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Adoption of new services

Overview of research developments

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Summary and conclusions





Introduction of services is often difficult

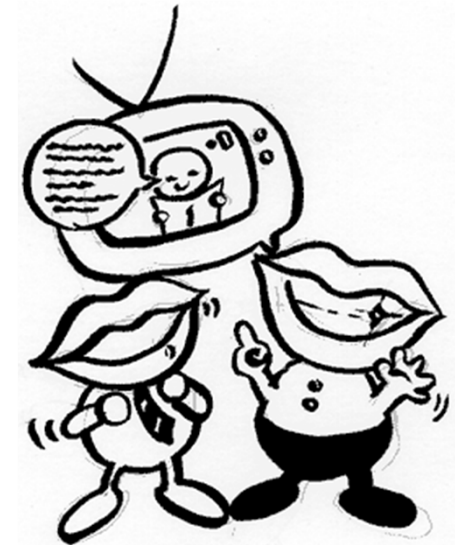
- › Introducing a new service, such as a mobile internet service, digital TV or online banking, usually comes with significant investments that must be earned back quickly. Therefore it is important to have a large number of early adopters for the new service, who have a reasonable level of use.
- › Because services are usually difficult to test and therefore difficult to judge in an early state, a quick adoption process is difficult to achieve: usually consumers are hesitant, especially if the service is quite unknown to the public.
- › Also the use after adoption can be a problem, for example when consumers are disappointed and perhaps even stop using it.





Introduction of new service: several factors are important

- > Speed of 'diffusion' (market penetration) of a new product depends on:
 1. product-related aspects such as the relative advantage for the customer and the complexity;
 2. effectiveness of marketing communications;
 3. effectiveness of word-of-mouth;
- > For the last two factors we need to focus on the individual adoption decision of the consumer: what is the probability that someone adopts and if so when does he/she adopt?
- > This depends on consumer characteristics (e.g. innovativeness, demographic factors), relational characteristics (e.g. loyalty to the provider) and marketing communication.





Communication speeds up the adoption process

- › Direct Marketing actions can greatly shorten the adoption time among existing customers.
- › Mass Marketing (such as television and radio) has a smaller influence, but can help to attract new customers for the new service.
- › Mass Marketing of competing providers, concerning a similar service, works as generic advertising and shortens the adoption time among existing customers of all providers.

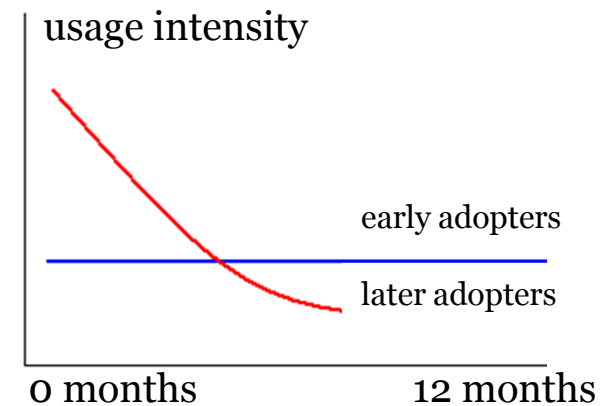




Moment of adoption influences usage pattern

Research of the Erasmus University Rotterdam shows:

- › An initially high level of use of a new service by later adopters is no guarantee for long term use. Because of high expectations the use can decrease and many of these customers stop using this new service. They should be encouraged more.
- › On the other hand, the early adopters show a more stable usage pattern in the first year and are therefore very valuable for the provider of a new service.
- › Long-term usage patterns were not studied here.





Customer type determines usage intensity

The average level of use of a new service is higher for:

1. Innovative customers who like to try new things and are experienced in the product category.
2. Loyal customers that have been with the same provider for a longer time.
3. Relatively young customers.





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1. Introduction

