

# NEW SERVICE DEVELOPMENT

## STAGES/STEPS

# New Service Development Process

## Front End Planning

- **Business Strategy Development or Review**

- **New Service Strategy Development**

- **Idea Generation**

*Screen ideas against new service strategy*

- **Concept Development and Evaluation**

*Test concept with customers and employees*

- **Business Analysis**

*Test for profitability and feasibility*

- **Service Development and Testing**

*Conduct service prototype test*

- **Market Testing**

*Test service and other marketing-mix elements*

- **Commercialization**

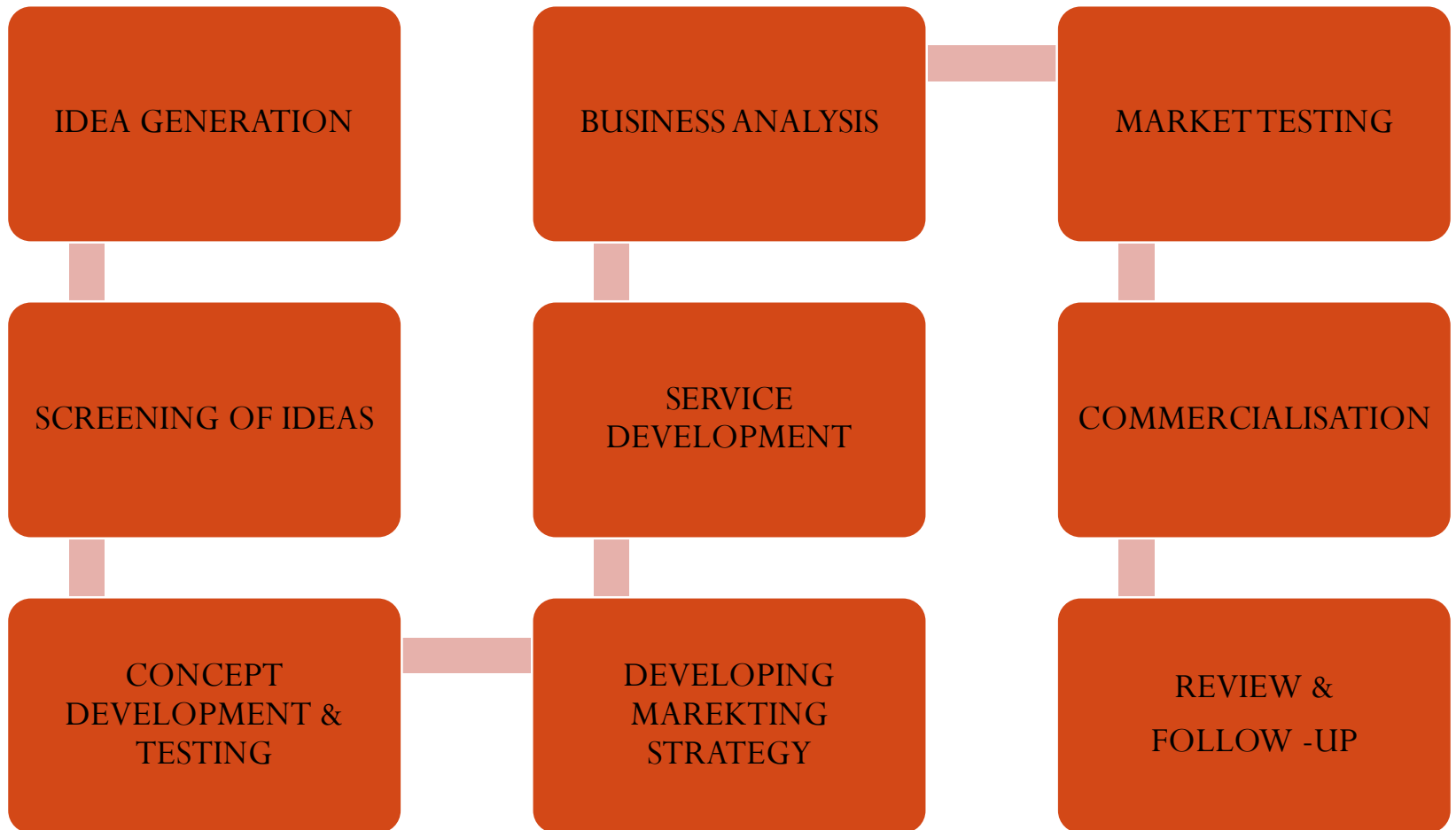
- **Postintroduction Evaluation**

## Implementation

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Source: Booz-Allen & Hamilton, 1982; Bowers, 1985; Cooper, 1993; Khurana & Rosenthal 1997.



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# 1.

- IDEA GENERATION

- The first step in any new service development process is generation of ideas. Ideas can be generated through internal & external sources which include :

- Internal research done by Research & Development (R&D) department
- Suggestions from sales people
- Brain storming with employees
- Observing the behaviour of the consumer

## 2.

- Screening of ideas:

During the stage the ideas which look promising and have the potential to be successful are selected, while those ideas which are impractical are discarded

# 3.

- Concept development & testing:

The ideas which are selected are then developed further. A service blue print is prepared which gives a clear picture about the type of service, type of people involved, the people to whom the service is targeted. The tools & techniques that would be involved in performing the service.

Testing the service among selected potential customers helps in finding out customers perception towards new service.

## 4.

- Business analysis:

Business analysis gives information into the expected revenue that would be generated over the first few years and the cost involved in providing those services. In other words, in this stage, cost-benefit analysis is undertaken.

Business analysis helps in ranking screening ideas.

# 5.

- Service Development:

- Service ideas that gave a favourable result in the business analysis stage are transformed in the actual service development. This stage involves expenditure. The physical environment required to give the service is finalised, people are recruited, processes are developed, equipment are brought.



# 6.

- Developing marketing strategy:
  - This step provides answers to the following questions:
    - What would be the charges for the services offered?
    - How to brand the service?
    - At which place the service would be performed?
    - How to promote the service ? Etc

# 7.

- Market Testing
  - The new service is generally offered on a trial basis in a small selected area in order to find out the response of prospective customers. If the results are positive the organisation will go for marketing of the new service on a large scale.

## 8.

- Commercialisation:

If the response from market testing is positive then the service is launched on commercial basis across the market. At this stage the service organisation has to undertake effective promotion mix to create awareness about the services.

Customers must be induced to buy the service product.

# 9.

- Review :

This is a follow-up step which is not directly connected with the service development process. Here feedback are obtained from customers and the employees through surveys.

The purpose is to find out whether the actual performance of the service is as per the expected performance.