

DEVELOPING NEW SERVICES WITH THE COLLABORATION OF GLOBAL CUSTOMERS

Intekhab (Ian) Alam, State University of New York, Geneseo, United States

ABSTRACT

Globalization has a major impact on the practice of innovation across a wide range of service industries. By placing New Service Development (hereafter abridged NSD) activities in selected international locations and by using local managers for NSD, a firm can access critical information about innovations in those regions and make direct connections with potential new markets (Eppinger and Chitkara 2006). Thus “metanational innovation” system: innovation process that transcends national boundaries is an interesting area of research (Santos et al. 2004). Yet, only limited attention has been paid to the issue of service innovation in a global context. To address this critique of the literature a longitudinal case study of new service development and customer interaction was conducted in a U.S based multinational financial service firm, which was looking for innovations for its operations in India and other Southeast Asian countries. The case study investigates the development of new services with inputs from company’s customers in India. It also traces the roles of local Indian subsidiary and local managers in developing and managing the overall innovation process.

LONGITUDINAL FIELD RESEARCH

The article reports a case study of customer interaction employed by Amcorp Inc. (a pseudonym), one of the leading financial service firms based in the U.S providing diverse financial services to its customers globally. Amcorp wanted to develop innovations with customers’ involvement for its South Asian markets, particularly India. We identified 19 customers and invited them to participate in a weeklong idea generation and concept development workshops along with the author and three local Amcorp managers. The literature on both NSD and customer interaction were used to build a tentative and skeletal understanding of customer interaction and its management. This helped us seek relevant data during the interview process. We took care to ensure that the interviews covered the topics of interest and that they used their own words to describe new service ideas and concepts. During the interviews we deductively examined the input and concepts and their relationships. After three days of regular meetings and discussions, a total of 23 new service ideas were developed. Next to determine the quality of each idea we organized a two-day innovation retreat in which the participants jointly developed service delivery blueprints, reviewed the blueprints, noted the strengths and weaknesses of the service concepts and commented on the cost and fees structure of the service concepts. At the end of the retreat, only nine ideas survived and were passed on to the next stage of concept development and design. Lastly, we conducted two more workshops, this time with the managers of Amcorp, including both Indian and U.S stakeholders. The purpose was to judge the relevancy of the customer interaction method for future NSD initiatives. We again conducted semi-structured in-depth interviews with the managers and other marketing staff of the firm based in India and several top-level managers in the U.S. The U.S managers joined the workshop via video conferencing. Finally we developed nine new services based on customers’ input and ideas.

IMPLICATIONS AND CONCLUSIONS

Practitioners and scholars have suggested a number of mechanisms for improving the success rate of new services. Customer interaction is one such means for developing successful new services. A successful service innovation strategy requires a judicious combination of external and internal sources of information. Customer interaction provides a means to access external information that can be difficult to develop via internal sources. Yet, customers from only the U.S and other developed nations cannot provide information relevant to a developing country and, therefore a service firm must adopt a global perspective for innovation. For example, the managers should tap local resources by recruiting customers locally and conduct idea generation workshops and innovation retreats. A few tactics critical to developing an effective interaction strategy are: (1) conducting regular team meetings to generate ideas, (2) increasing the amount of communication among local managers and customers, (3) developing close relationships with customers who are experts and innovative, (4) networking with customers to identify relevant partners for interaction process, and (5) holding periodic progress update meetings. Based on our findings we recommend that managers target customers with strong ties for the purpose of involvement because commitment and trust are very important considerations in customer interaction strategy. The customer interaction method described in this research also assumes that (1) customer input will lead to innovations because customers are a rich source of new service ideas, (2) expert and knowledgeable customers already exist in every country and only needed to be identified, and (3) customers are willing to work with the service producers as development partners.

References Available on Request.