

**An Assessment of New Service Development Practice: The Case of
Vintage Technology PLC
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Abstract

Service development is the end to end process of developing and launching a new service to be sold to customers. This typically includes market research, service strategy, customer experience, marketing, operations and launching of a new service. Thus the objective of this study is to assess the practice of new service development in Vintage Technology PLC. This research has been formulated by three leading research questions: How does the company develop new service? How effective is the newly launched service? How does the company promote its newly launched service? These issues have been described and assessed. Finally, based on the findings, some suggestions on how to improve the existing situation have been forwarded. This study was conducted using the case study method in the form of descriptive research. To carry out this study, both primary and secondary data have been used. For the theoretical foundation and analysis, existing literature was investigated. To collect the primary data from the customers of the company, questionnaire has been employed. In addition to this, an interview was conducted with marketing department employees and manager; questionnaires were prepared for the company's customers. For the purpose of this study, both qualitative and quantitative data were obtained. The major findings that the researcher has come up with are :not following the appropriate new service development steps, lack of using promotion tools, lack of accessibility, following improper sales and distribution methods, and lack of innovation.

Keywords: New Service Development Practice, Vintage Technology

1. Introduction

Service development is the end to end process of developing and launching a new service to be sold to customers. This typically includes market research, service strategy, customer experience, marketing, operations and launching of new services (John, 2017). The development of new service is an increasingly important subject, particularly given today's rapidly growing service economy (schemer, 1995).

According to Kotler and Armstrong (2005) new service means original products, service improvement, service modification, and new brands that the firm develops through its own research and development efforts. However, generation of new ideas, modified and improved services can be derived from internal and external sources. The internal sources are staff of the company and the data of past experience. The external sources are obtained from customers, competitors, distributors and suppliers who play a great role to develop new product practice of a company.

New service development is the intention of devising a systematic and analytic method for the development of new service, which can reproduce an expected result in a satisfactory

quality with reasonable cost. (Fitzsimmons, 1998, Betten court and Brown, 2013) suggest that new service development is the aim to create new markets by innovating service provision and helping customers to co-create value.

Vintage Technology was legally established as a PLC in 2008 E.C. Since then, it has been playing significant roles in the development of the technology. Its vision is to provide world-class technology services to customers; and its mission is striving to foster and maintain positive relationships with each and every client (both internal and external), by providing cutting edge technology services at reasonable and competitive prices.

Vintage delivers quality and timely solutions and services at a price that makes clients smile. Vintage focuses on offshore development at its excellence center in Addis Ababa, Ethiopia. An in-depth knowledge of various technology areas enables it to provide end-to-end solutions and services. Vintage Technology PLC's strength lies in understanding the clients business processes, culture, vision and goals across the industry segments, and offering client oriented solutions which are highly reliable, and creating customer comfort.

1.1 Statement of the Problem

Based on the preliminary study conducted by the researcher, it is identified that there is lack of innovation in Vintage Company. The researcher mentioned this as a problem because the service provided by the Company to its customer looks similar with its competitors (not innovative). To explain this further, the lack of new innovation leads to the deficiency of new users' development and also the current customers may shift to other competitive companies to get new and better service. So, this will have direct great impact on companies' revenue.

The other problem that the researcher identified was that the Company has poor knowledge about its customers' need, want and demand. Recently, Vintage Technology PLC has launched a new service but this newly launched service was not successful to obtain the expected result. In the student researcher's view, the reason for this might be absence of following proper procedures before the launch of this new service. According to V.tatikonda and zeithaml (2002), the right procedures of a new service development is: strategic positioning, idea generation, concept development, concept implementation, full prototype test, market rollout and performance evaluation. Therefore, this new service launch was unsuccessful may be due to following those procedures improperly.

The third problem the researcher has noticed is promotion trouble. The company uses only brochure (printing media) to promote the newly launched service to its customers. This brochure's ability to reach its target customers is not efficient; and such lack of reachability will affect the awareness of its target customers about the newly launched service. So due to poverty of reachability of this brochure, customers who may want this newly launched service may not be reached and not come to the company, which generally leads to unsuccessfulness of the newly launched service.

1.2 Basic Research Questions

- How effectively does the Company apply new service development steps?

- How effective is the newly launched service?
- In what way does the Company promote its newly launched service?

1.3 Objectives of the Study

General Objective

The general objective of the study is to assess the practice of new service development in Vintage Technology Plc.

Specific Objectives

- To examine how the Company develops new service;
- To evaluate the effectiveness of the newly launched service; and
- To know how the company promotes its new launched service.

2. Research Methodology

2.1 Research Design

The purpose of this study is to describe and find out the problem of innovation, promotion and customers' need and want in Vintage Technology plc. Therefore, the researcher used descriptive research design since descriptive research aims to describe the event, know more about the phenomena, help to understand more about the occurrence. Both qualitative and quantitative (mixed research) will be used because the combination of the two research approaches results in gaining the best information.

2.2 Population, Sample Size and Sampling Techniques

In order to gather information relevant to the study, the target population of the study includes the marketing manager, employees of the marketing department, and final consumers of the company, who purchase and use the Company service and are usually found in Addis Ababa at 6 kilo and Mexico areas. The total number of employees in the marketing department was four, including the Manager, and four of them were included in the interview because they are a few. The student researcher found information from the manager and employees of the marketing department of the Company using purposive or judgment sampling because the researcher could get relevant data from the department rather than others. Based on the recommendation of Malhotra (2006), with regard to non-probability sampling, when the population of the study is not defined and for large population size, the researcher can use minimum size of 200 as a sample. But because of COVID-19 protocol most of the Company's final customers were at their home. This made data collection difficult. So the researcher was forced to select 25 final consumers for interview, deploying appropriate probability sampling methods.

2.3 Type of Data to be collected

In order to retain relevant information to make the research complete, the researcher used primary and secondary methods of data collection.

2.4 Methods of Data Collection

The researcher used questionnaire and interview to get primary data of both qualitative and quantitative types. In this regard close-ended questionnaires were prepared for the Companies final customers. The interview was conducted with the employees and the manager of Vintage Technology. The researcher collected secondary data from the Company website, plan, magazine, public library and newspapers- .

2.5 Data Analysis Method

As clearly described in the data collection methods, the data gathered using primary and secondary source are presented in tables. In order to analyze and discuss the quantitative data obtained from the questionnaire, the researcher used simple descriptive statics such as, frequencies and percentage. Moreover, document analysis was done using secondary source of data including relevant documents which are available in the Company.

3. Results and Findings

Table 1: Analysis on the New Service Development Steps

No	Item	CRITERIA	FREQUENCY	PERCENTAGE
1	The company collects ideas about new service from its customers before the service is launched.	Strongly agree	5	20%
		Agree	2	8%
		Medium	5	20%
		Disagree	8	32%
		Strongly disagree	5	20%
Total			25	100%
2	The company's new service is innovative.	Strongly agree	6	24%
		Agree	5	20%
		Medium	6	24%
		Disagree	7	28%
		Strongly disagree	1	4%
Total			25	100
3	The new service is different from the company's existing service.	Strongly agree	2	8%
		Agree	6	24%
		Medium	6	24%
		Disagree	11	44%
		Strongly disagree	-	-
Total			25	100%
4	The new service name is easy to recognize.	Strongly agree	2	8%
		Agree	10	40%
		Medium	7	28%
		Disagree	4	16%
		Strongly disagree	3	12%
Total			25	100%
5	After purchasing, the Company gives me orientation.	Strongly agree	9	36%
		Agree	5	20%
		Medium	3	12% %
		Disagree	5	20%

	Strongly disagree	1	4%
Total		25	100%

Source primary data (2020)

As indicated in Table 1, item 1, the Company's idea collecting practice on new service before launching the new service was asked; and from the total of 25 sample respondents 8(32%) respondents disagreed, 5(20%) respondents strongly agreed, 5(20%) respondents were neutral, 5(20%) respondents strongly disagreed, the rest 2(8%) respondents agreed. This implies that the Company does not collect ideas before launching a service. This means there is misunderstanding between the customers' need and the Company service. Therefore, this situation creates complaints and brings dissatisfaction in the customers.

The manager's response, for the question asked as what is your major source of getting ideas for developing new service is "Getting new ideas toward developing our service is mainly from our innovation department and internet sources". As referred in the literature, Karunakaran (2008) said, "... encourage and collect many ideas for a new service that may fill the market positionn."

Table 1, Item 2, shows the innovation of the Company's new service. As it can be seen from the Table, out of 25 sample respondents, 5(20%) of them agreed on the issue, 6(24%) respondents strongly agreed, 6(24%) respondents are neutral, 7(28%) respondents disagreed, and the rest 1(4%) respondents strongly disagreed. As shown in Table 1, from the investigation of the Company's new service is not innovative, or it is similar with the existing service, has implication for an insufficient competition in the market. As a result, there will be service or product lines offering only single type of service or product.

According to Baregheh (2008), to create value and sustain competitive advantage in the organization, innovation is important. Innovation is the tool for the organization to influence or change an environment.

Table 1, item 3 specifies the difference between the new and the existing service. As the table indicates 2(8%) of the respondents strongly agreed that the Company's new service is different from the existing one, 6(24%) of respondents agreed, 6(24%) of the respondents are neutral, and 11(44%) respondents disagreed on the issue raised. This implies that the new service is not different from the Company's existing services. So, even though the name is different the service is the same as the Company's existing service. It would be counted as mere repetition because it does not have any unique feature, or it does not give any additional benefit to the customers.

Innovation is a product or service with a collection of features that are new in the market and is commercialized in ways that open up new users and consumer groups (Westland 2008).

As indicated in Table 1, item 4, about the recognition of the new service, most of the respondents 10(40%) replied saying the name of the new service is easy, 2(8%) respondents strongly agreed, 7(28%) replied as neutral, 4(16%) respondents disagreed, and the rest of 3(12%) respondents strongly disagreed on the raised issue. Hence, the overall result shows that the new service name of the company is easy to recognize.

A good product or service name helps in that it is easily pronounceable around the world and spontaneously evokes desirable associations, Kotler (2008). Table 1, item 5 depicts about the company giving orientation to its customers after purchasing. As it is described 9(36%) of respondents replied as strongly agreed, 5(20%) agreed, 3(12%) respondents are neutral and 5(20%) respondents disagreed. The remaining 1(4%) respondents strongly disagreed on the issue raised. This implies that the company gives orientation to VPOS. This makes the customers to use the service without confusion.

According to Levitt (1960), customer orientation not only increases sales but also reduces selling costs, thus firms should not focus on selling products or services but rather on fulfilling customer need.

Table 2: Analyses on Effectiveness of New Service Development

No	Item	Criteria	Frequency	Percentage
1	The company's new service is accessible.	Strongly agree	3	12%
		Agree	3	12%
		Medium	6	24%
		Disagree	9	36%
		Strongly disagree	4	16%
Total			25	100%
2	The new service matches with my expectation.	Strongly agree	6	24%
		Agree	6	24%
		Medium	8	28%
		Disagree	2	8%
		Strongly disagree	2	8%
Total			25	100%
3	The company's feedback collecting system is suitable.	Strongly agree	2	8%
		Agree	6	24%
		Medium	5	20%
		Disagree	4	16%
		Strongly disagree	8	32%
Total			25	100%
4	There is enough sales and distribution method on the new service.	Strongly agree	2	8%
		Agree	5	20%
		Medium	4	16%
		Disagree	8	32%
		Strongly disagree	6	24%
Total			25	100%
5	The company gives a better service from its competitors.	Strongly agree	3	12%
		Agree	12	48%
		Medium	6	24%
		Disagree	3	12%
		Strongly disagree	1	4%
Total			25	100%

Source primary data (2020)

As observed in Table 2, item 1, the question raised about the company's new service accessibility, 3(12%) respondents strongly agreed, 3(12%) of them agreed, 6(24%) were neutral, 9(36%) of them disagreed, and the rest 4(16%) strongly disagreed. Therefore, from

the result, most of the customers disagreed to it, and the new service accessibility is not enough, i.e., it is difficult to use new service when the customer wants to use.

Accessibility reflects the extent to which an entire population of people can access the utility of a product, and are satisfied with the experience of doing so. In this sense, users become analogues to all the potential customers and people with impairments are accounted for based on the prevalence of those impairments within the target market, Clarkson (2001).

Table 2, item 2, refers to the findings about customer expectation on new services. Accordingly, 6(24%) strongly agreed, 6(24%) agreed, 8(28%) are neutral 2(8%) disagreed, and the rest 2(8%) strongly disagreed on the issue raised. So considerable proportion of the respondents, (customers of the company) neither agreed nor disagreed on the issue. Thus, the result shows that these customers are either satisfied or dissatisfied on the new service. In the interview, the Manager said "Our Company mainly followed marketing philosophies or concept. We always work to make sure the attainment of the customer satisfaction and we give priority for our customers' needs and desire before becoming profitable. We can't afford of losing them". A good understanding of customer needs and wants, the competitive environment and the nature of the market is key success factor of new services (Ennew and Binks, 1996).

Table 2, item 3, indicates that 2(8%) of the respondents strongly agreed, 6(24%) agreed, 5(20%) were neutral, 4(16%) disagreed, and the rest 8(32%) strongly disagreed. From this, the researcher precisely believes that the feedback collecting system that Vintage Technology company use is not suitable. This shows that customers do not mainly explain or describe their ideas or concepts regarding the new service or other services.

The Manager said, "We collect every complaint and suggestions from our customers while they are trying it for the very first time, which is our primary source and so helpful. Besides this we have contact numbers and some social media pages too, and we get some calls and messages from our customers directly". Feedback may serve a purpose in organization in stabilization, control, growth, or change (Ramaprasad, 1979).

Table 2, item 4, indicates respondents' reaction to the statement on adequacy of new service sales and distribution. Accordingly 2(8%) respondents strongly agreed, 5(20%) agreed, 4(16%) were neutral, 8(32%) disagreed, and 6(24%) respondents disagreed. This suggests that the distribution and sales method is not sufficient. This also indicates lateral new service does not reach target customers or other people as expected because of lack of enough distribution and sales. Sales and distribution determines the customer service level to a large extent. As a result, it serves as a vital tool in building clientele/market for the product or service. And conversely ineffective sales and distribution leads to loss of customers and markets, the most promising area for cost control, Philip Kotler and Gray Armstrong (2010).

Table 2, item 4 summarizes the respondents reaction to the claim, 'the company provides better service compared to its competitors.' To this effect, 3(12%) respondents strongly agreed, 12(48%) agreed, 6(24%) were neutral, 3(12%) disagreed, and the rest 1(4%) respondents strongly disagreed. This implies that the company's service is better than the competitors which provide similar service.

Table 3 Analysis on Information with Promotion

No	Item	CRITERIA	FREQUENCY	PERCENTAGE
1	There is enough information in the market about new service.	Strongly agree	2	8%
		Agree	7	28%
		Medium	7	28%
		Disagree	9	36%
		Strongly disagree	-	-
Total		total	25	100%
2	I start purchasing when the company promotes the new service.	Strongly agree	5	20%
		Agree	7	28%
		Medium	7	28%
		Disagree	3	12%
		Strongly disagree	3	12%
Total		total	25	100%
3	I see/listen to the new service on different advertisements.	Strongly agree	3	12%
		Agree	6	24%
		Medium	3	12%
		Disagree	8	32%
		Strongly disagree	5	20%
Total			25	100%
4	The company's promotion is attractive and simple to understand.	Strongly agree	3	12%
		Agree	1	4%
		Medium	4	16%
		Disagree	15	60%
		Strongly disagree	2	8
Total			25	100%
5	The company's use of promotion is efficient.	Strongly agree	5	20
		Agree	3	12
		Medium	4	16
		Disagree	11	44
		Strongly disagree	2	8
Total			25	100%

Source Primary data (2020)

Table 3, item 1, refers to the availability of enough information about new service. For this item 2(8%) respondents strongly agreed, 7(28%) agreed, 7(28%) were neutral, 9(36%) disagreed, and none replied strongly disagreed. This indicates that 36% of the respondents disagreed with the issue. This point reveals that considerable number of customers lack information on market about new service; in another way, this means there is less demand and knowledge for new service because of the shortage of information.

The promotional information is simply intended to explain what the product is and may not mention any competitors. In other situations, where the product or service competes in an existing market, informational promotion may be used to help with a product positioning strategy, Kotler (1999). According to table 3, item 2, raised about purchase of new service when the company promotes it. The reply reveals that 5(20%) respondents strongly agreed, 7(28%) agreed, 7(28%) were neutral, 3(12%) disagreed, and the rest 3(12%) respondents strongly disagreed. Based on the result, most of the customers either have agreed or are

neutral. This point out most customers know about the new service when the company promotes it for its current customers in different occasions, and when the customers come to the company for other purposes. This fully express that the company does not give any attention to the new service promotion.

According to Belch and Belch (2004), new products and new services are often unknown to a market, which means initial promotional efforts must focus on establishing an identity. Table 3, item 3 deals with respondents mode of getting information-seeing or listening to advertisements. Accordingly, 3(12%) of the respondents strongly agreed, 6(24%) agreed, 3(12%) were neutral, 8(32%) disagreed, and the rest 5(20%) strongly disagreed. From this, the researcher believes that most company customers do not see or listen to different advertisements.

The Manager answered the question about what type of promotion method the company uses, especially for its new service: "In fact we don't have that much advertisement but we use brochures and our websites to promote our services". However, using difference advertisements (e.g., TV, radio, magazines, newspapers) are very important, particularly for companies whose products and services are targeted at mass consumer markets, Kotler, (2004).

Responses given to (Table 3, item 4) responses on simplicity and attractiveness of promotion reveals that 3(12%) respondents strongly agreed, 1(4%) agreed, 4(16%) were neutral, 15(60%) disagreed, and the rest 2(8%) strongly disagreed. This indicates that the promotion is not attractive and simple to understand. This means even when the company promotes new service using brochure and websites, it does not give full information about it.

Table 3, Item 5 summarizes the efficiency of the company's promotion. 5(20%) respondents strongly agreed, 3(12%) agreed, 4(16%) were neutral, 11(44%) disagreed, and 2(8%) strongly disagreed on the issue. This designated that the Company's use of promotion is not sufficient. When the use of promotion tools increases it also increases the customers who know and want the service to use. But according to King (2010) using different types of promotional tools cannot only result in additional market share gain but also huge volumes of sale for that service or product.

4. Conclusion and Recommendation

4. 1 Conclusion

Vintage Technology does not properly apply the new service development steps. The company produces and launches Vpos without considering consumers need and want. Moreover, there is no improvement or new innovation on Vpos. What is more, the similarity of Vpos with the existing company's service is posing complaint by customers. As we can see the new service name plainness aids the customers to recognize easily, and the company gives orientation after the sale of Vpos service.

The newly launched service is not effective as expected. Because of lack of accessibility on vpos service and the new service do not meet with customers' expectation. In addition, the

feedback system is not suitable for respondents, and there is weakness regarding sales and distribution method. From the result, researcher concluded that the inclusive company service is better than its competitors except the new service. And there is lack of accessibility on the vpos service.

There is weakness on the use of promotion tools in the company, and there is lack of promotion on vpos. The research findings show that there is lack of information on market and the respondents knew about vpos when the company expresses the service. Furthermore, there is no advertisement that the firm prepares for the new service, and the researcher concluded that the company's use of promotion is not efficient.

4.2 Recommendations

Based on the analysis, the company does not apply properly the new service development steps. Lack of preparation and insufficient analysis before launching the service are frequently cited as the most common causes of new service failures. As we see this from the view point of customers, it brings dissatisfaction. So to predict those problems, the company should first investigate and analyze its customer need and want properly before launching the service or product to match with customers' need and want.

The new service vpos effectiveness is not as expected by the company and customers; lack of innovation means the similarity of Vpos service with the existing company's service, lack of accessibility, following the improper sales and distribution method are cited for the unsuccessfulness of VPOS. Regarding the following improper sales and distribution methods, both sales and distribution have a big affiliation with company's revenue. So the company should improve its strategy on sales and distribution method to increase its revenue, profit and to increase sales volume and market share. When the company plan to develop new service or product, first of all the innovation department has to be sure on that the new service is not repeated and has difference from the existing service by doing appropriate analysis. Adding new innovation helps the company to compatibly satisfy the customer need and want, maintain the current customer and attract the new customers. The other weakness of the company is the insufficient accessibility of Vpos. Accessibility is the extent to which the product or service is usable by people with the widest range of capabilities and this uses of service in widest range increases the company sanctify, revenue and sales volume. So the company should increase the Vpos accessibility through opening Vintage Technology company branch in difference area of the city and other regions.

In light of this fact, we can say that the company does not use any promotion tools. It uses only brochures and their websites to promote what they offer. To solve this problem, the company has to do or prepare simple and attractive advertisement that can easily be understood by customers, using billboards, sales promotion and so on . Because of the company can easily provide information about vpos and communicate with audience or current and new customers.

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