). Moreover, there is also a lack of cross-cultural marketing research (Malhotra, 2001; Malhotra and Bartels, 2002; Malhotra and McCort, 2000/2001, 2001).

Nevertheless, whether domestic or international, service firm marketers are aware that quality superiority provides significant strategic advantages such as customer loyalty, responsiveness to demand, market share growth, and greater productivity. Marketers of services realize that to successfully leverage service quality as a competitive edge, they first need to correctly identify the antecedents of what the consumer perceives as service "quality". Parasuraman *et al.* (1985, 1988) have developed a framework providing widely cited and applied dimensions of service quality. Subsequent studies have identified culture as a key variable influencing the significance of these antecedents and the magnitude of their effect on service quality (for example, Edvardsson *et al.*, 1989; Stauss and Mang, 1999; Winsted, 1997a, b). The link between these dimensions and Hofstede's characterization of cultures is examined by other studies such as Donthu and Yoo (1998), Malhotra *et al.* (1994) and Kettinger *et al.* (1995). Because "service encounters are first and foremost social encounters" (McCallum and Harrison, 1985), rules and expectations related to service encounters

should vary considerably across culture. Due to cultural and environmental differences, consumers of services in different countries may have different perceptions of what service quality is. Service marketers need to be sensitive to the variation of scripts that consumers will bring into a service encounter in different cultures (Wener, 1985). Therefore, recent research, for example, has focused on industries like hotels (Mattila, 1999), banking (Furrer *et al.*, 2000; Witkowski and Wolfenbarger, 2000), and restaurants (Winsted, 1997a, b), and compared the different environments of Thailand and Japan (Witkowski and Wolfenbarger, 2000), and Mexico and the USA (Herbig and Genestre, 1996). Their results generally indicate that due to these environmental contrasts international service marketers who seek to develop international service standards may not succeed.

In addition to utilizing Hofstede's cultural classifications, Malhotra *et al.* (1994) identify other influences on services quality dimensions such as the level of economic development, citing that economic and socio-cultural differences will affect customer perceptions of service quality. In their non-empirical work, Malhotra *et al.* (1994) develop a number of insightful hypotheses. Specifically, the authors note that service quality dimensions of courtesy, credibility, and communication are related to Hofstede's cultural dimensions of individualism/collectivism and power distance. The authors also suggest that service quality dimensions such as reliability, access and the understanding of the customer are related to factors of economic development such as affluence, competition, education, infrastructure, and technology. Essentially, their hypotheses propose that environmental factors like culture, communication infrastructure, education, technology, and economic development significantly explain the differences between developed and developing countries in terms of the service quality dimensions. Ultimately, the strategic implication for the marketing of international services is to appropriately accentuate the quality dimensions differently in developed and developing countries. It is this premise that this study seeks to empirically examine. The purpose of the following paper is to further develop the Malhotra *et al.* (1994) research by testing their hypotheses through a multi-country study.

Theoretical framework

Evaluation of service quality becomes difficult due to three characteristics that are inherent in services – intangibility, heterogeneity, and inseparability (Berry and Parasuraman, 1991). However, Parasuraman *et al.* (1985) proposed a framework consisting of ten determinants or dimensions of service quality: reliability, access, understanding of the customer, responsiveness, competence, courtesy, communication, credibility, security, and tangible considerations. Malhotra *et al.* (1994) used these dimensions as a basis for a comparative evaluation of the determinants of service quality between developed and developing countries. These ten service quality dimensions are related to certain economic factors and socio-cultural factors. The service quality dimensions of reliability, access and understanding of the customer are linked to conventional economic development aspects such as levels of affluence, technology, education, competition, and communications infrastructure. The responsiveness dimension is attributed to socio-cultural influences concerning the value of time.

The rest of the service quality determinants are associated with socio-cultural factors as discussed by Hofstede and Maslow. In his benchmark study, Hofstede (1980)

uncovered four criteria along which national cultures differ. The service quality dimensions of competence, courtesy, communication and credibility correlate significantly with two of Hofstede's cultural dimensions: power distance (the extent to which a society honors the unequal distribution of power in institutions and organizations), and individualism/collectivism (the extent to which a society has a loosely knit/tightly knit social framework). Small power distance and individualism were found to go together with greater national wealth, whereas high power distance and collectivism were found to be associated with low national wealth. Finally, the service quality dimensions of security and tangibility are linked with Maslow's (1970) hierarchy along which individual needs are arranged: physiological needs, safety needs, belonging and love, esteem needs, and self-actualization needs. Lower level needs are said to dominate higher level needs and to direct behavior until they are satisfied. While individuals in developing countries have yet to master and fully satisfy the lower level needs (physiological and safety needs), individuals in developed countries have come a long way in fully meeting those needs, and are preoccupied with addressing higher order needs and emotions (King and Malhotra, 2004).

Research hypotheses

We briefly discuss the comparative hypotheses for each dimension of service quality as initially proposed by Malhotra *et al.* (1994). We also review the relevant literature since 1994 and update the evidence supporting each hypothesis.

Reliability

Service reliability means consistently performing the service dependably and accurately. According to Berry *et al.* (1990), service reliability is the service "core" to most customers and managers should use every opportunity to build a "do-it-right-first" attitude. Specifically, managers are encouraged to include reliability issues in their mission statements, set reliability standards, teach the importance of reliability in training programs, appoint reliability teams to study specific services and recommend ways to improve reliability, measure error rates and reward error-free service. Portraying the reliability and consistency with which the service is delivered can take two routes. The first involves emphasizing the technological superiority and dependability of the process by which the service is produced – a high tech approach. While technological drivers such as advances in telecommunications, satellite, digital, and web technology are increasing the tradability of services (Braga, 1995) and expediting the globalization of services (Lovell, 1999), there still remains a chasm in the level of technological development between developed and developing countries.

The second concerns the consistent and dependable performance of the service personnel – a high touch approach. Social interaction and personal connectivity that form the basis for emotional bonds, especially in services with high credence properties, are highly relevant in developing countries (Shemwell *et al.*, 1998). While developing countries are making the transition to higher tech environments, a high touch approach is still suitable as customers are traditionally more familiar with the human services as well as also aware of the weak technological infrastructure in their countries (Speece and Srijumpa, 2002). Specifically, we postulate:

- H1. Reliability of services can be better established with a relative emphasis on technology (high tech) in developed countries and a relative emphasis on personnel (high touch) in developing countries.

Heskett *et al.* (1990) differentiate between “merely good” service and “breakthrough” service. “Merely good” service focuses on the acceptable level of defect free service due to cost considerations. On the other hand, “breakthrough” services are “... services that revolutionizes an entire industry’s rules of the game by setting up new standards for consistently meeting or exceeding customers’ service needs and expectations”. “Breakthrough” services focus on defect free service and can be implemented by using human, technical and financial resources that are more accessible to developed countries. A hypothesis that can be formulated on this variable is:

- H2. In general, services in the developing countries put more emphasis on “merely good” service in contrast to the developed countries that put more emphasis on the “breakthrough” service.

Continuous improvement is the key to providing reliable service (Berry and Parasuraman, 1991). Firms in developed countries are constantly faced with intense competition. Zeithaml *et al.* (1993) argued that the accessibility of alternative service providers influences expectation levels. Walker and Baker (2000) hypothesized that with greater perceived competitive alternatives, the zone of tolerance becomes narrower and the level of adequate expectation becomes higher. To manage customers with higher expectations and lower tolerance, firms need to follow a relentless pursuit of continuous improvement in service quality. Specifically, service providers in developed countries would spend their efforts in formulating and implementing strategies concerning customer’s expectations, customer’s evaluation of the service process and customer retention. Customers in developing countries have lower quality expectations and therefore a wider zone of tolerance for ineffective services as compared to customers in developed countries, resulting in intermittent improvements of service quality.

- H3. In developed countries there is a relentless pursuit of continuous improvement in service quality. However, firms in developing countries engage only in intermittent improvements of service quality.

Access

Since production and consumption of the service are inseparable, a customer’s ease of contact with and timely access to the service supplier is crucial. With a few exceptions, researchers have established the relationship between national wealth and the degree of individualism maintained in a society (Hofstede, 1991). Steensma *et al.* (2000) argue that as national wealth increases, members of a society have access to resources that allow them to be more independent. These resources include both non-personal and personal means of contact. The highly advanced and reliable communication infrastructure in developed countries presents various alternatives through which the customer/supplier connection is possible. Among these possible alternatives, non personal contact modes, such as telephone, facsimile, electronic mail, and telex, rank highest in terms of both ease of contact and timely access. Unfortunately, the majority of developing countries are still plagued with limited or unreliable communication

networks, thus boosting the relative importance of direct personal contacts between the customer and the service supplier. Hence, we state:

- H4. Non-personal contact (e.g. telephone and electronic) is relatively more important in developed countries, whereas personal contact is relatively more important in establishing accessibility in developing countries.

Understanding/knowing the customer

The premise of “knowing the customer” serves as the underlying basis behind a consistently growing area of interest in marketing: relationship marketing. For service business, strong customer relationships are of particular importance because of their inherently interpersonal focus and the relative lack of objective measures for evaluating service quality (Czepiel, 1990). There are essentially three levels of relationship marketing (Berry and Parasuraman, 1991; Gwinner *et al.*, 1998): The first level is based on financial incentives, such as price discounts, given to the customers to retain them; the second level is where firms combine financial and social benefits, emphasizing staying in touch with clients, learning about their wants and needs, customizing the relationship, etc.; the last level solidifies this relationship with structural and psychological bonds in addition to social and financial bonds. Building on Berry and Parasuraman’s framework, Malhotra and Agarwal (2002) add a strategic dimension in the levels of relationship whereby value-added benefits are provided by both relational partners as in strategic alliances. While higher levels of relationship marketing are rapidly being implemented in developed countries, the concept is still to take root (or at most at its first level) in developing countries. Mass-customization in developed economies as a service strategy originates from a customer-centric approach facilitated by information technology (Pine, 1993; Sheth *et al.*, 2000). Many customers in developing countries still have to be informed and briefed about the functional aspect and benefits of the service, and may be persuaded to patronize the service on the basis of marketing-mix strategies especially price discounts. While the degree of service customization may be low, markets in developing countries respond better to lower transaction cost. As per the previous discussion, the following hypotheses are presented:

- H5. Firms in developing countries keep their marketing edge and competitiveness merely by giving financial incentives *vis-à-vis* price cuts and are therefore, at best, in the first level of relationship marketing. Firms in the developed countries, because of their greater emphasis on knowing and understanding the customers, are in higher levels of relationship marketing.
- H6. In developed countries an effort should be made to understand all aspects of an individual’s life, whereas in developing countries the relative emphasis is placed on understanding how the customer uses and derives benefits from the service.

Responsiveness

One of the major determinants of service quality is timely and adequate response. Employees should be willing and able to deliver timely and substantive response to inquiries and complaints of customers. Service recovery and problem solving have

long been recognized as important parts of services quality (Hart *et al.*, 1990; Dabholkar *et al.*, 1996; Swanson and Kelley, 2001). The relative importance of timely versus substantive response (e.g. decision convenience, access convenience, transaction convenience, and benefit convenience) differs between developed and developing markets. Such differences arise as a result of the relative value with which time is regarded in each of these markets. Customers of developed countries place a higher value on time as compared to those of developing countries (Lane and DiStefano, 1988). People in developed economies characterize time as a limited and scarce resource; the term saving time in fact implies reallocating time across activities to achieve greater efficiency (Berry *et al.*, 2002). The marketing literature assumes that there is a relationship between time scarcity and consumers' desire for goods and services that offer convenience. Developed economies perceive time as "money" and try to use it efficiently with a focus on the present. On the other hand, time orientation in most developing countries is focused on the past. The goal is to strive towards completion without detailed scheduling. Thus, merely responding to a customer's inquiry or satisfactorily resolving a customer's complaint – a goal that is generally regarded as sufficient in its own end in developing countries – tends to fall short of meeting a customer's expectations of quality of service in a developed country. In a developed economy, these tasks should be addressed and resolved swiftly. This leads to the following hypothesis:

- H7. Responsiveness in developed countries can be better established by timely responses to customers, whereas in developing countries the relative emphasis should be placed on responding in substantive terms.

Competence

Possession of the required knowledge and skills to provide the service is critical to the success of any service supplier. Competence of the service firm could be centralized around the organization as a whole or around the contact personnel.

Communicating the quality of the service with customers in developing countries is better achieved by focusing on the competence of the organization providing the service. According to Hofstede (1991), developing countries are characterized by collectivist culture. Based on the Individualism Index, India and Philippines score 21st and 31st respectively, while the USA is ranked 1st. In such collectivist societies the individual identity and skills of the service employee is overshadowed by that of the service organization as a whole. An employer never hires just a person, but rather a person who belongs to an in-group (Hofstede, 1991). Expertise and skills are to be reflected in the organization. On the other hand, competence and trust in developed and individualistic societies are focused on the individual's reliability and dependability (Conway and Swift, 2000).

Another cultural factor that supports such strategies is power distance (Hofstede, 1980). Developing economies are also characterized by a large power distance that is negatively correlated with individualism. Employees at different levels of the organization are regarded as unequal in roles, power, and skills. Superiors are highly regarded people. Unfortunately, employees at such high management levels are rarely accessible to the ordinary customer. Consequently, customers seek to correlate the competence of the ordinary contact employee with that of the organization as a whole.

On the other hand, developed economies are characterized with a small power distance, whereby both superiors and subordinates of an organization regard one another as "people like me". In developed countries with egalitarian societies, hierarchy in organizations reflects nothing more than inequality of roles that is established for convenience. The focus is more on individuals than on roles in interaction (Winsted, 1997a, b). Thus, employees are generally regarded as competent in their own role or domain. In developed markets, competence and achievement of individual employees is of a relatively higher importance. Based on the above discussion, the following hypothesis can be formulated:

- H8. In developed countries service firms should project the competence down to the individual employees, whereas in developing countries it is sufficient for the firm to project the competence base as being centralized in the organization.

Courtesy

Since customer satisfaction with the service is largely dependent upon his/her interaction with the service provider, the number, appearance, and behavior of employees in the service environment can either induce approach or avoidance behavior. Customers typically do not distinguish between the service and the service provider. Thus, service personnel should respect and reflect the customers' cherished values and norms. The difference between marketing services in developed versus developing economies lies in the manifestation of such courtesy. In an individualist culture, individuals attach great importance to their privacy, freedom and experience (Hofstede, 1991). However, on the other hand, important features of a collectivist culture include accepting social norms and beliefs defined by the in-group and maintaining harmony within the in-group (Triandis, 1995). The study by Lee and Green (1991) validated that the normative component was significantly higher than the attitudinal component for a collectivist sample as compared to a non-significant normative component in an individualistic sample. In individualistic societies of developed economies, emphasis of service personnel is placed upon reflecting a deep respect and dedication to individual rights, beliefs, attitudes, and privacy. In contrast, in the collectivist societies of developing countries, service personnel should not only abide by the widely accepted social norms and obligations of the community, but also mirror their respect and commitment toward these norms (Brett and Okumura, 1998). Thus, the following hypothesis is formulated:

- H9. In developed countries courteous service places relatively more emphasis on respecting an individual's privacy and rights, whereas in developing countries the relative emphasis is on social norms.

Communication

Service companies encourage favorable word-of-mouth communication. In many situations customers seek the opinions of others before selecting a bank or a car repair shop. However, more detailed and complex information needs to be provided about the benefits of service to customers in the developed countries since their level of education and their cognitive structures are well suited for such elaborations. In short, they have

the ability to give more deliberate thought to purchase choices. Customers in developed countries are more likely to utilize central processing of information (Petty *et al.*, 1983), given other factors are constant. In developed individualistic cultures, communications are often explicit, direct, and unambiguous (Mattila, 1999). On the contrary, customers in the developing countries, despite high intelligence, are prone to peripheral processing in general because poor information flow restricts their ability to use central processing. Non-business related informal communications (or small talks) and the quality of interaction, form the basis of mutual understanding and trust (Harris and Moran, 1990; Riddle, 1992; Winsted, 1997a, b). These consumers collect their evidence more from endorsements of satisfied customers, brand and manufacturer's image, and also through interpersonal factors like family, social group, and social class.

Marketing managers should tackle the predominantly "I" consciousness associated with the individualistic nature of developed societies by stressing the individual benefits to be reaped from the service. On the other hand, the predominantly "we" consciousness associated with the collectivistic (De Mooij, 1998) nature of developing economies is best handled by projecting the public benefits of the service as well as its acceptance by the society (Hofstede, 1980). Hence, we hypothesize:

H10. Communication in developed countries should provide detailed and complex information, whereas in developing countries communication should emphasize basic information.

H11. Communication in developed countries should be geared to individuals, whereas in developing countries communication should emphasize acceptance by the society.

Credibility

Given the intangible nature of services and the inseparability of production and consumption of the bulk of services, it is difficult for customers to perform prior evaluation of a firm's service. Thus, the trustworthiness, believability, and credibility of the service supplier are crucial determinants of patronage. Recently, corporate credibility has been shown to play an important role in influencing attitudes and purchase intentions (Lafferty *et al.*, 2002; Goldsmith *et al.*, 2000). Corporate credibility forms part of a positive corporate image or reputation (Gregory, 1991; Fombrun, 1996). However, addressing the credibility issue would differ according to a country's level of economic development. According to Hofstede's findings, developed societies score high on the individualism dimension, and tend to emphasize individual initiative and achievement, autonomy, and leadership. Due to self-confidence and self-responsibility, customers are more likely to demand that service providers be efficient and task-oriented (Furrer *et al.*, 2000). Consequently, the credibility issue in those countries is better addressed through conveying to the potential customers a glimpse of the firm's outstanding performance through the years, supported by statistical data.

On the other hand, developing countries are characterized as collectivist societies, where the emphasis is placed on belonging to organizations that are generally regarded as the source of expertise, order, duty, and security in the society (Hofstede, 1980). In developing countries with large power distance, weak customers with little self-confidence are more dependent on the service providers for assurance (Donthu and Yoo, 1998). Thus, the service supplier operating in a developing country should

stress the company's long tradition and importance in the society as a means of highlighting the credibility and trustworthiness of the firm. Consequently, we state the following:

- H12.* In developed countries, credibility should be established based on performance standards, whereas in developing countries relatively greater emphasis should be placed on tradition.

Security

Due to the low reliability of service firms in developing countries, there is a high concern and need for freedom from danger, risk or doubt which include physical, financial and emotional security (Parasuraman *et al.*, 1985). Along with physical risk are the financial as well as emotional risks. Schneider and Bowen (1999) discuss three types of need: need for security (physical and financial), need for justice, and need for self-esteem. Customers need stability and predictability of their safety and financial concerns. There is also a need for distributive, procedural, and interactional justice during a service encounter. Finally, at the highest level, there is the need for self-esteem that is the key to customer delight.

It can be argued that in developing countries, consumers are at a lower order need (security) whereas in developed countries consumers are at a higher order need (self esteem), since the lower order needs are not yet fulfilled in developing countries. Kim and Jin (2002) in their study of US and Korean retail customers found that Korean respondents gave reliability (security) the highest rating while the US respondents gave it the lowest rating. On the other hand, in developed countries the stakes are probably at the emotional level since there is a very low chance that the above physical mishandlings would occur. Even if it does occur, crisis management and compensation is adequate and forthright. Since this reasoning is in line with Maslow's (1970) hierarchy of needs, we state:

- H13.* In developed countries, relative emphasis should be placed on providing emotional security, whereas in developing countries the relative emphasis should be on physical security and other lower order needs.

Tangibility

Tangibility refers to the physical evidence of the service, consisting of physical facilities, appearance of personnel, tools or equipments, physical presentation of the service, and other customers in the service facility (Parasuraman *et al.*, 1985). Customers in developing countries are generally satisfied with acceptable performance of the service in terms of the core benefits it promises to offer. In general, consumers in developing economies/collectivist culture are highly functional in their choice criteria partly due to personality factors that are in turn shaped by higher-level influences such as values, meanings, culture, and philosophy of life (Triandis, 1995). The core benefits of a service refer to the essence of the service that can never be substituted by fancy facilities and tangibles (Schneider and Bowen, 1999). On the other hand, customers in developed countries are generally satisfied only when the service offers extended benefits beyond the functional ones. These extended benefits tend to be more intangible than the core service. Bitner (1992) explains the impact of "servicescapes" in

influencing customers at the physiological, sociological, cognitive and emotional levels. In terms of Maslow's hierarchy, developing countries' product needs are of a lower order compared to those of developed countries that are of higher order. Thus, while a service supplier in a developing country is preoccupied with communicating the quality and value of the service *per se*, a supplier in a developed country takes the extra effort to present added benefits such as lifestyles and sensory experiences.

H14. In developed countries the added aspects of the service (which are more intangible than the core service) assume relatively greater importance, whereas in developing countries the additional aspects are relatively less important as the emphasis is on the core service.

Empirical study in three countries

An empirical study was designed to collect data from three countries. The USA was selected as an example of a developed country, and one that has a very individualistic society. While the USA clearly has a fully developed economy, the developing countries can vary in their level of economic development and so it was decided to select two such countries, rather than one. India and the Philippines were selected as developing countries with collectivist societies. In his seminal study, Hofstede (1980) surveyed 1,000 IBM employees in each of 50 countries and three regions and ranked the countries and regions as to the degree of individualism present in the population. In general, the countries of Asia, Latin America, and the Middle East are relatively less individualistic than Western European countries and the USA. Since that time, much empirical evidence supports the presence of a strongly collectivist orientation in Southeast Asia (Han and Choe, 1994; Cho *et al.*, 1999). A structured questionnaire was prepared and administered in English in all the three countries. Given that the data were obtained from major metropolitan areas, people in each country were fluent in English. Administration of the questionnaire in English avoided the problems associated with questionnaire translation, while potential equivalency problems were at a minimum. Both India and the Philippines maintain English as one of the languages used for conducting business. This feature is even more significant in the urban areas of the greater New Delhi and Metromanila areas where the data were gathered, and is further supported by the growth of US-based call-centers located in these areas.

The specific service context selected was banking. Banking services are widely available in the three countries and the banking sector is an important part of the service economy in each country. While the banking industry is similar in India and the Philippines in many ways, there are also some differences such as those caused by the presence of foreign banks. The investigation in each country focused on only the domestic banks. The questionnaire was adequately pre-tested in each country. Based on a review of the literature, 14 dependent variables were developed, one for each of the 14 hypotheses. Each dependent variable consisted of three items that were summed to arrive at a total score for that variable. These items generally had reliability coefficients (alpha values) above the cut-off value of 0.7 (Hair *et al.*, 1998). A few exceptions could be attributed to scales where some items were reversed. Having negative items in a summated scale has been shown to adversely impact on internal consistency reliability in cross-cultural research (e.g. Javeline, 1999). In each country, the data were obtained by personal in-home interviews conducted by trained, local

interviewers. This is the dominant method of survey administration in India and the Philippines. For the sake of consistency, personal in-home interviews were also conducted in the USA. The use of trained interviewers decreased the potential for interviewer bias that is further reduced by the use of local interviewers (Malhotra, 2004; Malhotra *et al.*, 1996). A total of 1,069 in-home personal interviews were completed as follows: 455 in the USA, 314 in India and 300 in the Philippines. The data were obtained from the middle class people in each country so as to maintain demographic equivalence.

A correlation for each summated item was conducted. While some correlations were observed, all the correlations amongst the dependent variable were less than 1.0 (in absolute magnitude) providing evidence of discriminant validity (Bagozzi and Yi, 1988; Chin *et al.*, 1996). When the dependent variables are correlated, it is appropriate to use MANOVA (Hair *et al.*, 1998). Hence, these hypotheses were tested by running a multivariate analysis of variance (MANOVA) with the three countries as the factor and 14 summated scores as dependent variables. Multivariate tests reveal the following results: Wilk's Lambda = 0.50 ($F = 28.57$, $p < 0.000$). Accordingly, univariate ANOVAs were conducted. Significant differences among the countries were examined using Scheffe's multiple comparison tests. Among the commonly used procedures for multiple comparisons, Scheffe's test is the most conservative (Malhotra, 2004). The results are presented in Table I and are briefly discussed here.

Results

For, *H1* the dependent variable measured the extent to which a bank should be high touch versus high tech. The USA scored significantly less in high touch than the Philippines ($p = 0.00$) and marginally less than India ($p = 0.10$), providing support for *H1*. The lack of significant difference between USA and India (at the 0.05 level) may be attributed to the presence of online banking and ATM services offered by foreign banks operating in India, e.g. Citibank. The USA also scored significantly less in merely good service than either India or the Philippines on merely good service versus breakthrough service, thus supporting *H2*. In terms of periodic versus continuous improvement, the USA scored significantly less in periodic improvement than India ($p = 0.00$) and marginally less than the Philippines ($p = 0.07$), as hypothesized in *H3*. When the dependent variable was personal versus non-personal contact, the USA scored significantly more on non-personal contact than India but not significantly more than the Philippines, providing partial support for *H4*. The USA, as predicted by *H5*, scored lower on functional needs than both the developing countries in terms of the emphasis on functional versus social and other needs thus reinforcing the importance of customer orientation. Curiously, the USA scored significantly lower than India and the Philippines on holistic aspects of customers' lives, emphasizing the need for value as opposed to understanding other aspects of an individual's life, contrary to *H6*. It is possible that items in this measure were confounded by need for privacy as validated later in (*H9*). Thus, because of privacy concerns, individuals in developed countries may not want service providers to obtain information on all aspects of their lives. There was no significant difference with respect to timely response and substantive response between the USA and India but a significant difference with the Philippines, thus partially supporting *H7*. In terms of *H8*, the competence of a bank resting in the

Hypothesis	Dependent variables	Mean scores (st. dev)			F-value (2, 983) [p-value]	Scheffe's multiple comparison test	Remarks
		USA (1)	India (2)	Philippines (3)			
H1	High touch vs high tech	14.01 (4.28)	14.61 (2.55)	15.33 (3.77)	10.30 [0.00]	(1) - (2) = -0.60 [p = 0.10] (1) - (3) = -1.31 [p = 0.00] (2) - (3) = -0.72 [p = 0.07]	Supported ^{ab}
H2	Merely good vs breakthrough service	11.51 (3.85)	13.32 (2.15)	13.52 (2.72)	45.40 [0.00]	(1) - (2) = -1.82 [p = 0.00] (1) - (3) = -2.01 [p = 0.00] (2) - (3) = -0.20 [p = 0.75]	Supported ^b
H3	Periodic vs continuous improvement	11.47 (2.89)	13.17 (1.98)	11.95 (2.94)	36.57 [0.00]	(1) - (2) = -1.69 [p = 0.00] (1) - (3) = -0.48 [p = 0.07] (2) - (3) = 1.21 [p = 0.00]	Supported ^{ab}
H4	Personal vs non-personal contact	14.59 (3.76)	13.45 (1.75)	14.36 (2.38)	14.07 [0.00]	(1) - (2) = 1.13 [p = 0.00] (1) - (3) = 0.22 [p = 0.62] (2) - (3) = -0.91 [p = 0.00]	Partially supported
H5	Functional vs. social needs	12.39 (3.75)	15.17 (2.48)	13.39 (3.94)	56.55 [0.00]	(1) - (2) = -2.77 [p = 0.00] (1) - (3) = -1.00 [p = 0.00] (2) - (3) = 1.78 [p = 0.00]	Supported ^b
H6	Other aspects vs value	11.04 (4.10)	15.15 (2.47)	14.08 (4.28)	118.97 [0.00]	(1) - (2) = -4.11 [p = 0.00] (1) - (3) = -3.04 [p = 0.00] (2) - (3) = 1.07 [p = 0.00]	Not supported ^b
H7	Substantive vs timely response	13.27 (2.31)	13.33 (1.96)	13.79 (1.68)	5.62 [0.004]	(1) - (2) = -5.6E [p = 0.93] (1) - (3) = -0.51 [p = 0.00] (2) - (3) = -0.46 [p = 0.03]	Partially supported
H8	Organization vs individual employees	10.56 (3.06)	12.99 (1.60)	12.08 (2.59)	82.83 [0.00]	(1) - (2) = -2.43 [p = 0.01] (1) - (3) = -1.51 [p = 0.00] (2) - (3) = 0.91 [p = 0.00]	Supported ^b
H9	Society vs individual rights and privacy	16.08 (2.61)	14.90 (2.55)	16.02 (3.37)	17.64 [0.00]	(1) - (3) = 5.55E [p = 0.97] (2) - (3) = -1.12 [p = 0.00] (1) - (2) = -0.72 [p = 0.00]	Partially supported

(continued)

Table 1.
Univariate results of between category MANOVA

Table I.

Hypothesis	Dependent variables	Mean scores (st dev)			F-value (2, 983) [p-value]	Scheffe's multiple comparison test	Remarks
		USA (1)	India (2)	Philippines (3)			
H10	Basic vs detailed information	12.52 (2.72)	13.24 (1.62)	12.88 (2.13)	9.07 [0.00]	(1) - (3) = -0.36 [p = 0.13] (2) - (3) = 0.36 [p = 0.16] (1) - (2) = -1.35 [p = 0.00]	Partially Supported
H11	Social vs individual benefits	11.76 (2.49)	13.12 (1.91)	13.92 (1.97)	84.21 [0.00]	(1) - (3) = -2.15 [p = 0.00] (2) - (3) = -0.80 [p = 0.00] (1) - (2) = -3.27 [p = 0.00]	Supported ^b
H12	Tradition vs performance	9.71 (3.20)	12.98 (1.50)	11.55 (2.68)	137.90 [0.00]	(1) - (3) = -1.84 [p = 0.00] (2) - (3) = 1.42 [p = 0.00] (1) - (2) = -0.41 [p = 0.08]	Supported ^b
H13	Lower order vs emotional needs	12.63 (3.06)	13.04 (1.70)	14.19 (2.03)	33.38 [0.00]	(1) - (3) = -1.56 [p = 0.00] (2) - (3) = -1.14 [p = 0.00] (1) - (2) = -0.12 [p = 0.77]	Supported ^{a,b}
H14	Core vs added services	13.02 (2.58)	13.14 (1.46)	14.14 (2.28)	23.08 [0.00]	(1) - (3) = 1.12 [p = 0.00] (2) - (3) = -1.00 [p = 0.00]	Partially supported

Notes: ^a = supported at $p < 0.10$; ^b = supported at $p < 0.05$

organization rather than individual employees, the USA scored significantly lower than both India and the Philippines, thus supporting *H8*.

As hypothesized, the USA scored significantly higher on individual rights and privacy than India but not the Philippines, thereby partially supporting *H9*. This validates that individual rights and privacy of individual customers are more important than societal expectations in the USA. However, there was no significant difference between the USA and the Philippines. As hypothesized in *H10*, the USA scored significantly less than India in terms of providing detailed and complex technical information to customers, thus partially supporting *H10*. In terms of societal versus individual benefits, the USA scored significantly lower on social acceptance than both the developing countries, supporting *H11*. Likewise, *H12* was also supported as the USA scored significantly lower than India and the Philippines on establishing credibility based on tradition as opposed to performance standards. Finally, *H13* and *H14* (partially) were both supported as the USA scored less than each of the developing countries on immediate, lower order needs versus emotional security (*H13*), as well as on core versus added services (*H14*).

Thus, eight of the 14 hypotheses were strongly supported in that the results for the USA were significantly different than those for India and the Philippines in the predicted direction. Five other hypotheses received partial support in that the results for the USA were significantly different than those for India or the Philippines. Given the fact that several aspects of banking are well developed in India and the Philippines, such anomalies are to be expected. We had anticipated such results and therefore included two developing countries in our investigation rather than one. Only one hypothesis (*H6*) was not supported. We suspect that here the effort to understand all aspects of an individual's life in developed countries was confounded by the need to respect an individual's privacy and rights (as validated by *H9*). It appears that individuals' privacy concerns are more important than the need to establish a relationship with a service provider that transcends all aspects of their lives.

Managerial implications

As we have stepped into the new millennium, services are becoming more and more important. They already account for almost two-thirds of the world's total output. The importance of services in the world's economy is projected to continue to grow. Therefore it is important for marketers to understand the differences between developed and developing countries in terms of service quality perceptions and evaluations. The results of our three-country study involving extensive data collection (1,069 in-home personal interviews) revealed that there were systematic differences between developed and developing countries that could be predicted based on economic, cultural, and social factors. These results have significant implications for international marketing strategy formulation, service development, pricing, communications, and service delivery.

In terms of international marketing strategy there has been an ongoing debate about customization versus standardization. At least when it comes to banking services, our results show that there are predictable differences between developed and developing countries based on dimensions of service quality. Thus a common marketing strategy for these two types of countries may not be appropriate. A different set of strategies should be adopted. There is a need to understand the environmental

differences between countries differing in terms of economic development and cultural value systems and to emphasize the various dimensions of service quality accordingly.

The hypotheses tested offer specific implications for service development strategy. In developing countries the core aspects of the service should be emphasized. Thus, a bank should stress its savings and checking accounts. On the other hand in developed countries the augmented services, which are more intangible than core services, deserve more emphasis. A bank might put greater emphasis on its credit card services or Internet banking. As of 2003, Bank One of Chicago, USA has built its marketing platform on its personalized credit cards. Bank of America operations in Manila focus on competitive interest rates and extended banking hours, while facilities in the USA tout internet account access and transaction capability.

An emphasis on technology, "breakthrough" service, timely response, a pursuit of continuous improvement, and a proactive effort could be crucial to establishing reliability and responsiveness in a developed country. Customers have a lower tolerance for ineffective service. Service defects may lead to loss of customer patronage as service recovery efforts may not be enough to retain them. That is why service providers such as the Ritz Carlton hotel chain have launched a six sigma service standard to virtually eliminate service defects. The same is true of expedited package shipment firms such as Fed Ex and UPS. By contrast, a greater emphasis on "merely good" service, and periodic improvement when possible, with a strong recovery effort can work well as a development strategy for services in developing markets. Customers in developing countries tend to have higher tolerance levels and lower quality expectations. For example, in businesses dealing with photographic or duplication services in developing markets, customers expect the basic photo development and reproduction capabilities while accepting of experiences such as machine down time, power outages, and inconsistent business hours. However, in more developed environments, these experiences are less tolerated and customers expect the availability of related extended services such as printing, binding, equipment and supply retail, camera repair, photo enlargements.

Given the difference in time orientation, a substantive response may be sufficient in developing countries. However, in developed countries the substantive response must also be delivered in a timely fashion. The demand for "services on demand" such as movies and entertainment is much higher in developed countries than it is in developing nations. However, in delivering "just in time" services, marketers should be careful not to violate the privacy concerns as individuals in developed countries are much more concerned about personal privacy issues. In the USA and Western Europe, many brick as well as online service providers are now prominently displaying their privacy policies. On the other hand, greater attention should be paid to societal norms in developing countries. For instance, while banks assure their customers of their privacy in more developed markets, financial institutions, such as HSBC and Citibank in Pakistan, Malaysia and Kuwait, assure their customers by offering Islamic banking methods.

Several of the hypotheses have a bearing on communication and promotion strategies. In building a corporate image, service firms in developed countries should project competence down to individual employees. It is especially important to show that the front lines employees who have contact with the customers are "trained professionals" as is being done by some of the airlines in the USA. Credibility should be

based on performance standards. On the other hand, in developing countries it would be more effective to project the competence base as being centralized in the organization. Credibility should be built on tradition. A good example of this strategy is provided by the Tata Consulting Services in India. This firm has built a corporate reputation rooted in the traditions of the Tata Industrial Group. In another instance, brokerage firms in environments significantly influenced by traditional Chinese culture promote their services by offering account numbers with at least one lucky number "8". Furthermore, communication in developed countries should present the details, be geared to individuals, and focus on higher order needs of Maslow's hierarchy. A good illustration is provided by the financial services industry in the USA and the UK. On the other hand, advertising and promotion in developing countries should present the basic information, be geared at the society, and target the lower order needs.

Pricing strategies in developing countries should make generous use of financial incentives and price cuts, since generally the first level of relationship marketing is practiced. However, service firms in developed countries practice higher levels of relationship marketing, thereby reducing the reliance on price as a major competitive tool. Finally, in terms of service delivery, in developed countries, non-personal contact and emphasis on technology may be relatively more significant, while in developing nations, personal contact and the high touch may be more important. In the airline industry, companies such as United and Lufthansa emphasize equipment technology, baggage reliability or an efficient "on time" record. In contrast Royal Thai and Singapore Airlines focus on the service and attention provided by their flight attendants and personnel.

Conclusion and directions for future research

While based on extensive data collected from three countries and methodologically rigorous analysis, this study is not without limitations. First, we were able to examine only one service sector, i.e. banking. Also, the interviewing in all the three countries was confined to major metropolitan areas and rural areas were not covered due to pragmatic constraints. Finally, in comparing developed with developing economies, the primary basis of empirical comparison was limited to the level of economic development. Other cultural dimensions should also be considered. For example, while the USA and Japan are generally considered both developed economic environments, other studies (such as Winsted, 1997a, b; Surprenant and Solomon, 1987) cite contrasts between these cultures regarding consumer perceptions of service quality. Therefore, there is a need to replicate these findings in other service sectors, in other countries, and other language groups.

Moreover, while this paper explores service quality dimensions such as reliability, customer understanding, responsiveness, competence, courtesy, communication, credibility, security, and tangibility, other components that can be potentially important to and associated with service quality should also be included and examined. Factors such as caring, friendliness, personalization, authenticity, perceived control, formality, and safety have been proposed as important influences on service quality perception (Marin and Triandis, 1985; Surprenant and Solomon, 1987; Winsted, 1997a, b).

There are two other potential avenues for future research. Experts in the service field have called for greater investigation of the differences in service quality expectations and perceptions that exists in the global area (Grove *et al.*, 2003). Additionally, since the new century has witnessed the rapid growth of the internet in developing countries, it will be intriguing to study the different impacts of the internet on service quality in developed vs developing economies.

Notwithstanding these limitations, our study makes a valuable contribution to the literature by providing a framework and empirical evidence on hypotheses that have significant implications for international marketing of services. We hope that our effort provides the impetus for further study and will encourage more research in international services marketing so that a wealth of findings could accumulate.

References

- Axinn, C.N. and Matthyssens, P. (2002), "Limits of internationalization theories in an unlimited world", *International Marketing Review*, Vol. 19 No. 5, pp. 436-49.
- Bagozzi, R.P. and Yi, Y. (1988), "On the evaluation of structural equation models", *Journal of the Academy of Marketing Science*, Vol. 16 No. 1, pp. 74-94.
- Berry, L.L. and Parasuraman, A. (1991), *Marketing Services: Competing through Quality*, Free Press, New York, NY.
- Berry, L.L., Seiders, K. and Grewal, D. (2002), "Understanding service convenience", *Journal of Marketing*, Vol. 66 No. 3, pp. 1-17.
- Berry, L.L., Zeithaml, V.A. and Parasuraman, A. (1990), "Five imperatives for improving service quality", *Sloan Management Review*, Vol. 31 No. 4, pp. 29-38.
- Bitner, M.J. (1992), "Servicescapes: the impact of physical surroundings on customers and employees", *Journal of Marketing*, Vol. 56 No. 2, pp. 57-71.
- Braga, C.A. (1995), "The impact of the internationalization of services on developing countries", available at: www.worldbank.org/fandd/English/0396/articles/070396.htm
- Brett, J.M. and Okumura, T. (1998), "Inter- and intracultural negotiation: US and Japanese negotiators", *Academy of Management Journal*, Vol. 41 No. 5, pp. 495-509.
- Chin, W.W., Marcolin, B.L. and Newsted, P.R. (1996), "A partial least squares latent variable modeling approach for measuring interaction effects: results from a Monte Carlo simulation study and voice mail emotion/adaptation study", *Proceedings of the 17th International Conference on Information Systems, Cleveland, OH*, pp. 21-41.
- Cho, B., Kwon, U., Gentry, J.W., Jun, S. and Kropp, F. (1999), "Cultural values reflected in theme and execution: a comparative study of US and Korean television commercials", *Journal of Advertising*, Vol. 28 No. 4, pp. 59-73.
- Cicic, M., Patterson, P.G. and Shoham, A. (1999), "A conceptual model of the internationalization of service firms", *Journal of Global Marketing*, Vol. 12 No. 3, pp. 81-106.
- Clark, T. and Rajaratnam, D. (1999), "International services: perspectives at century's end", *Journal of Services Marketing*, Vol. 113 Nos. 4/5, pp. 298-310.
- Clark, T., Rajaratnam, D. and Smith, T. (1996), "Toward a theory of international services: marketing insights in a world of nations", *Journal of International Marketing*, Vol. 4 No. 2, pp. 9-28.
- Conway, T. and Swift, J.S. (2000), "International relationship marketing – the importance of psychic distance", *European Journal of Marketing*, Vol. 34 Nos. 11/12, pp. 1391-414.

- Czepiel, J.A. (1990), "Service encounters and service relationships: implications for research", *Journal of Business Research*, Vol. 20 No. 1, pp. 13-21.
- Czinkota, R.C. and Ronkainen, I.A. (2002), *International Marketing*, Harcourt College Publishers, Forth Worth, TX.
- Dabholkar, P.A., Thorpe, D.I. and Rentz, J.O. (1996), "A measure of service quality for retail stores: scale development and validation", *Journal of the Academy of Marketing Science*, Vol. 24 No. 1, pp. 3-16.
- De Mooij, M.K. (1998), *Global Marketing and Advertising: Understanding Cultural Paradoxes*, Sage Publications, Thousand Oaks, CA.
- Donthu, N. and Yoo, B. (1998), "Cultural influences on service quality expectations", *Journal of Service Research*, Vol. 1 No. 2, pp. 178-86.
- Edvardsson, B., Gustavsson, B. and Riddle, P.I. (1989), "An expanded model of the service encounter with emphasis on cultural context: CTF Research Centre", *Research Report*, No. 89, University of Karlstad, Karlstad, p. 4.
- Eriksson, K., Majkgard, A. and Sharma, D.D. (1999), "Service quality by relationships in the international market", *Journal of Services Marketing*, Vol. 13 Nos. 4/5, pp. 361-75.
- Fisk, R.P., Brown, S.W. and Bitner, M.J. (1993), "Tracking the evolution of the service marketing literature", *Journal of Retailing*, Vol. 69 No. 1, pp. 61-103.
- Fombrun, C.J. (1996), *Reputation*, Harvard Business School Press, Boston, MA.
- Furrer, O., Liu, B.S. and Sudharshan, D. (2000), "The relationships between culture and service quality perception: basis for cross-cultural market segmentation and resource allocation", *Journal of Service Research*, Vol. 2 No. 4, pp. 355-71.
- Goldsmith, R.E., Lafferty, B.A. and Newell, S.J. (2000), "The impact of corporate credibility and celebrity credibility on consumer reaction to advertisements and brands", *Journal of Advertising*, Vol. 29 No. 3, pp. 43-54.
- Gregory, J. (1991), *Marketing Corporate Image*, NTC Business Books, Lincolnwood, IL.
- Grönroos, C. (1999), "Internationalization strategies for services", *Journal of Services Marketing*, Vol. 13 Nos. 4/5, pp. 290-7.
- Grove, S.J., Fisk, R.P. and John, J. (2003), "The future of services marketing: forecasts from ten services experts", *Journal of Services Marketing*, Vol. 17 No. 2, pp. 107-21.
- Gwinner, K.P., Gremler, D.D. and Bitner, M.J. (1998), "Relational benefits in service industries: the customer's perspective", *Journal of the Academy of Marketing Science*, Vol. 26 No. 2, pp. 101-14.
- Hair, J.F. Jr, Anderson, R.E., Tatham, R.L. and Black, W.C. (1998), *Multivariate Data Analysis*, 5th ed., Prentice-Hall, Upper Saddle River, NJ.
- Han, G. and Choe, S. (1994), "Effects of family, region, and school network ties on interpersonal intentions and the analysis of network activities in Korea", in Kim, U., Triandis, H.C., Kagitcibasi, C., Choi, S.-C. and Yoon, G. (Eds), *Individualism and Collectivism*, Sage Publications, Newbury Park, CA, pp. 213-27.
- Harris, P.R. and Moran, R.T. (1990), *Managing Cultural Differences*, Gulf Publishing Company, Houston, TX.
- Hart, C.W.L., Heskett, J.L. and Sasser, W.E. Jr (1990), "The profitable art of service recovery", *Harvard Business Review*, Vol. 68 No. 4, pp. 148-56.
- Herbig, P. and Genestre, A. (1996), "An examination of the cross-cultural differences in service quality: the example of Mexico and the USA", *Journal of Consumer Marketing*, Vol. 13 No. 3, pp. 43-53.

- Heskett, J.L. Jr, Sasser, W.E. and Hart, C.W.L. (1990), *Service Breakthroughs: Changing the Rules of the Game*, Free Press, New York, NY.
- Hofstede, G.H. (1980), *Organization Dynamics*, AMACOM, New York, NY.
- Hofstede, G.H. (1991), *Cultures and Organizations: Software of the Mind*, McGraw-Hill, London/New York, NY.
- Javalgi, R.G. and White, D.S. (2002), "Strategic challenges for the marketing of services internationally", *International Marketing Review*, Vol. 19 No. 6, pp. 563-81.
- Javeline, D. (1999), "Response effects in polite cultures", *Public Opinion Quarterly*, Vol. 63 No. 1, pp. 1-28.
- Kettinger, W.J., Lee, C.C. and Lee, S. (1995), "Global measures of information service quality: a cross-national study", *Decision Sciences*, Vol. 26 No. 5, pp. 569-88.
- Kim, S. and Jin, B. (2002), "Validating the retail service quality scale for US and Korean customers of discount stores: an exploratory study", *The Journal of Services Marketing*, Vol. 16 Nos. 2/3, pp. 223-37.
- King, T. and Malhotra, N.K. (2004), "The conceptualization of affective experiences: theoretical foundations and cross-cultural extensions", *Asian Journal of Marketing*, forthcoming.
- Knight, G. (1999), "International services marketing: review of research, 1980-1998", *Journal of Services Marketing*, Vol. 13 Nos. 4/5, pp. 347-60.
- Lafferty, B., Goldsmith, R.E. and Newell, S.J. (2002), "The dual credibility model: the influence of corporate and endorser credibility on attitudes and purchase intentions", *Journal of Marketing Theory and Practice*, Vol. 10 No. 3, pp. 1-12.
- Lane, H.W. and Distefano, J.J. (1988), *International Management Behavior: From Policy to Practice*, Nelson.
- Lee, C. and Green, R.T. (1991), "Cross-cultural examination of the Fishbein behavioral intentions model", *Journal of International Business Studies*, Vol. 22 No. 2, pp. 289-305.
- Lovelock, C.H. (1999), "Developing marketing strategies for transnational service operations", *Journal of Services Marketing*, Vol. 13 Nos. 4/5, pp. 278-89.
- McCallum, R. and Harrison, W. (1985), "Interdependence in the service encounter", in Czepiel, J.A., Solomon, M.R. and Surprenant, C.F. (Eds), *The Service Encounter*, D.C. Heath and Company, Lexington, MA, pp. 35-48.
- Malhotra, N.K. (2001), "Cross-cultural marketing research in the twenty-first century", *International Marketing Review*, Vol. 18 No. 3, pp. 230-4.
- Malhotra, N.K. (2004), *Marketing Research: An Applied Orientation*, 4th ed., Prentice-Hall, Upper Saddle River, NJ.
- Malhotra, N.K. and Agarwal, A. (2002), "A stakeholder perspective of relationship marketing: framework and propositions", *Journal of Relationship Marketing*, Vol. 1 No. 2, pp. 3-37.
- Malhotra, N.K. and Bartels, B.C. (2002), "Overcoming the attribute prespecification bias in international marketing research by using non-attribute-based correspondence analysis", *International Marketing Review*, Vol. 19 No. 1, pp. 65-79.
- Malhotra, N.K. and McCort, J.D. (2000/2001), "An information-processing model of consumer behavior: conceptualization, framework and propositions", *Asian Journal of Marketing*, Vol. 8 No. 2, pp. 5-32.
- Malhotra, N.K. and McCort, J.D. (2001), "A cross-cultural comparison of behavioral intention models: theoretical consideration and an empirical investigation", *International Marketing Review*, Vol. 18 No. 3, pp. 235-69.

- Malhotra, N.K., Agarwal, J. and Peterson, M. (1996), "Methodological issues in cross-cultural marketing research: a state-of-the-art review", *International Marketing Review*, Vol. 13 No. 5, pp. 7-43.
- Malhotra, N.K., Ulgado, F.M., Agarwal, J. and Baalbaki, I.B. (1994), "International services marketing: a comparative evaluation of the dimensions of service quality between developed and developing countries", *International Marketing Review*, Vol. 11 No. 2, pp. 5-15.
- Marin, G. and Triandis, H.C. (1985), "Allocentrism as an important characteristic of the behavior of Latin Americans and Hispanics", in Diez-Guerrero, R. (Ed.), *Cross-Cultural and National Studies in Social Psychology*, Elsevier Science Publishers, Amsterdam, pp. 85-104.
- Maslow, A.H. (1970), *Motivation and Personality*, 2nd ed., Harper & Row, New York, NY.
- Mattila, A.S. (1999), "The role of culture and purchase motivation in service encounter evaluations", *Journal of Services Marketing*, Vol. 13 Nos. 4/5, pp. 376-89.
- OECD (2003), *Structure and Trends in International Trade in Services*, Organization for Economic Co-operation and Development, Paris, available at: www.oecd.org/document/28/0,2340,en_2649_34235_2510108_119656_1_1_1,00.html
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1985), "A conceptual model of service quality and its implications for future research", *Journal of Marketing*, Vol. 49 No. 4, pp. 41-50.
- Parasuraman, A., Zeithaml, V.A. and Berry, L.L. (1988), "SERVQUAL: a multiple-item scale for measuring consumer perceptions of service quality", *Journal of Retailing*, Vol. 64 No. 1, pp. 12-40.
- Petty, R.E., Caccioppo, J.T. and Schumann, D. (1983), "Central and peripheral routes to advertising effectiveness: the moderating role of involvement", *Journal of Consumer Research*, Vol. 10 No. 2, pp. 135-46.
- Pine, B.J. (1993), *Mass Customization*, Harvard Business School Press, Boston, MA.
- Rearden, J.R., Erramilli, M.K. and D'Souza, D. (1996), "International expansion of service firms: problems and strategies", *Journal of Professional Services Marketing*, Vol. 15 No. 1, pp. 31-46.
- Riddle, D. (1992), "Leveraging cultural factors in international service delivery", *Advances in Services Marketing and Management*, Vol. 1, pp. 297-322.
- Riddle, D.I. (1996), *Service-led Growth: The Role of Service Sector in the World Development*, Praeger, New York, NY.
- Schneider, B. and Bowen, D.E. (1999), "Understanding customer delight and outrage", *Sloan Management Review*, Vol. 41 No. 1, pp. 35-45.
- Shemwell, D.J., Yavas, U. and Bilgin, Z. (1998), "Customer-service provider relationships: an empirical test of a model of service quality, satisfaction and relationship-oriented outcomes", *International Journal of Service Industry Management*, Vol. 9 No. 2, p. 155.
- Sheth, J.N., Sisodia, R.S. and Sharma, A. (2000), "The antecedents and consequences of customer-centric marketing", *Journal of the Academy of Marketing Science*, Vol. 28 No. 1, pp. 55-66.
- Smith, A.M. and Reynolds, N.L. (2002), "Measuring cross-cultural service quality: a framework of assessment", *International Marketing Review*, Vol. 19 No. 5, pp. 450-81.
- Speece, M. and Srijumpa, R. (2002), "Touch still the ticket in developing areas", *Marketing News*, Vol. 36 No. 9, p. 39.
- Stauss, B. and Mang, P. (1999), "'Culture shocks' in inter-cultural service encounters?", *Journal of Services Marketing*, Vol. 13 Nos. 4/5, pp. 329-46.

- Steensma, H.K., Marino, L. and Kickson, P.H. (2000), "The influence of national culture on the formation of technology alliances by entrepreneurial firms", *Academy of Management Journal*, Vol. 43 No. 5, pp. 951-73.
- Surprenant, C.F. and Solomon, M.R. (1987), "Predictability and personalization in the service encounter", *Journal of Marketing*, Vol. 51 No. 2, pp. 86-96.
- Swanson, S.R. and Kelley, S.W. (2001), "Service recovery attributions and word-of-mouth intentions", *European Journal of Marketing*, Vol. 35 Nos. 1/2, pp. 194-211.
- Tata Services Ltd (2002-2003), *Statistical Outline of India, 2002-2003*, Department of Economics and Statistical Services, Tata Services Ltd, Mumbai, pp. 254-5.
- Trade & Development Center (2003), November, available at: www.itd.org/guides/dv_faq15.htm
- Triandis, H.C. (1995), *Individualism and Collectivism*, Westview, Boulder, CO.
- Walker, J. and Baker, J. (2000), "An exploratory study of a multi-expectation framework for services", *Journal of Services Marketing*, Vol. 14 No. 5, pp. 411-29.
- Wener, R.E. (1985), "The environmental psychology of service encounters", in Czepiel, J.A., Solomon, M.R. and Surprenant, C.F. (Eds), *The Service Encounter*, D.C. Heath and Company, Lexington, MA, pp. 101-12.
- Winsted, K.F. (1997a), "The service experience in two cultures: a behavioral perspective", *Journal of Retailing*, Vol. 73 No. 3, pp. 337-60.
- Winsted, K.F. (1997b), "Service encounter expectations: a cross-culture analysis", *Journal of Transnational Management Development*, Vol. 2 No. 4, pp. 5-13.
- Wirtz, J. (2000), "Growth of the service sector in Asia", *Singapore Management Review*, Vol. 22 No. 2, pp. 37-54.
- Witkowski, T.H. and Wolfenbarger, M.F. (2000), "The formality dimension of service quality in Thailand and Japan", unpublished paper presented at the 2000 Annual Conference of the Association for Consumer Research, Salt Lake City, UT, October.
- World Bank (1999), *World Bank Indicators*, Development Data Center, Washington, DC.
- World Bank (2000), *2000 World Development Indicators*, The World Bank, New York, NY.
- World Bank (2002), *2002 World Development Indicators*, The World Bank, New York, NY.
- Wymbs, C. (2000), "How e-commerce is transforming and internationalizing service industries", *Journal of Services Marketing*, Vol. 14 No. 6, pp. 463-78.
- Zeithaml, V.A., Berry, L.L. and Parasuraman, A. (1993), "The nature and determinants of customer expectations of service", *Journal of the Academy of Marketing Science*, Vol. 21 No. 1, pp. 1-12.

Further reading

- Van Mesdag, M. (2000), "Culture-sensitive adaptation or global standardization – the duration-of-usage hypothesis", *International Marketing Review*, Vol. 17 No. 1, pp. 74-84.