

Principles of Marketing Notes

1 Introduction

(Slides, lecture 1)

- Harzing.com for checking reliable sources
- Ranked ABCD/1234
- Written in the format of
 - Introduction
 - Literature review
 - Conceptual model and hypothesis
 - Method
 - Results
 - Discussion (Implications)

1.1 Course content

- International marketing differs from single-country
(adaptation/standardization, what, where coordination, integration)
 - Standardization assumes homogeneity of world tastes, existence of global market segments, preference for lower prices (economy of scales)
- Reasons for internationalization
 - Risk reduction - business cycles
 - Sales opportunities - new sources, saturated markets
 - Pricing opportunities - skimming
 - Cost opportunities - economies of scales, use foreign countries with lower costs
- Globalized vs. localized marketing activities
 - Globalization means removal of trade barriers, trade agreements, lower transportation costs etc.
 - Localization due to trade protectionism, market myopia and inertia, risk aversion, ethnocentrism, consumer localism, diverging consumer taste.
- Uppsala model - taxonomy to understand market internationalization.

1. Firms begin international activity in nearby markets and only gradually move into more distant markets

2. Firms enter through successive stages:

Stage 1: No regular export activities –sporadic exporting

Stage 2: Export via independent representatives –export modes

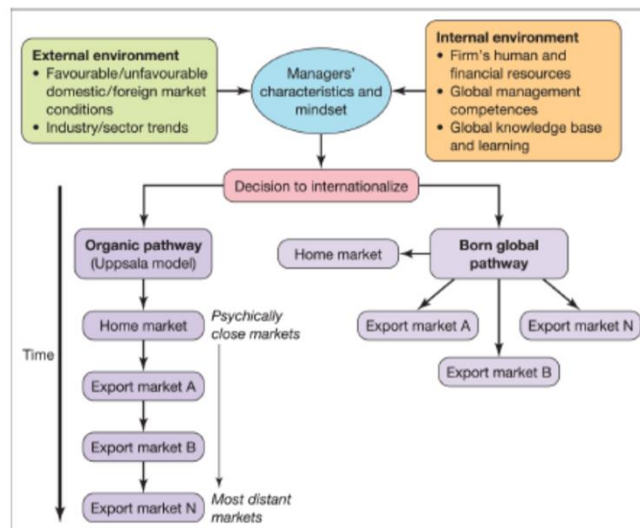
Stage 3: Establishment of a foreign sales subsidiary

Stage 4: Foreign production

Mode of Operation Market (Country)	FDI			
	No Regular Export (Sporadic Export)	Independent Representatives	Foreign Sales Subsidiary	Foreign Production and Sales Subsidiary
Market A				
Market B				
Market C				
Market D				
Market n				

Annotations on the table:
 - A horizontal arrow from Market A to Market B is labeled "Increasing Market Commitment".
 - A vertical arrow from Market A to Market C is labeled "Increasing Geographic Diversification".
 - A diagonal arrow from Market A to Market n is labeled "Increasing Internationalization".

- Two pathways
 - Organic growth -.
 - Born Globals - typically tech-oriented, cutting edge, rapid internationalization.



- Place solidarity
 - What is solidarity and is it relevant in consumption context
 - Case on Ukraine

The Place Solidarity Model: Results

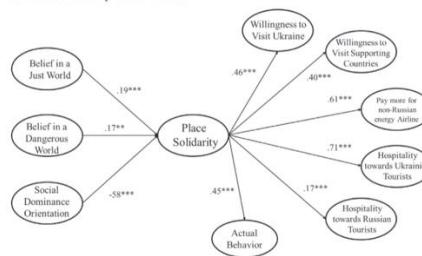


Fig. 1. The place solidarity model: Results.

2 Mental Representations and Processes

- Mental representations are mental structures, that enable us to think, reason, feel, remember and act.
 - correspond to things we see and encounter in the world, stores and retrieves information.
 - Visuals,
 - Auditory
 - Kinesthetic (physical sensations, balance)
 - Olfactory (scents and smells)
 - Mind's eye - ability to create mental images
 - Sensory marketing - marketing that engages consumer's senses and affect their perception, judgment and behaviour. (like smell, taste, vision, touch, temperature, hearing)

2.1 Cognitions and cognitive processes

- Mental representations of knowledge, beliefs, attitude and expectations.
 - How we process and interpret information. They influence how we tend to remember and use information.
 - Explicit (consciously controlled)
 - Implicit (unconsciously activated)
- How we store information
 - Schemas - a mental representation that organizes and categorizes information. Allow us to make predictions based on past experiences.
 - Scripts - a specific type of schema representing a typical sequence of events that occur in a specific setting or situation.
- Cognitive load theory - framework on how the human cognitive system processes and stores information. Is limited - performance can suffer.
 - Intrinsic - inherent to the task or material
 - Extraenous - in which the material is presented
 - Germane - effort to store long-term memory
- Cognitive dissonance
 - Mental discomfort from beliefs, attitude and behavior not aligned.
 - Balancing theory

- Resolving cognitive dissonance by restoring consistency among belief, attitude and behaviour. We balance by adjusting strength and importance.
- Two routes to persuasion
 - Heuristic processing
 - Mental shortcut reliant on past experiences, fast and efficient but can have bias and errors.
 - Based on an internal cost/benefit calculation
 - Anchoring and adjustment effect (like setting something for sale for a perceived higher value)
 - Systematic processing
 - Analytical or logical - more important decisions, when ideation is relevant.
 - Carefully evaluating all available information and considering multiple options.
 - Divergent/lateral thinking
 - Cognitive process to come up with many ideas for a problem/solution
 - Opposite of convergent thinking which is about narrowing down.

2.2 Emotions and consumers

- Traditionally we have assumed
 - Humans are rational decision makers (Homo economicus)
 - Consumers use cognition (thought) not affect (emotions)
 - However, most decisions are based on senses, intuition (heuristics) and emotion.
 - The emotions theories can complement each other and are not binary.
- Emotions - mental representations of feelings and affective states.
 - Emotional contagion - influenced by other's emotions
 - Storytelling with emotions.
- The James-Lange Theory

- Emotion generated by physiological arousal that accompanies a stimulus. Specific emotion depends on interpretation of that arousal.
- The Cannon-Bard Theory
 - Alternative to James-Lange, suggesting emotions are generated by the thalamus (brain structure) receiving sensory information from the body and sending it to the cortex for further processing.
- Two-factor theory/Schachter-Singer theory
 - Hybrid of the two above. Both by physiological arousal and cognitive interpretation. Depends on interpretation of arousal and interpretation is influenced by the context.
- The sociocultural theory
 - Result of cultural norms, values and expectations of society. Not universal but vary across cultures and learned through socialization and cultural influences.
- Cognitive appraisal theory/Lazarus theory
 - First cognitive assessment of event in relation to personal needs, goals and values.
 - Active cognitive process appraising the significance of the event.
 - Goal congruence, personal relevance, coping potential of event.

2.3 Lazarus on the Primacy of Cognition

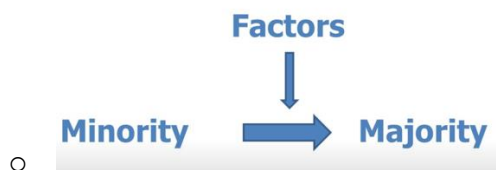
- Primacy (most important) of emotions (Zajonc) or cognition (Lazarus).
- Cognition and emotions are interdependent (dynamic interplay)

3 The Role of Culture in International Marketing

- Components of culture - values, beliefs, norms and practices.

- **Culture as a system:** the interrelated nature of cultural elements
- **Culture as a learned behavior:** culture is not innate, but rather it is learned through socialization and enculturation
- **Culture as a source of identity:** culture helps to define who we are and how we fit into the world
- **Culture as a source of unity:** culture can bring people together and create a sense of belonging
- **Culture as a source of diversity:** culture can also create differences and conflicts between people
- **Culture as a source of power:** culture can influence the distribution of power and resources within a society

- Language plays a large role in how we think and perceive the world
- Gestures and body language also differs.
- The Iceberg Model
 - The visible parts of culture - customs, traditions, dress
 - The invisible part of culture - world views, perceptions
- Acculturation
 - The process of cultural adaption when people from different cultures are in contact. A dynamic two-way process.
 - Assimilation, integration, seperation and marginalizationn.



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- Cultural institutions
 - Shapes culture for people - people shape cultural institutions
 - Family, education, religion, government, business, media
- Cultural change
 - Culture transforms over time by political, technological and political factors.
- Self-reference criterion
 - Use own cultural norms as standard to evaluate information.
- Cultural intelligence (CQ)

- Ability to understand and adapt to cultural differences

Cognitive CQ: knowledge of different cultures and their values, beliefs, and behaviors

Emotional CQ: ability to manage one's own emotions and respond appropriately to the emotions of others

Behavioral CQ: ability to adapt one's communication and behavior to different cultural contexts

Physical CQ: ability to adjust to different environments and customs

- Homogenization claim (Lewitt)
 - Globalization of markets - the universal consumer.

3.1 Hall's Intercultural communication

- Antonyms
- High-context vs. low-context

Factor	High-context culture	Low-context culture
Overtness of messages	Many covert and implicit messages, with use of metaphor and reading between the lines.	Many overt and explicit messages that are simple and clear.
Locus of control and attribution for failure	Inner locus of control and personal acceptance for failure	Outer locus of control and blame of others for failure
Use of non-verbal communication	Much nonverbal communication	More focus on verbal communication than body language
Expression of reaction	Reserved, inward reactions	Visible, external, outward reaction
Cohesion and separation of groups	Strong distinction between ingroup and outgroup. Strong sense of family.	Flexible and open grouping patterns, changing as needed
People bonds	Strong people bonds with affiliation to family and community	Fragile bonds between people with little sense of loyalty.
Level of commitment to relationships	High commitment to long-term relationships. Relationship more important than task.	Low commitment to relationship. Task more important than relationships.
Flexibility of time	Time is open and flexible. Process is more important than product	Time is highly organized. Product is more important than process

3.2 Dimensions of culture

Be aware of which are relevant for your research questions and carefully select the correct ones.

3.2.1 Hofstede's

- Culture is the collective programming of the mind that distinguishes one group of people from another - Hofstede.

Dimension	Definition
<i>Power Distance</i> : degree of tolerance for hierarchical or unequal relationships	<i>High</i> – Large degree of tolerance for unequal relationships <i>Low</i> – Small degree of tolerance for unequal relationships
<i>Uncertainty Avoidance</i> : Degree of acceptance for uncertainty or willingness to take risk	<i>Strong</i> – Little acceptance for uncertainty or risk <i>Weak</i> – Generally accepting for uncertainty and risk
<i>Individualism</i> : Degree of emphasis placed on individual accomplishment	<i>Individualism</i> – Large degree of emphasis on individual accomplishment <i>Collectivism</i> – Large degree of emphasis on group accomplishment
<i>Masculinity</i> : Degree of stress placed on materialism	<i>Masculinity</i> – Large degree of stress on materialism and wealth <i>Femininity</i> – Large degree of stress on harmony and relationships
<i>Long-term Orientation</i> : Degree of stress placed on virtuous living in this world	<i>Long-term</i> – Associated with thrift and perseverance <i>Short-term</i> – Associated with respect for tradition, fulfilling social obligations, and protecting one's 'face'

3.2.2 GLOBE

Power Distance	The degree to which members of a collective expect power to be distributed equally
Uncertainty Avoidance	The extent to which a society, organization, or group relies on social norms, rules, and procedures to alleviate unpredictability of future events.
Humane Orientation	The degree to which a collective encourages and rewards individuals for being fair, altruistic, generous, caring, and kind to others.
Collectivism I (Institutional)	The degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action.
Collectivism II (In-Group)	The degree to which individuals express pride, loyalty, and cohesiveness in their organizations or families.
Assertiveness	The degree to which individuals are assertive, confrontational, and aggressive in their relationships with others.
Gender Egalitarianism	The degree to which a collective minimizes gender inequality.
Future Orientation	The extent to which individuals engage in future-oriented behaviors such as delaying gratification, planning, and investing in the future.
Performance Orientation	The degree to which a collective encourages and rewards group members for performance improvement and excellence.

3.3 Cross cultural communication strategies

- problems with language, hidden context etc.
- Learn about culture, use interpreters, build relation and trust, use CQ
- Adapting promotion to be more successful.
- Adapt leadership style, listening and effective communication.

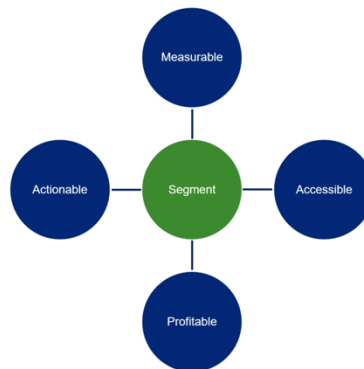
4 Markets

- Decisions of International Marketing strategies (done through the marketing mix)
 - Export market selection

- Export market direction
- Sequence of market entry
- External analysis (of the market)
 - Population size, economic environment, political stability, language, culture and success/failure of other companies.
- Internal analysis (Company's ability to serve the market)
 - Resources, ideas for success.

4.1 Market segmentation

- Classifying consumers into different groups with similar demand/response to marketing stimuli.



- Bases for export market segmentation

Table 5.2 Bases for export market segmentation

	General market indicators	Specific product indicators
Country market level	Demographic and population characteristics Socio-economic characteristics Political characteristics Cultural characteristics	Economic and legal constraints Market conditions Product-bound culture and lifestyle characteristics
Customer market level	Demographic characteristics: age, gender, life cycle, religion, nationality, etc. Socio-economic characteristics: income, occupation, education, etc. Psychographic characteristics: personality, attitudes, lifestyles	Behavioral characteristics: consumption and use patterns, attitudes, loyalty patterns, benefits sought, etc.

- Demographic variables
- Psychographic variables

- Based on values, personality, lifestyle and attitudes.
- HEXACO - relevant to look at personality profiles
- List of values such as sense of belonging, fun and enjoyment etc.
- Benefit and behavior
 - E.g. professional vs. amateur
 - Frequent flyer, credit cards.

4.2 Market selection

- Approaches to market selection (can choose one for e.g. primary markets and another for secondary)
 - Reactive - passively in choosing markets. Fulfilling unsolicited orders or awaiting initiative from foreign part.
 - Proactive - marketing oriented and systematic approach. Initiated by company and further customer market segmentation done.
- Procedures for market screening
 - Contractible - takes point in many and then narrows down. Chooses criterias, characteristics and removes countries. Will conduct in-depth analysis of a few countries.
 - Expansive - point of departure from existing market and selects additional based on that one. Like environmental proximity, trade policy proximity and cluster analysis. Fewer changes in marketing mix.
- Market expansion strategies
 - Concentration - choosing few markets to using many resources, wanting to win a higher amount of shares.
 - Possibility for specialization, greater control, market knowledge, scale and penetration
 - Spreading - going into many markets, spreading risk and exploiting flexibility.
 - Company, product, environmental and marketing factors

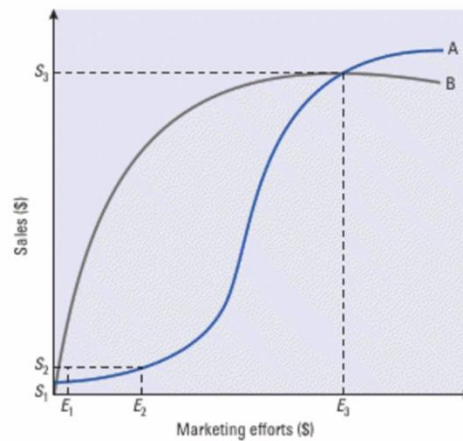
Factors favouring market spreading	Factor favouring market concentration
High risk-consciousness at management level	Low risk-consciousness at management level
Low market knowledge	The ability to pick the 'best' markets
An objective of growing through market development	An objective of growing through market penetration

Factor favouring market spreading	Factors favouring market concentration
Limited specialist uses	General uses
Nonrepeat purchase	Repeat purchase
Early or late in the product life cycle	Middle of product life cycle
Standard product that can be sold in many markets	Product requires adaptation to different markets

Factors favouring market spreading	Factors favouring market concentration
Small markets with specialized segments	Large markets with high volume segments
Unstable markets	Stable markets
Many similar markets	Limited number of comparable markets
New or declining markets	Mature markets
Low growth rate in each market	High growth rate in each market
Large markets are very competitive	Large markets are not excessively competitive
Established competitors have large share of key markets	Key markets are divided among many competitors
Low loyalty	High loyalty

Factors favouring market spreading	Factors favouring market concentration
Low communication costs for additional markets	High communication costs for additional markets
Low order handling costs for additional markets	High order handling costs for additional markets
Low physical distribution costs for additional markets	High physical distribution costs for additional markets
Standardized communication in many markets	Communication requires adaptation to different markets

- Sales response function
 - For companies who know this
 - A - better for concentration
 - B - better for spreading

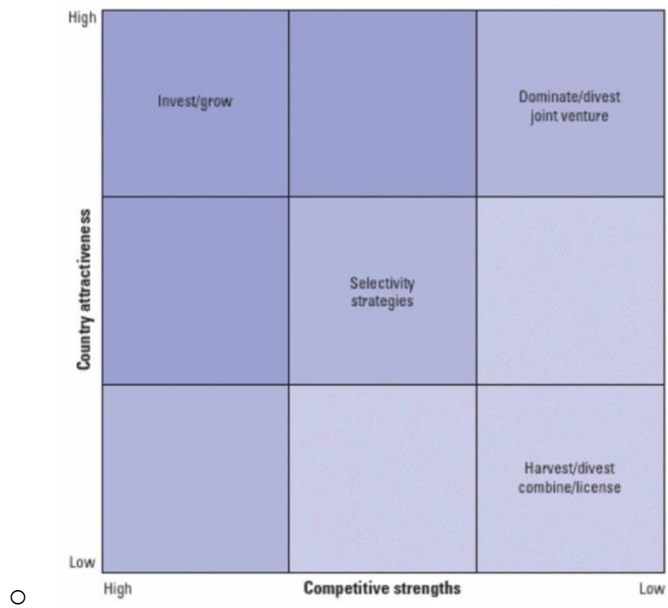


4.3 Portfolio analysis

- Evaluate involvement in different countries, to see if resources should be allocated differently
- BCG model - growth/share matrix (for local companies)



- Does not consider cost of doing business internationally, shared owners, risks (legal, finance, political).
- Alternative model (For international companies)
 - Determine countries to include, determine criteria, determine weights, assign scores to countries, assess how they are placed, develop recommendations



5 Marketing Research

5.1 Process

- Applied marketing research - specific problem for specific organization.
- Description, explanation, prediction, evaluation
 - Like estimate demand, how to segment, choice of market entry mode
 - Customer perspective on marketing research



- Distinct but overlapping steps of the process

- Problem formulation - not too broad or narrow, great understanding, unit. Careful of self-criterion.



- Method of inquiry - choice of scientific method, objectivism vs. subjectivism.
- Research method and design
- Data collection techniques
- Sample design
- Implementing data collection
- Analysis and interpretation
- Reporting results

5.2 Types of data

- Secondary vs. primary

Primary data	Secondary data
Provides insight into the specific problem faced by the company	Cost-effective
Can get insight which is not available to competitors	Less time consuming
Costly	Might be less relevant for a company's specific situation
Time consuming to collect	Might be out-dated

- Qualitative vs. quantitative (often mixed method, using first qualitative then quantitative)

6 Market Entry Strategies

6.1 Aspects of market entry

- Importance of entry decision - affects price, stability
- LOF - Liability of foreigners, additional cost from operating internationally

6.1.1 Channel structure

- The flow of transactions
- The flow of the physical product

6.1.2 Entry mode

- Structural agreement letting do either or both marketing operations and production abroad.
- Different entry modes = different levels of control, commitment, involvement and risk
- Entry modes
 - Exporting
 - Direct - selecting a foreign representative (can be done properly)
 - Indirect - Intermediaries, can be conflicts, split profits
 - Licensing
 - Contract manufacturing
 - Management contracting
 - Joint venture
- Factors influencing choice of entry mode
 - Target market, product, availability of marketing organization, company considerations, governmental policies, culture
- Ways of selecting entry mode
 - Naive rule - the easiest
 - Pragmatic rule
 - Strategy rule

6.1.3 Marketing plan

- Includes analysis of target market, marketing environment, financial analysis and competitive conditions
- Elements of entry strategy
 - Should think in terms of product/market unit
 - The objectives and goals in the target market + marketing mix
 - Needed policies and resource allocations;
 - The choice of entry modes to penetrate the market;
 - A time schedule (3-5 year horizon)

6.1.4 Whole channel concept

- The channel of distribution should be viewed as an integrated system with the manufacturer on one end and the final user or buyer on the other end. There are three basic components:
 - Headquarter's organization
 - Channels between the nations
 - The channels within the nations

6.3 Alternative entry modes

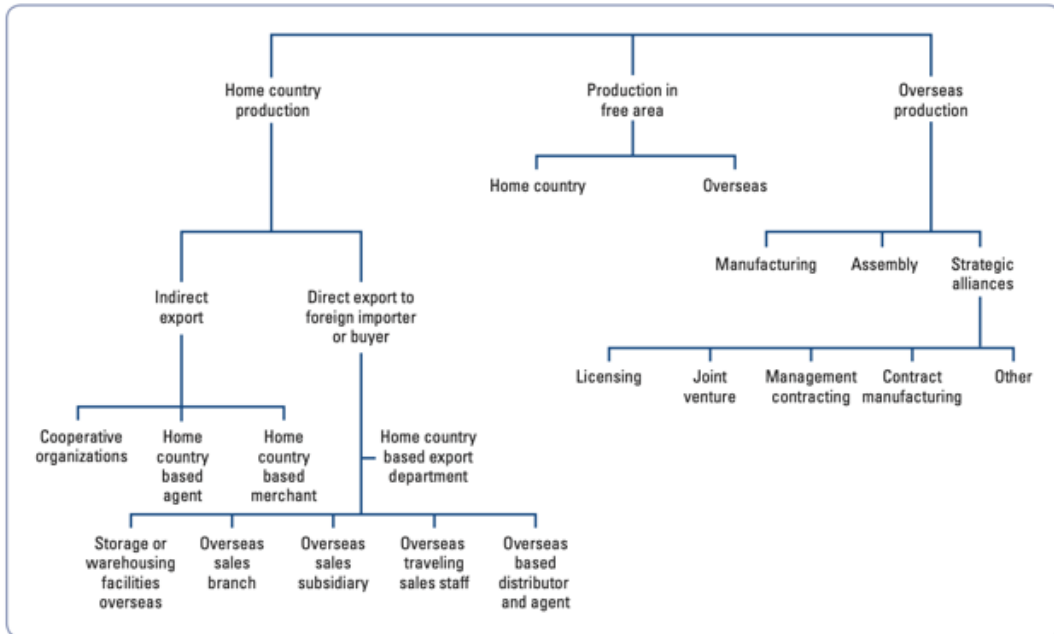


Figure 7.2 Outline of alternative basic international marketing channels

Extensive cross-border combination of resources and individuals	III. Cross-border resource integration	IV. International resource and market combination
	I. Domestic new ventures	II. Accelerated international sales
Domestic combination of resources and individuals	Domestic market opportunities pursued	Extensive cross-border market combination opportunities pursued

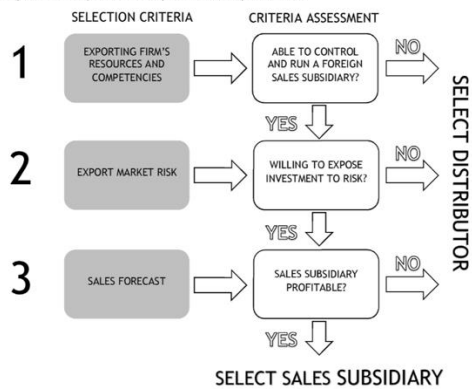
Figure 7.1 Typology of international new ventures

Source: DiGregorio et al. 2008, p. 191

6.4 Obadia & Bello text on export mode bias

- Text on how many managers prefer subsidiaries to maintain control and think they know it all. They do not want intermediaries cutting their profit neither.
- This is apparant in SMEs and research is done on the american market.

Figure 2. Selecting a less risky and more profitable export mode

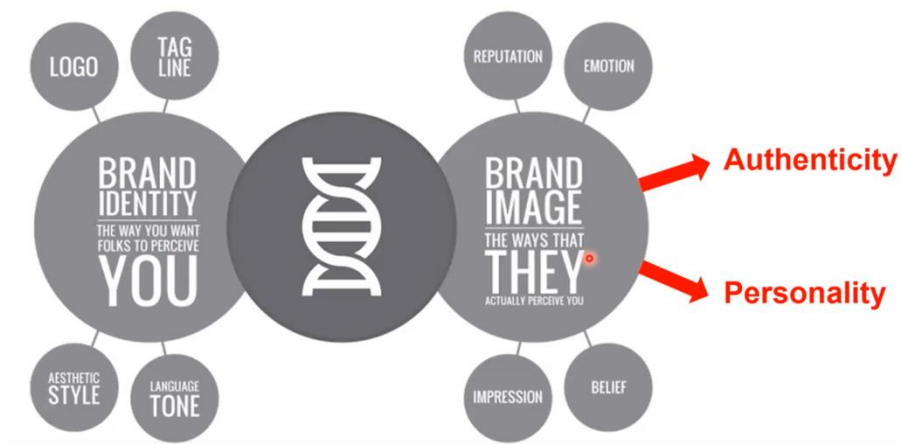


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- There are also tables on risk in different export ways, costs and ways of choosing the best entry strategy without bias.

7 Global Product & Brand Management

7.1 Brands

- Bundle images, experiences and expectations in the consumer's mind
- A promise about the service & quality certification
- Differentiates products from competitors
- Sum of impressions = brand image (Keller)
- Brand equity = the total value of product as result of marketing of brand
 - Benefits are greater loyalty (lifetime, retention), less vulnerability to marketing efforts of others and marketing crises, larger margins, more inelastic consumer response, effective communication



7.2 Standardization vs. Adaptation

- Global brands vs. Local brands
 - Trend is for MNEs to prune their local brands and focus on global brands.
 - Assumptions -> homogeneity of world tastes, existence of global market segments and preference of lower prices (Economies of scale)
 - Not mutually exclusive but exists as continuum (low to high)
- Local brands
 - Tailored to local markets and marketed/distributed in the consumer's home country
- Global brands
 - Tailored to global market, global consumers, distributed in many countries -> the new born global companies are often

Global brands are those that have global awareness, availability, acceptance, and desirability and are often found under the same name with consistent positioning, image, personality, look, and feel in major markets enabled by standardized and centrally coordinated marketing strategies and programs.

- Can be supply side global, but perceived local by the consumer

Supply-Side Definition	Demand-Side Definition
Global brands are brands that use similar brand names, positioning strategies, and marketing mixes in most of their target markets. Some brands are more global than others with respect to differing levels of achieved standardization.	Global brands are defined by the extent to which the brand is perceived by potential and existing customers as global and as marketed not only locally but also in some foreign markets.

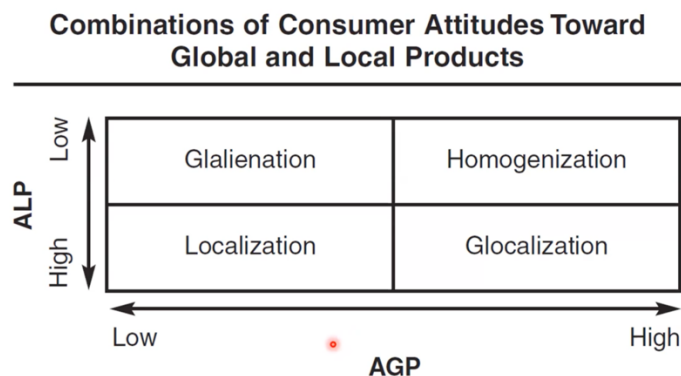
7.3 Catalysts of Global Market integration

- Emergence of global media
- Free movement of capital and goods
- Standardization of manufacturing techniques (both in developed and emerging countries)
- Growing urbanization

- Rapid increase in education and literacy levels
- Expansion of world travel and migration

7.4 Consumers global and local attitude

- GCC - Global consumer culture
 - Belief in global citizenship
 - Desire to participate in global village
 - Seeking meaning in life
 - Homogenization preference
 - Constructing self-identity
- LCC - Local consumer culture
 - Critique of "emptiness of global products"
 - Homogenization avoidance
 - Obligation to support local businesses
 - Sustainability concerns
 - Ethnocentrism
- Steenkamp paper
 - Localitization linked to authenticity



7.5 Brand authenticity

- Consumers are confronted with an overflow of fake and an omnipresence of meaningless market offers.
 - As a consequence - consumers look for brands that are relevant, original and genuine.
- Authenticity is constructed along 4 dimensions
 - Continuity - capitalize on heritage, reliability

- Credibility - quality certification, trust
- Symbolism - icon for something, carry out values, freedom,
- Integrity
- Brand personality (Aaker 1997) - Dimensions differ across countries, colors are linked to the dimensions
 - Sincerity
 - Excitement
 - Competence
 - Sophistication
 - Ruggedness

8 International Pricing Decisions

8.1 Pricing strategies

- Experience curve pricing - benefits from experience

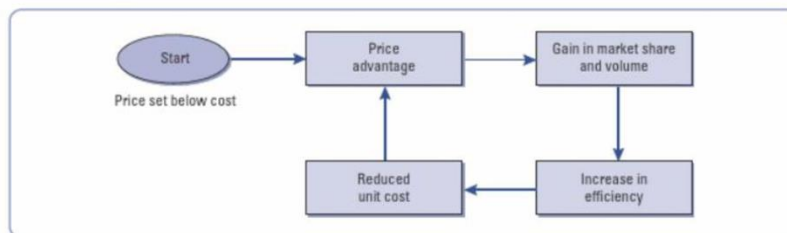


Figure 11.1 Experience-curve pricing

Albaum et al. (2016, p. 486)

- Market skimming pricing - start high, then lower and lower
- Market penetration pricing - set low to gain quick market share, benefits from sales volume
- Freemium pricing - offer free, then offer premium optional to gain users
- Preemptive pricing - set low to discourage competitors
- Extinction pricing - set low to drive existing competitors out
- Pay-what-you-want - customers decide what they want to pay
- Psychological pricing - to end in certain number e.g. .99 - differs between countries.

Potential underlying mechanism (Hillen, 2021):

- Underestimation mechanism
- Perceived gain mechanism
- Association mechanism

Be aware: Cultural differences (Wagner and Jamsawang, 2012)

- Prices ending in 9 are common in Austria, Belgium, Canada, Germany and the US
 - Prices ending in 0 are common in Hungary, Italy, Poland, and Spain
 - Prices ending in 8 are common in China, Hong Kong, Japan, Malaysia, and Singapore
- Prestige pricing - high price to signal exclusivity and high quality

8.2 Factors influencing pricing decisions in export markets

- Depends on what company wants to achieve (market share, ROI etc.)
- Cost - determines the price floor
- Market conditions - price ceiling (demand curve and price elasticity)
- Competition - type of market, want to set same, below or above?
- Legal and political factors - anti-dumping, tariffs

8.3 The relationship between export prices and domestic prices

- Lower export prices -> to gain market acceptance, cheaper production, WTP, could be seen as dumping.
- Higher export prices -> altering products expensive, the risk taken.
- Same -> good starting point, can easily be altered
- Differential pricing -> different prices in different foreign markets. See slide 32 lecture 8
- Grey markets and parallel trade can occur.

9 Images and Bias in International Marketing

Use it right - read about them in the book

9.1 Country Image and Country of Origin Effect (COE)

- Country Image: The collective perception of a country that influences consumer behavior.

- COE Effect: The influence of a product's country of origin on consumer evaluations and purchase decisions.
- History of COE: Originates from ancient trade and evolved with globalization and industrialization.
- Impact on Business: Affects exports, investments, tourism, and brand reputation.

9.2 Factors which affect the COE

- Political and economic systems
- Cultural values and traditions
- Natural resources
- Media coverage of crises and events
- Country bias
 - Consumers use country-of-origin cues when product knowledge is low.
 - Positive country images enhance product desirability.
 - Companies leverage COO in marketing strategies.

9.3 Consumer attraction/repulsion

- Domestic + attraction
- Ingroup Bonding: Consumers prefer products from their own group/country.
- Intergroup Relations: Can lead to favoritism towards domestic products and discrimination against foreign ones.
- Ethnocentrism: Preference for domestic products due to national pride.
- Animosity: Consumers avoid products from countries they dislike due to past conflicts.
- Affinity: Consumers develop positive feelings for foreign countries, influencing preferences.

FIGURE 1
The Consumer Attraction–Repulsion Matrix

		Attraction	Repulsion
Domestic Country	1	Consumer Ethnocentrism Shimp and Sharma (1987)	Consumer Disidentification
Foreign	3	Consumer Affinity Oberecker, Riefler, and Diamantopoulos (2008)	Animosity Klein, Ettenson, and Morris (1998)
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10 Market Services and Experiences Economy

- Services = act or performance, or lead to ownership - can be tied with physical good.

10.1 Classifications



1. **A pure tangible good** that has no accompanying services (toothpaste, bread).
2. **A tangible good with accompanying services** (car, smartphone).
3. **A hybrid offering of rather equal parts of product and service** (restaurant).
4. **A major service** with accompanying minor goods and services (air travel, offline lecture).
5. **A pure service**, primarily an intangible service (lawyer, online lecture).

10.2 Types of International Service

I. Cross-border supply of services

- Company is based in one country and supplies services to a customer in a different country
- **Only the service crosses the border**
- This type of service is often supplied via digital service channels

III. Commercial presence abroad

- Company establishes a commercial presence in a foreign market and sells service from there
- **The company crosses the border by opening a new branch or office**

II. Consumption of services abroad

- Company is supplying a service in your domestic market to a foreign customer
- **Only the customer crosses the border** and makes use of the service the company's home market.

II. Presence of natural persons abroad

- An employee of the company travels abroad to perform the service

10.3 Characteristics of Services

- (1) Intangibility → Customers cannot see, taste, touch or feel the service before purchase
- (2) Inseparability → Services are often produced and consumed simultaneously
- (3) Variability → Services are more difficult to standardize
- (4) Perishability → Services are difficult or impossible to store

... Managers have to work on mitigating the negative consequences from these characteristics

Brand Experience

- Is evoked by a brands design and identity, packaging, communications and environment. Can use it to tangibalize the intangible