

Foreword

SERVICE INNOVATIONS IN EMERGING MARKETS

Over the last decade, emerging markets have attracted considerable attention from scholars, policy makers, multilateral agencies, investors, and business leaders due to their rapidly growing economies, hence their potential to counterbalance the slowdown in western economies. Some of these larger economies, including Brazil, Russia, India, China, and South Africa (BRICS), have also emerged as alternate destinations for investments as well as markets for goods and services, thus influencing production as well as consumption in the world economy. These economies are also characterized by a growing share of the service sector in the composition of Gross Domestic Product (GDP). Services offer several opportunities for innovation to support economic growth and, more importantly, ensure equitable growth.

Innovations can help reduce the growing inequities and income disparities, which characterize these markets. Growing income for the upper and middle class co-exists with an alarming number of poor who do not even have access to basic services like education and healthcare. These problems are exacerbated for the poor living in rural areas. With more than two-thirds of its population living in rural areas, non-availability of affordable services is a major concern for countries like India. Innovations, especially technology-enabled ones, can improve access as well as reduce costs, thus improving affordability and accessibility for the poor. In turn, these have a multiplier effect, as educated and healthy individuals enjoy improved quality of life, better career prospects, and enhanced incomes.

Innovations in healthcare include telemedicine, which has dramatically improved delivery of affordable healthcare services to rural areas that have traditionally faced chronic shortage of healthcare professionals as well as facilities. Cardiac care by Narayana Hrudayalaya¹, screening and diagnosis for Retinopathy of Prematurity (ROP) by Narayana Nethralaya², and vision care centers for eye care services by Aravind Eye Care System³ are some of the more successful initiatives by private entities. Similarly, digitally enabled classes can deliver education services to millions in India where the adult literacy rate is only 74% (in 2011). In addition to improving access and affordability, technology improves outcomes as exemplified by the Satellite and Advanced Multimedia Education (SAME)⁴ project through better academic results for students enrolled in government run schools.

Businesses invest in innovations to sustain profitable growth in their current markets and to tap new market opportunities. I see two distinct drivers for service innovations in emerging markets. One, firms innovate to overcome resource constraints, and two, they innovate to tap emerging opportunities, expand their target market, and improve their competitive positions.

India's CGH Earth⁵, a hospitality group, was forced to innovate as it did not have enough capital to set up a 5-star resort while setting up the Spice Village Resort in the early 1990s. Shortage of funds

meant that they had to innovate, use locally available natural materials, and use local labor to design independent cottages by adopting native design principles, which made their environmentally friendly resort more attractive for the independent travelers. Now, all their 12 hotels and resorts have successfully leveraged the learning from the innovations at Spice Village to offer a tourism experience that respects nature and local ethos. These innovations have helped CGH Earth occupy a very niche but profitable position in the growing worldwide market for eco-tourism.

Taj Group, India's leading hospitality chain, tapped into the market for value conscious business travelers by combining several innovations to create a hotel chain named Ginger⁶. They created an offering with modern, clean, and simple rooms equipped with basic amenities like Wi-Fi and a gym, priced initially at \$20 a night. Simplicity, self-service, convenience, and modernity were some of the key elements of Ginger's service concept designed for affordable pricing and aimed at profitable growth through volumes. The group's business model evolved several times in the last decade to cope with the recession and changing customer needs. Ginger, with 27 hotels across major centers in India, is now poised to tap the growing landscape of opportunities in the budget-segment of India's hospitality sector.

Service innovations have a positive and transformational impact on businesses, consumers, and the society, I am pleased that Anita could successfully motivate researchers and scholars from around the world to share their perspectives on service innovations in emerging markets. Innovations from a diverse set of contexts ranging from telemedicine and medical tourism to hospitality, market research, online customer panels, e-commerce-enabled market making for farmers, public services, etc. make it an extremely eclectic collection reflecting the diversity in emerging markets. This book will be a handy reference for students and researchers engaged in understanding and learning about new opportunities for marketing services in emerging markets.

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G. Shainesh is Professor of Marketing at the Indian Institute of Management Bangalore, India. He has over two decades of academic experience in India and abroad. He has conducted research and teaching assignments at the Goteborg University (Sweden), University of St. Gallen (Switzerland), Audencia Nantes and IESEG (France), Vienna University and MCI Innsbruck (Austria), Bocconi University (Milan), Curtin University of Technology (Perth), and the American University of Armenia (Yerevan). His areas of research and teaching are Customer Relationship Management, Services Marketing, and Service Innovations. The "Best Professor in Marketing" award was conferred on Prof. Shainesh by the CMO Asia Council during the Best B-Schools in Asia Awards, July 2011, Singapore. He is also the past winner of the Citibank Special Research Award (1994) and P D Agarwal TCI Award for Doctoral Research in Management (1995). He has worked for several organizations in public, non-profit, and corporate sectors including telecom, software, engineering, and service firms both as an advisor and as a seminar leader. Prof. Shainesh's book titled *Customer Relationship Management: A Strategic Perspective* (Macmillan India) is a prescribed textbook for CRM courses at several business schools. He is also the co-author of an edited book on CRM titled *Customer Relationship Management: Emerging Concepts, Tools, and Applications* (15th Reprint 2011, Tata McGraw Hill, New Delhi). He is also the author and faculty coordinator of an online executive education program on CRM offered by eMacmillan. Shainesh is the Editor-in-Chief of the *Journal of Indian Business Research* (JIBR), an Emerald (UK) publication. His papers on services and relationship marketing have been published in the *Journal of Service Research*, *Journal of International Marketing*, *International Journal of Bank Marketing*, *International Journal of Retail and Distribution Management*, *International Journal of Technology Management*, *Journal of Relationship Marketing*, *International Marketing Review*, *Revue Francais du Marketing*, *Journal on Marketing & Communication*, *Vikalpa*, and *IIMB Management Review*. He has served as the guest editor of a special issue on *Marketing of Technology Oriented Products and Services* of the *International Journal of Technology Management*.

ENDNOTES

1. Narayana Hrudalaya <http://www.narayanahealth.org/about-us>
2. Narayana Nethralaya <http://www.narayananeethralaya.org/kidrop.html>
3. Aravind Eye Care System <http://www.aravind.org/communityOutreach/primaryeyecarecentres.aspx>
4. SAME project <http://www.thehindu.com/news/national/karnataka/teleeducation-to-be-launched-in-government-schools-soon/article4955475.ece>
5. CGH Earth <http://www.cghearth.com/>
6. Taj Ginger <http://www.gingerhotels.com/aboutus/index.aspx>