

WHAT IS DIFFERENT ABOUT EXPORTING SERVICES?

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Service enterprises are essentially selling a “promise to perform.” In most instances, the service does not exist until the customer agrees to purchase. Often part or all of the service may be paid for before the service commences. For example, you purchase a ticket on an airline without knowing whether or not the flight will depart or arrive on time and whether or not your luggage will be at your destination. This introduces a strong element of risk for the potential purchaser, and customers manage this risk either by using known suppliers or by seeking information on the likely performance of the potential new service supplier. This means that a critical component of a your services export strategy is building credibility so that foreigners are willing to take a risk on your services.

As part of risk management, potential customers use referrals (“who do you know that...”) to select new service suppliers. This means that you need to become known by organizations being asked for referrals. It also means, from a skills perspective, that you need to be good at relationship marketing in order to build referral networks.

Another way that potential customers manage risk is by meeting you personally and seeing you in action. This means that usually you need to market your services yourself instead of hiring an agent. To do a good job of marketing your services to foreigners, you will need to be aware of the cultural factors that affect interpersonal relationships. The easiest way of managing cultural factors and being unknown in an export market is to team up with a local partner that is already well known and well respected.

Most services cannot be protected from competition through patent or copyright; rather, service enterprises protect market share through ongoing innovation. This means that, in order to succeed in global markets, you need to identify unmet needs and be prepared to design services that build on your capabilities to meet those needs.