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**Bringing Service Innovations to the Market
-How to successfully bring service
innovations in a technological field
to the market being a rather unknown
company: A case study of Easypark**

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Abstract

The case company of this study is selling mobile parking. It is struggling with its sales, and a significant difference in success can be seen in comparison between Göteborg and Copenhagen.

Mobile parking as such as well as the company, Easypark, is relatively unknown in the Swedish market. The company is selling a service innovation. This requires paying attention to innovation theory, consumer behavior, branding, and service marketing. The study links these fields to answer the question how service innovations can successfully be brought to the market.

Data is gained from Easypark's management and current customers in Göteborg and Copenhagen as well as from potential customers in Göteborg. This data gives information about how Easypark is trying to sell its service innovation and how it is perceived by current and potential customers. It also shows differences between Göteborg and Copenhagen.

The analysis focuses on the four fields of innovation, consumer behavior, branding, and service marketing. The empirical findings are examined with help of the theoretical background from the four fields. The analysis reveals Easypark's main obstacles to successfully bring its innovation to the market.

From the analysis, conclusions are drawn and recommendations for improvement are given. An integrated model taking innovation theory, consumer behavior, branding, and service marketing as well of the main obstacles into consideration is of use not only for Easypark, but for all companies trying to sell a service innovation.

Keywords: innovation, consumer behavior, branding, service marketing, adoption network, structure, market research, customer orientation, technology, launch

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1. Introduction

Naturally, selling their offers is the main aim of every company. Each company has many departments, it has to deal e.g. with human resources, finance, and logistics, but all these functions are only a support for the main action, selling the company's offers to as many customers as possible and making as much profit as possible.

According to Johne (1999:6), a company has to innovate if it wants to be and stay successful in markets and with technologies that change fast. Also Edvardsson et al. point out the increasing importance of service innovations for the growth and the profitability of the company and its competitiveness. Technologies will increase the development of new services, and customers will carry out more and more services by themselves. (Edvardsson et al., 2005:109-110)

A company has to make sure to listen to the customers' needs and wants when innovating. It is definitely important to innovate, but growth will only take place if the company does not try to push its idea into the market without listening to the customers, but instead tries to innovate in a way that its innovation meets customers' needs and wants. (Herbig and Kramer, 1994:51-52)

Kardes states that even if the company's offer is excellent, profitability and success cannot be taken for granted. It is significant that potential customers learn about the company and the offer and decide that it is worth to make a purchase. This means marketing and sales have to ensure that the company's offers are introduced to potential customers in a way that they listen, are convinced by the offers and purchase them, even if today people are overwhelmed with advertisements, new offers, new products, and new ideas more than ever before. (Kardes, 2001:26)

Apart from that, companies have to understand the influence and importance of their current customers. The current customers can give valuable information about strengths and weaknesses of the company's offer, and they also play a role in marketing, because they give their opinion about the offer to people they know (word-of-mouth communication). Therefore, companies have to make sure to learn from their current customers and keep them as satisfied as possible. (Kardes, 2001:96, Zeithaml et al., 2006:255)

1.1 Problematization

The above mentioned situation means that companies have to take the opinions of their current and potential customers into consideration and that the marketing and sales departments of a company have to find ways to attract potential customers and make them interested in the offer. This becomes even more relevant if the offer comes from a relatively unknown company. This company may not have a brand image and other offers already known and appreciated by potential customers, which means its offer is not given a "must be trustworthy, good, and worth to buy-certificate". People are getting too much information nowadays, so they tend to refer to what they know. The company needs to find creative ways to convince people of its offer, and if it is a rather small company, it might need to do that with a relatively small budget and less possibilities to market itself. (Kardes, 2001:109, Tesink, 2005:2)

Another problem, adding to the one mentioned above, occurs if the company tries to sell a service innovation. A service differs from a product in a significant way. A service is intangible, and purchasing a service requires more trust than purchasing a product that people can try out before buying and bring back to the shop if they are not satisfied. (Zeithaml et al.,

2006:26) Selling an innovation implies that a company tries to sell something new. "Something new" means that people lack experience with the offer, they do not know whether it is good or not, and in many cases they cannot even ask other people they trust whether or not the offer is worth a purchase. They have to take a risk, and even if the offer is good, people might be hesitating to purchase, because they are surrounded by so many offers that might be good or bad, that the offers become overwhelming for them and they do not even want to think about the offer, if they do not feel a direct need for it. (Rogers, 2003:37) This means potential customers have to be attracted even more, in a way that makes them listen to the new offer and convinces them that they need this innovation, and also makes them trust the offer and the offering company to diminish hesitation. Building trust is required in order to make potential customers purchase.

According to Herbig and Kramer, a way to reach potential customers and overcome their resistance to adopt the innovation, is through information given by users of the innovation. On the other hand, if this publicity is negative, it will contribute to avoidance of the innovation. (Herbig and Kramer, 1994:52)

A rather unknown company might not have that many current customers yet, but these customers are the first ones who decided to try out the innovation. They are the ones who can give suggestions for improvement, and they are also the ones who will be asked by potential customers about the offer. Thereby, they can have a lot of influence on the potential customers. However, if current customers are unsatisfied with the offer, they will not be loyal to the company, but search for another service provider, and they will tell about their negative experiences. Then the company as well as the innovative offer may suffer from "bad publicity".

1.2 Purpose

Facing the facts of being rather unknown and trying to sell a service innovation, a company has to cope with all these issues in order to be successful. This means that this company has to think much further than in traditional terms of marketing and sales. It has to take into consideration that the brand name is not well-known, that selling a service differs from selling a product, and that selling an innovation requires building trust and market the offer in a way that potential customers recognize their need for the offer. It also has to take into consideration the importance of the current customers as a source for improvement and a source for marketing.

Our study wants to focus on the fields of innovation, consumer behavior, branding, and service marketing, because we believe that only if a company takes all these issues into consideration, it will be able to successfully sell its service innovation and acquire new customers, so that it can work profitably in the long run.

We will use a case company to collect relevant data and use it as an example. The case company fulfills the qualifications for our study, because it is a rather unknown company trying to sell a service innovation. It struggles with its sales in Göteborg, and we want to use data from the company's management, as well as its current and potential customers in order to gain knowledge about the company's performance. Apart from that, the company reveals big differences in success between Göteborg and Copenhagen, so we additionally want to examine the situation in Copenhagen in order to find out possible reasons for these differences in success.

The framework given (the fields of innovation, consumer behavior, branding, and service marketing) as well as the internal differences in the company are intended to answer the

question *How to successfully bring service innovations in a technological field to the market being a rather unknown company?*, and help the company to understand the situation and improve the performance in Göteborg in order to be able to successfully sell its service innovation.

The results can be transferred to other companies which are in a similar situation. We believe it is important that these companies are aware of the fact that they have to take more into consideration than a traditional marketing and sales approach if they want to be profitable and successfully bring their service innovations to the market.

In the framework, the different fields will be presented separately, and the findings will also be analyzed according to each field.

1.3 Background - The case company

The case company is Easypark, a company offering mobile parking in Scandinavia and in some other European countries. The study will focus on Göteborg, Sweden and Copenhagen, Denmark. Easypark started its operations in Copenhagen in 2002, and in Göteborg in 2004. While the amount of customers who use Easypark in Copenhagen today is 25% of all people parking in the city, in Göteborg the amount of customers lies around 2%. For us it is important to find out the reasons for this big difference and to come up with suggestions on how to improve the business and to increase the customer base in Göteborg. We will base our analysis on our four main fields (innovation, consumer behavior, branding, and service marketing) in order to give general recommendations for the whole company, and use the comparison to enable Easypark in Göteborg to learn from the performance in Copenhagen.

1.3.1 Easypark's innovation

The system of mobile parking works the same way in both Sweden and Denmark. When customers park, they use their mobile phone to call to Easypark and state the code valid for the specific parking place written on the parking meters, and their parking process begins to run. In both countries, customers have a vignette on their car, and the traffic warden can check whether the parking is paid with a phone call to Easypark. From next year on, the traffic warden can check with the use of a scanner to facilitate the process. To stop the parking process, the customers call again to Easypark. The customers receive a reminder SMS from Easypark so that they remember to stop the parking process. These SMS are either send if the customer had set a specific time for the parking (instead of ongoing parking), or if the parking time in the area is limited. Every customer receive a reminder SMS at 6 p.m. every day if he or she is at that time logged into the system in order to ensure that no customer is logged into the system the whole night and paying although he or she is not parking. The customers receive a monthly bill including the costs occurred. These costs are composed of Easypark's monthly fee, Easypark's service fee to be paid for each parking, and the parking fees that are to be paid to the city. Easypark then transmits the parking fees to the owners of the parking places.

1.3.2 General differences between Göteborg and Copenhagen

Differences between the cities exist regarding the contracts Easypark has with companies offering parking in each city, regarding the advertisement Easypark does, and regarding other methods people can pay their parking with. In both cities, Easypark has contracts with the city's municipality, and on all these parking places customers can use Easypark. However, in Copenhagen, Easypark has additionally contracts with other companies offering parking, which means that Easypark offers a broader variety of parking places in Copenhagen. In

Copenhagen, Easypark is advertised on the parking meters with big signs explaining the service and customers can get direct information on how to register, while in Göteborg, there is only a small sticker along with the other stickers on the parking meters stating "Easypark", Easypark's homepage and the tax code of the area, but without any explanations about the service and how to register. In Göteborg, Easypark was not allowed to put big, eye-catching signs on the parking meters. Apart from that, people can pay their parking with their bank/credit or gasoline card in Göteborg, something that is not possible in Copenhagen where people can only pay with coins besides using Easypark's service. According to Göteborg's Trafikkontoret, of all people parking on the city's parking places around 50% use their card in Göteborg.

These facts can influence the amount of Easypark's customers, but we want to find out how much they influence and whether there are other differences as well which are not obvious at first sight. Every company has to accept the basic facts, e.g. Easypark cannot influence that in Göteborg, people can pay parking with their card. Therefore it is important to find other ways to market the service and to offer something valuable for potential customers in order to make them choose to become customers of Easypark.

1.4 Outline of the thesis

The study wants to examine how service innovations can be successfully brought to the market. The main question is how to successfully bring service innovations in a technological field to the market being a rather unknown company. The fields of innovation, consumer behavior, branding, and service marketing are introduced. The empirical data coming from the company, its current and potential customers is analyzed with the help of theories from these fields. Sub-questions regarding each field are posed to facilitate this contribution. These sub-questions will be shown in the model presented in the beginning of the framework and guide as sub-headings through each chapter of the framework. Furthermore, differences within the company are taken into consideration, in order to examine how these differences can influence the success of the company's performance.

The thesis is divided in six parts. Following the introduction in chapter 1, the reader is introduced to a framework in chapter 2, which gives information about the topic from different angles. We posed diverse questions we think are necessary to ask in this field, and the framework is built up in a way to try and give answers to all the questions. In chapter 3, we present our methodology. The reader is informed about our study procedure and why and how we collected information. Afterwards, our research findings are presented and analyzed in chapter 4. We conducted interviews with Easypark's management in both Göteborg and Copenhagen, and surveys with Easypark's current customers in both cities, as well as with potential customers in Göteborg. The findings are analyzed with the help of the framework and by comparing the findings to each other. This leads to a conclusion and recommendations in chapter 5. First, specific conclusions and recommendations for Easypark are presented, and second, general conclusions and recommendations are given. Each chapter starts with a brief introduction explaining the point of focus of the particular chapter.

2. Framework

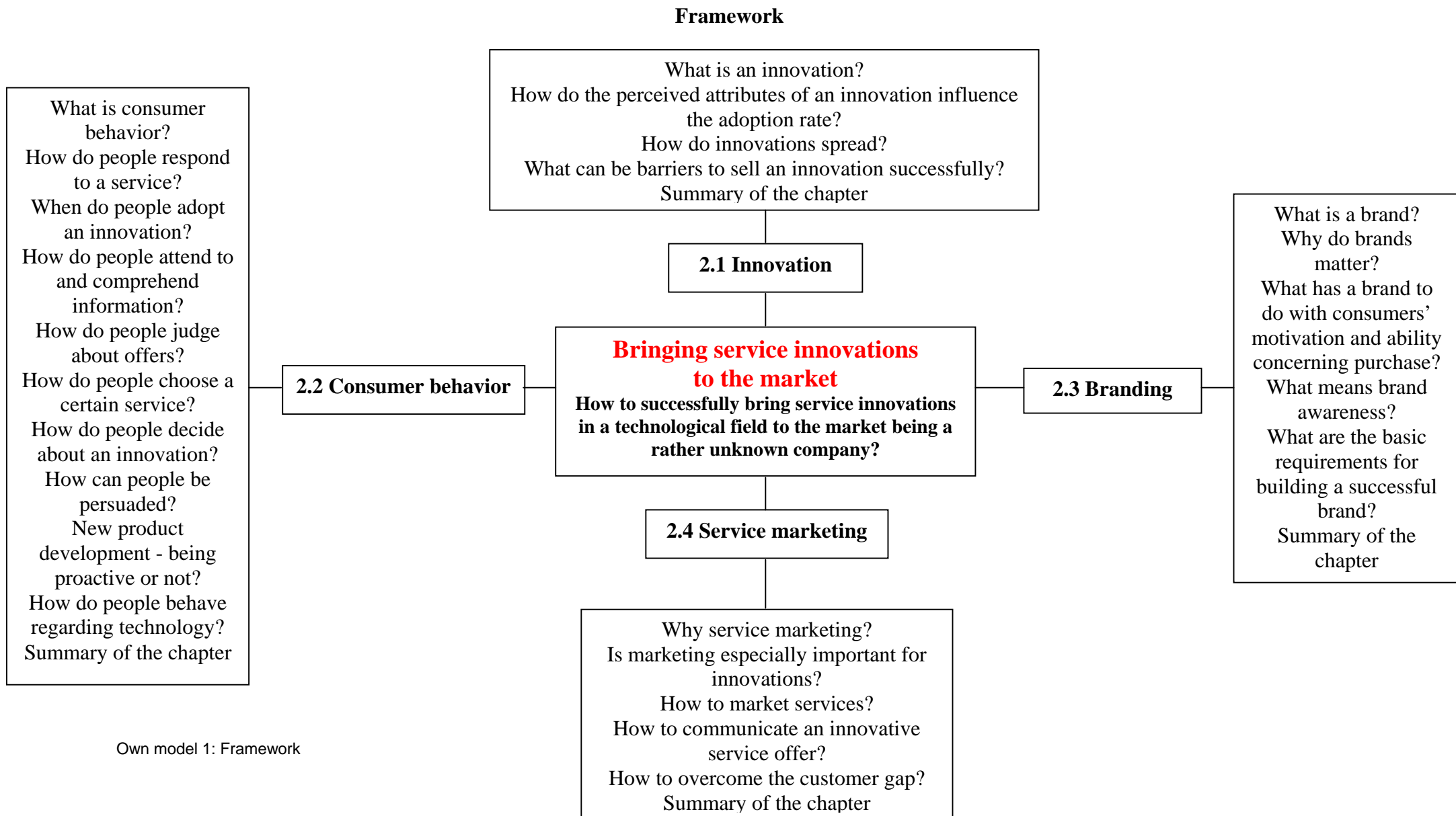
As mentioned, theories will come from different fields. Every field can contribute to find the answer for the main question: *How to successfully bring service innovations in a technological field to the market being a rather unknown company?*

First, the field of innovation theory will be introduced in order to explain the specific impacts an innovation has on acquiring customers and selling the company's offer. Second, the reader will get information about consumer behavior, as it is important to know how consumers think and decide in a purchase process and how they might be influenced. Third, branding theory is presented to show the importance of having a brand when trying to sell successfully. Facts and obstacles of being a rather unknown company will be introduced to the reader. Fourth, theory about service marketing will be introduced in order to give information about what can be done to market a service. All parts are divided into sub-questions relevant for this study.

To give a better overview, the next page contains a chart showing the different fields, the order they will be presented in the framework, and the sub-questions relevant for each field. Here, the reader is able to get a first understanding and to better comprehend the framework and its use.

We believe that if a company takes all four fields into consideration, success will increase. The framework will deal separately with each field.

Framework



2.1 Innovation

2.1.1 *What is an innovation?*

According to Cumming, the definition of the term “innovation” changed during the last 40 years. In the 1960s and 1970s, innovation was defined as the development of a new idea or a process to change. Later on, the definition changed in a way that the new idea or the new concept had to be put into use before it could be called innovation. During the last ten years, not only use, but successful use determines the term “innovation”. Successful means for Cumming, that the innovation is effective, profitable, and satisfies its customers. Cumming believes that this addition of success occurred because of the increasing competition in business. According to Cumming, innovation can nowadays be defined as “*The first successful application of a product or process.*” (Cumming, 1998:22)

According to Rogers, an innovation is an idea or an object that is perceived as new by a person or a group. It is not necessary that the idea or the object are new in an objective sense, but it is an innovation if the person perceives the idea or the object as new. It is possible that the person gains new knowledge, or it can also be that the person heard of the innovation before, but so far did not react or adopt the idea or the object. (Rogers, 2003:12)

Cumming’s perspective is more from the business side, while Rogers description focuses more on the consumer. The authors of this thesis will use the term innovation according to Rogers and treat innovation as “something new for a person”. This does not say anything about the success of the innovation. We will use the term of “successful innovation” when referring to Cumming’s description of innovation. To bring an innovation successfully to the market means therefore that an idea which is perceived as new is profitable for the company and satisfies the customers.

The more an innovation is based on an idea in contrast to an object, the slower it is adopted (Rogers, 2003:13). Most technological innovations have a certain benefit for the people adopting it, but the advantages are not always obvious. People are seldom certain whether the innovation is superior to the former practice they used, at least not in the beginning when they hear about the innovation. If people believe that the innovation can have some advantages, they will try to learn more about it in order to decrease their uncertainty. When they have enough information, they will make their decision on whether to adopt or reject the innovation. (Rogers, 2003:14)

2.1.2 *How do the perceived attributes of an innovation influence the adoption rate?*

Each innovation has a particular rate of adoption, i.e. the relative speed with which the innovation is adopted by the people (Rogers, 2003:37). Rogers describes the term "diffusion" as a special form of communication in which a new idea is communicated through certain channels over a certain period of time. This implies that there is always some amount of uncertainty involved. The more information one gets, the easier it is to choose between diverse alternatives and thus uncertainty decreases. (Rogers, 2003:6)

Rogers as well as Kotler and Armstrong describe five characteristics of an innovation: relative advantage, compatibility, complexity, trialability / divisibility, and observability / communicability; with help of these characteristics it can be explained why the rates of adoption differ from innovation to innovation. (Rogers, 2003:15-16, Kotler and Armstrong, 2001:201)

Framework

People determine the relative advantage of an innovation, i.e. the degree to which the innovation seems to be better than the previous idea or object. The advantage can be financial, but also mean more satisfaction, convenience or a higher prestige. Objective advantage is less important than the perceived advantage by the consumer. (Rogers, 2003:15) The higher the perceived advantage is, the faster the innovation will be adopted (Kotler and Armstrong, 2001:201). Many companies award incentives to potential consumers to increase the perceived relative advantage, in order to change their behavior and make them adapt to the innovation, e.g. free trials. Then people can easily try out the innovation, what makes them adopt it more easily later on. (Rogers, 2003:236-239) Herbig and Kramer point out that, apart from free trials, also a match of performance and price (and in this comparison, the innovation must outperform its predecessor) is important to increase the perceived advantage and decrease resistance against the innovation, because if performance and price do not match, people have no reason to change. (Herbig and Kramer, 1994:52)

Potential adopters compare the innovation with their needs, values and beliefs, and with their previous experiences. If the innovation fits to the felt needs, existing values and beliefs, and/or previous ideas, compatibility is high and adoption will be faster than when the compatibility of the innovation is low; people feel less uncertainty the higher the compatibility is. In cases where the innovation is not that much compatible, it is harder to understand the innovation. (Rogers, 2003:15-16, 240, 249) According to Herbig and Kramer, the risk of failure is high for innovations that require a change in consumer behavior, because that means that customers have to be educated to adopt the innovation, and it is not even certain whether education will lead to adoption. People might have to change their values and beliefs, and this can influence their acceptance of the innovation. Even if they might have a need for this innovation, they might not be able to understand it or not be willing to see the benefits of the innovation. For this reason, Herbig and Kramer believe that companies must invest a lot of money when launching a completely new innovation, to repeat their message continuously and to educate the potential customers in order to make them change their behavior. (Herbig and Kramer, 1994:51)

Kotler and Armstrong describe the complexity of an innovation; the more difficult an innovation is to understand or use, the slower it will be adopted. The easier an innovation is to understand, the faster it will be adopted by potential consumers. (Kotler and Armstrong, 2001:201) According to Rogers, complexity might in many cases not be as important as the relative advantage or the compatibility, but in the technical field, complexity can have a big impact on the rate of adoption and be a barrier for purchase (Rogers, 2003:257)

Potential consumers will more easily adopt an innovation if it is possible to try it out (Kotler and Armstrong, 2001:202). If consumers are able to try out the innovation, they learn about it and this decreases uncertainty. Therefore, if an innovation cannot be tried out, the adoption process will be slower. (Rogers, 2003:16)

The easier the results of an innovation are to observe, the faster the adoption will proceed. (Kotler and Armstrong, 2001:202) If the results can be seen openly, people discuss about them and information about the innovation spreads faster than when it is hard to observe the results of an innovation. (Rogers, 2003:16)

The higher potential consumers perceive the relative advantage, the compatibility, the trialability, and the observability, and the lower they perceive complexity, the faster they will adopt the innovation. Most important are the relative advantage and the compatibility. (Rogers, 2003:16)

2.1.3 How do innovations spread?

According to Woodside, there is no guarantee that an innovative technology that is superior to its predecessor is accepted by potential customers, not even if the customer could save money and increase performance with the help of the innovation. Woodside states that it takes a long time until the innovation replaces even half of the current uses of the inferior technology. (Woodside, 1996:25-26)

In his article, Woodside quotes Biemans, who points out that innovations can be controlled somehow, even if they always contain a certain amount of uncertainty and unexpected changes. In his opinion, communication, coordination, and cooperation are important to decrease the level of uncertainty. (Biemans, 1990:539, quoted by Woodside, 1996:27)

Kardes describes the diffusion curve as being S-shaped (when looking at the accumulation of adopters). In the beginning, not many consumers adopt the innovation, because it takes time to create awareness and make people interested. If the company manages to make people aware, the number of consumers increases a lot, because people hear from other people about the innovation and how satisfied they are with it. Later on, the innovation is placed in the market and people purchase it. Competition with other innovation increases, so the number of purchases decreases again. (Kardes, 2001:334)

Companies have to accept that customers live with innovation overload and that therefore the speed of diffusion is slower than it has been before. They have also to accept that they might have fewer adopters in general than they might have had before. These factors have financial impacts on the companies which they should not ignore. According to Herbig and Kramer, nowadays a much more intense market research is required before developing and launching an innovation. Companies have to ask themselves whether the consumers really need this innovation, what other innovations compete against their own, and how their innovation is superior to its predecessors and competitors. If there are no apparent advantages, companies should reconsider whether they want and can afford to spend the money to develop and market such an innovation. (Herbig and Kramer, 1994:51)

Chakravorti points out that it is not enough to put the adopters of innovations into groups as done by Rogers and Kotler and Armstrong. He states that it is necessary to focus on the adoption network, because the markets are more interconnected than ever before. Participants in the market get information from many sources (e.g. the media, trendsetters, opinion leaders) that affect their adoption behavior. At the same time, they themselves affect with their decisions how others will decide about the innovation. This means, decisions are often made with relation to the behavior and decisions of others. Chakravorti claims that the adoption network plays a significant role in the success or the failure of an adoption. (Chakravorti, 2004:470-471)

The adoption network consists of several groups. First, market participants helping the adoption process by making certain products or policies, second, competitors who act in an opposing way to create resistance regarding adoption, third, participants who are responsible for distribution of the innovation or for information about it, and fourth, the consumers or users of the innovation. (Chakravorti, 2004:474-475)

The choices of the different groups regarding the innovation are influencing each other, which means that these choices determine strongly whether the innovation will be successful or not.

Chakravorti points out the two main obstacles that have to be overcome in order for the innovation to be successful. First, the present choices have to be changed, that means the

choices that keep the network in the status quo. Second, new choices throughout the network have to be created that reinforce the adoption throughout the network. This means that the participants within the network have to change the choices they made until the point the innovation comes up to choices which favor the innovation. The barriers have to be overcome first in order for the network to facilitate the adoption. (Chakravorti, 2004:475)

The innovation tries to change existing technologies or ways of how things have been done before. According to Chakravorti, the adoption networks are expanding nowadays, due to a more advanced technological infrastructure, more superiority of single product components, and an increasing speed of competitive innovations. This means, the speed to enter the market has to be increased and it gets more important to specialize the own offer. Chakravorti points out that the expansion of the adoption networks leads to a slower adoption of innovations, unless a company proactively tries to handle the challenge. The pace of adoption is according to Chakravorti linked to the adoption network, and not in line with the pace technology changes. A status quo situation has to be changed to a new situation in which the innovation is adopted and forming a new status quo. Even if a change is reasonable from an objective point of view, participants in the network have to identify a certain subjective self interest in order to change their behavior. (Chakravorti, 2004:476, 481-482)

2.1.4 What can be barriers to sell an innovation successfully?

Tesink mentions that the barriers to sell an innovation can be categorized differently, he then points out that he defines three different kinds of barriers: corporation-related barriers, customer-related barriers, and market-technical-related barriers. (Tesink, 2005:1)

2.1.4.1 Corporation-related barriers

Different corporation-related barriers exist. According to Tesink, an important barrier is the resource barrier, as many companies do not have enough resources to bring their innovative product successfully to the market. Tesink also describes the structure barrier. Companies can have the problem that two opposite ways of thinking compete in the company. First, there are the offers that are already successfully in the market, and the company needs to spend money to develop these offers. This means a relatively stable, ongoing success. Second, the company can take a risk and develop innovations, which can be very profitable, but could also turn out to be a failure. The contradictions in the organizational structures can lead to problems regarding power within the organization. (Tesink, 2005:2) Seth and Ram point out the organizational culture as a possible barrier. According to them, companies try to increase efficiency and decrease costs, especially when they are specialized and their technologies become more and more complex. This becomes part of the organizational behavior and therefore influences the organizational culture. Those companies then rather develop products fitting to their high technology instead of developing innovations customers want and need. It is difficult for a company to change the organizational culture and start to develop innovations that meet customers' needs and wants. (Seth and Ram, 1987:31,33) On the other hand, Hills and Hultman point out that innovations can provoke change. They enable the company to grow, if they give more value to potential customers than their predecessors. So once a company experiences the advantages of developing innovations, these innovations can facilitate change. (Hills and Hultman, 2006:227) Furthermore, Tesink explains the market access barrier. A company can use its own distribution channels, or the distribution channels of others, but in any case it has to reach the potential customers. If companies do not succeed in reaching the potential customers, it is impossible for them to successfully sell their innovation. (Tesink, 2005:3) The timing of the market entry can be another corporate-related barrier. According to Tesink, an early entry to the market can increase the chances to get a

higher market share and helps the company to build its reputation. On the other hand, failures are more likely if a company enters the market early, so a company is more likely to survive if it enters the market at a later point of time. Tesink also mentions that competitors who enter the market later are able to learn from those who enter the market first, which means they can develop and improve the offer before entering the market. (Tesink, 2005:3)

2.1.4.2 Customer-related barriers

Customer-related barriers have to do with the behavior of (potential) customers. These barriers can be influenced by the company if they are directly linked to the innovation, but they are difficult to influence if they are linked to a deep rooted behavior of the people. (Tesink, 2005:3) A very important barrier is according to Seth and Ram the usage barrier. People have practices and habits and if the innovation requires a change to these habits, they will resist. Daily routines are very important for people, and an innovation that will make these routines change will need long time to develop in the market. A company can try to change the usage of its innovation if possible, so that it fits better to the daily routines of potential customers. (Seth and Ram, 1987:67) Seth and Ram also point out that people resist to an innovation if it requires them to break with their traditions. The bigger these changes need to be, the more resistance people will show. (Seth and Ram, 1987:84) A company can also face image barriers. Every innovation that is new in the market entails a certain image, depending on the offer itself, the company's image, the industry and the country it comes from. If potential customers have negative associations and get a negative image, they are not likely to purchase the innovation. (Seth and Ram, 1987:90) According to Tesink, there can also be a value barrier. He distinguishes between the true value for the customer and the occurring switching costs. (Tesink, 2005:4) According to Seth and Ram, an innovative product will only be successful if it gives true value to the customer, i.e. it has either a very strong performance or people are able to save money. Seth and Ram state that most new products are inferior to their predecessors, so people will not change their buying behavior and purchase the innovation. (Seth and Ram, 1987:71, 76) Tesink explains switching costs as the costs that occur when a customer switches from one product to another, i.e. to the innovation. When the switching costs are high, it is more difficult to convince customers to switch from a competitor to the own company's offer. On the other hand, also the company's own customers are more loyal in order to avoid switching costs. Switching costs can also be non-monetary. (Tesink, 2005:5) According to Herbig and Kramer, there is also an innovation overload. This innovation overload is defined by the authors as an overload of information, knowledge, new ideas and options, and it decreases the ability of consumers to decide about innovations and thereby also decreases the speed of diffusion. Herbig and Kramer point out that people are not overloaded with information regarding one innovation, but regarding all innovations at the same time. Technology is changing fast, and consumers are overwhelmed by all new possibilities. This might make them resistant to change in favor of the innovations. (Herbig and Kramer, 1994:46-47)

Seth and Ram point out the customer risk barrier (Seth and Ram, 1987:79). One reason for innovation overload is according to Herbig and Kramer the risk factor. The risk perception is influenced by individual characteristics as well as characteristics of the innovation. The higher the potential customers perceive the risk, the slower the innovation will be able to spread. The perceived risk can be reduced to the amount of the perceived advantage customers see in the innovation and by reducing the customers' uncertainty regarding the innovation. Herbig and Kramer state that customers face two different risks when deciding about an innovation. Adopting the innovation, they risk that it fails or that they are not satisfied with it and they also face an economic risk. Refusing to adopt the innovation, they

risk losing the opportunity to use a valuable innovation which might mean that without this innovation, they have higher costs than they would have had if they would have adopted it. Mostly, customers have no objective knowledge to base their decision on, which means that they have to rely on their own experiences and observations and on what they hear from people they know. (Herbig and Kramer, 1994:50)

2.1.4.3 Market-technical-related barriers

Market-technical-related barriers have to do with the market and organizations that are powerful enough to control the market. A single company can not influence these barriers. (Tesink, 2005:4) Competition is one market-technical-related barrier. The more global the world becomes, the more companies act within the same market. This makes it more difficult for new companies to enter this market. (Tesink, 2005:4-5) Seth and Ram point out the regulation barrier. Companies that want to act within a certain market have to follow the regulations of this market. According to Seth and Ram, regulation keeps the market in its status quo; so the more regulations exist, the greater is the barrier to innovation. (Seth and Ram, 1987:50-51) Tesink also mentions the market equilibrium barrier. He points out that equilibrium means that everyone in the market thinks that he is making the best choices, as well as everyone else does. So if the market is aiming at equilibrium and wants stability, it will act negatively to innovation attempts, because they change the market and create a situation of instability. Tesink states that this barrier is very hard to change and that every company trying to bring an innovation to the market has to deal with it. (Tesink, 2005:5)

According to Tesink, companies should try to change the barriers they can easily change and the barriers which have a big impact for them, and adjust to the barriers which are hard or impossible to change, in order to bring their innovation successfully to the market (Tesink, 2005:5).

Acceptance for the innovation and thereby the speed of adoption increase if these barriers or one of the barriers disappear or decrease. Therefore, as Herbig and Kramer point out, it is extremely important that market research concentrates on the usage of the innovation, on the benefits for potential customers, and on the barriers that can occur. Concentration on the needs of the customers is necessary, because as people live with innovation overload, they will not pay much attention to an innovation they do not feel the need for. According to Herbig and Kramer, it is important that marketers are explicit; they need to show what the innovation is about, how it can be understood and used, and how customers can benefit from it. Most important is that companies keep in mind not to push technology to the market, but to listen to customers' wants and needs and benefits for them when developing and marketing an innovation. People are stressed a lot, and complexity increases, therefore companies should simplify their innovations as much as possible. Herbig and Kramer believe that companies that are able to do so, will be successful in the long run. (Herbig and Kramer, 1994:51-52)

2.1.5 Summary of the innovation theory

The introduced theories give the reader knowledge about innovations and relevant aspects to take into consideration when dealing with innovations.

To sum up, we want to point out the main facts:

First of all, one has to decide whether or not a product or a service is an innovation. In order to do so, we point at Rogers' definition of an innovation as "something new" for the customer (Rogers, 2003:12).

Second, if a company wants to bring an innovation to the market, it has to take into consideration that different attributes of the innovation influence the rate of diffusion. The attributes that influence how fast potential customers will adopt the innovation are: the relative advantage, the compatibility, the complexity, the trialability, and the observability of the innovation. (Rogers, 2003:15-16,37)

Third, a company bringing an innovation to the market has to take into account that innovations spread in a certain way. The diffusion curve can be described as S-shaped (Kardes, 2001:334). In general, innovations spread slower than in the past because people are overloaded with innovations, and that means that a more intense market research is necessary before developing and launching an innovation (Herbig and Kramer, 1994:51). Thereby, fourth, the company has to focus on the whole adoption network, because the whole network influences whether the innovation will be a success or not (Chakravorti, 2004:470-471).

Fifth, every company trying to bring an innovation into the market should be aware of the possible barriers that can hinder the success of the innovation. Three different kinds of barriers can occur: corporation-related barriers, customer-related barriers, and market-technical-related barriers (Tesink, 2005:1).

2.2 Consumer behavior

2.2.1 What is consumer behavior?

Consumer behavior deals with the reaction of people towards different offers. In order for a company to stay competitive, it is necessary to focus on the consumers, as it enables the company to produce better services and products and to market them in a more successful and effective way. A manager who knows the customers can reach them in a more productive way, satisfy them better, and thereby the company benefits. (Kardes, 2001:5)

2.2.2 How do people respond to a service?

People respond in diverse ways. A consumer feels something when he or she reads, thinks, hears, or uses a certain product. This feeling and the emotion connected with it is called affective response. People also have certain beliefs, opinions, attitudes, and intentions towards products and services. These can be thought over and examined, but can also exist without further examination. In these cases, consumers show cognitive responses. A purchase decision and actions concerning the purchase and use of a product and service are behavioral responses of a consumer. (Kardes, 2001:5-6)

The responses depend on three main factors: personal variables, situational variables, and person-by-situation interactions. Consumers are different and not two persons are the same. Each consumer is an individual and differs from other consumers in e.g. intelligence, humor, opinions, likes and dislikes, interests, and personality. This means that personal variances exist. People react differently according to their individuality, but also according to the situation. In different situations, an individual behaves differently. A memory can be easier recalled if the situation stays the same, i.e. when the context is the same at the moment information is given and when information should be recalled. This means that the situation influences the response. Personal and situational variables influence the behavior of a consumer. Both variables have an effect on each other, because different people react differently in different situations (Kardes, 2001:7,60).

2.2.3 When do people adopt an innovation?

Personal variables also decide when a person adopts an innovation. Rogers describes five adopter categories, first, the innovators, second, the early adopters, third, the early majority, fourth, the late majority, and fifth, the laggards. (Rogers, 2003:37)

Innovators are people who like adventures and who are venturesome. They are willing to take the risk that the innovation is unsuccessful and accept if this occurs. Innovators are usually capable to stand a lot of uncertainty and they have a good understanding of complex technologies. Innovators play an important role in bringing the innovation into a social system. (Rogers, 2003:282-283) According to Kotler and Armstrong (2001:200), the first 2.5% of people who adopt an innovation are called innovators.

Early adopters make the majority of the people interested in the innovation because they adopt to it first and they are regarded as people who can give valuable information. They take careful decisions about the innovation, then they try out the innovation and pass on their opinion about it to the people they know. Thereby, they can influence whether the innovation is approved and adopted or disapproved and rejected. (Rogers, 2003:283) 13.5% of the people, after the innovators (i.e. up to 16% in total), belong to the group of the early adopters (Kotler and Armstrong, 2001:200).

People belonging to the early majority of adopters are neither very early in adopting nor relatively late. They do not want to lead the adoption process and be the first ones, but they are willing to adopt and also do not want to be the last ones acquiring the innovation. (Rogers, 2003:284) According to Kotler and Armstrong (2001:200), 34% of the people belong to the early majority of the people adopting an innovation.

People belonging to the late majority group of people are skeptical regarding innovations. The late majority wants to decrease uncertainty as much as possible before they adopt the innovation, and norms and beliefs of their system must harmonize with the innovation. (Rogers, 2003:284) According to Kotler and Armstrong (2001:200), the late adopters are another 34% of people adopting an innovation.

Laggards are very skeptical regarding innovations, and their financial status might be low, so they regard their resistance to innovations as rational. Laggards want to be sure that the innovation is successful and beneficial before they adopt it. (Rogers, 2003:284) Laggards are the last 16% of people adopting an innovation (Kotler and Armstrong, 2001:200).

2.2.4 How do people attend to and comprehend information?

According to Herbig and Kramer, managers need to take the existing overload of information into consideration and consider not only whether consumers will accept the new technology, but also with which other new technologies it is competing in the minds of the consumers. Human factors become more relevant if a company wants to sell its innovation successfully. It has to make sure to simplify the product or service as much as possible to avoid consumer ignorance. Herbig and Kramer believe that a company cannot survive when managers are not capable in determining, before launching, whether the innovation will have a chance in consumers' minds. (Herbig and Kramer, 1994:47-48)

Both attention and comprehension are needed in order to make consumers able of acquiring knowledge about an offer. The information people receive has to be brought to their conscious awareness (attention), and new information has to be understood by using the old information a person has memorized (comprehension). Some marketing approaches work and the marketing catches the attention of a person, while other ones are ignored. Therefore it is

necessary for managers to understand attention and comprehension of consumers in order to be able to improve their offers and develop their marketing strategies (Kardes, 2001:25-26).

2.2.4.1 Attention

Information and knowledge about an offer can be gained by first- or secondhand experience. Firsthand experience means that the consumer can directly try out the offer and get to know it. Secondhand experience means that the consumer has no direct contact with the offer, but receives information via e.g. brochures or telemarketing. In these cases, managers can control what kind of information the consumers receive. Other examples for secondhand experience are e.g. independent reports in magazines or information a person gets from a family member or friend. In these cases, managers cannot influence the kind of information, as it comes from a third source (Kardes, 2001:26-28). The impact of the information is bigger if the information is a firsthand experience to the consumer, and if it occurs in close proximity regarding time and space. (Kardes, 2001:41)

Consumer attention is limited. People are overwhelmed by information and constantly under an information overload. This means that they are unable to absorb every piece of information they get. (Kardes, 2001:29,31) Herbig and Kramer mention that before, an innovation was strong enough to attract customers' attention just because it was something new. Today, there are too many innovations and too many new technologies and therefore newness does not lead to attraction anymore. Customers will not be able to be attentive to all information about innovations. According to Herbig and Kramer, companies can profit if they are able to understand that customers live with innovation overload and therefore might be resistant to innovations. Then they can deal with the phenomenon instead of trying to push new technologies to the market without taking human factors into consideration (which could lead to failure of their innovations). (Herbig and Kramer, 1994:50-51)

Marketing managers have to understand what makes consumers attentive and what makes them interested in order to be able to create marketing communication that reaches the attention of the consumers. People pay voluntary as well as involuntary attention to marketing. Voluntary attention is paid when the intentions or interests of a person match with the marketing for a certain offer. (Kardes, 2001:33)

2.2.4.2 Comprehension

In order for marketing to be effective, consumers need to understand the meaning of what is communicated. Consumers use their prior experiences to understand the information, so depending on what they know already, they are able to comprehend something new. (Kardes, 2001:41)

Herbig and Kramer point out that information overload decreases the decision making abilities of consumers. Consumers have problems to decide what is relevant to be attentive to and might also overlook important information. This means that consumers do not comprehend the information, and in return they cannot and will not respond to it in any way. (Herbig and Kramer, 1994:45)

2.2.5 *How do people judge about offers?*

When people get information about certain offers by marketing means, they form different judgments about these offers (Kardes, 2001:81).

Subjective beliefs and what people perceive is very important, and might be even more important than objective facts, because people act according to what they believe. Beliefs can be descriptive (generated by firsthand experience) or informational (generated by

secondhand experience). Often descriptive beliefs are stronger than informational beliefs, because the level of trust is bigger when a person makes a firsthand experience. (Kardes, 2001:82-84).

In contrast, attitudes of a person are evaluative judgments. People use information of any kind (i.e. also their beliefs) to build an attitude, and judge about an offer. (Kardes, 2001:85)

People will be satisfied or unsatisfied with their purchase choice, compared to the rejected offer. Consumers will be satisfied if the offer they chose seems to be superior to the offer rejected, and unsatisfied if the rejected offer seems to be superior to the chosen one (in these cases, people regret their purchase decision). Dissatisfaction can also be critical because a customer might influence other customers by complaining about the offer (Kardes, 2001:94,96).

Only concentrating on offering new technology is not enough, human factors are essential to keep in mind in order to avoid an innovation failure. This means that the innovation not predominantly has to function, but it has to be able to be used by consumers. Consumers tend to judge innovations on how easy they are to understand. A good innovation is one that is understood without an extensive manual, whereas a bad innovation might need the manual to be successful. (Herbig and Kramer, 1994:48)

2.2.6 How do people choose a certain service?

A consumer chooses whether he or she will buy an offer or not. In contrast to judgment, there are no middle ways, either the offer is purchased or not. The consumer choice can be based on the judgment the consumer made, but it can also be based on an attribute, e.g. that the consumer wants to buy the least expensive offer. (Kardes, 2001:108)

Choice can be stimulus- and / or memory based. A stimulus-based choice means that the consumer can compare the offers at the moment of purchase. A memory-based choice means that the customer has to make his or her decision with the information stored in his or her memory. When deciding on a brand to purchase, the advantage lies with the stimulus brand, even if the memory brand might be objectively better. The reason is that the consumer in the moment of purchase knows exactly about the stimulus brand, but might have forgotten some information about the memory brand. (Kardes, 2001:113-114)

According to Zeithaml et al., however, the most important factor regarding consumer behavior and consumer choice is experience, i.e. the possibility for the potential customer to gain experience with the service before the purchase decision. Experience can be seen as marketing, as it allows the potential customers to build their own opinion about the service offer. (Zeithaml et al., 2006:59)

2.2.7 How do people decide about an innovation?

A person takes five steps regarding a decision about an innovation: knowledge, persuasion, decision, implementation, and confirmation (Rogers, 2003:37)

2.2.7.1 Knowledge

First, the people get to know about the innovation, which means that they become aware of it and understand its functions. Either people become randomly aware of the innovation, and in case they think it is interesting, they start to search for further information. In other situations, people have an interest in something, so they try to find information about an innovation concerning their interest or need. In general, people try to avoid exposure to messages, which do not seem to be interesting to them. That means that people need to feel a need for the

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innovation and perceive the message as relevant, if not, the message will not have a big effect. On the other hand, an innovation can create a certain need, e.g. people might not need a consumer product, but once they become aware of the fact that it exists, they want to have it. (Rogers, 2003:37,169,171-172)

2.2.7.2 Persuasion

Second, people form an attitude regarding the innovation, which can be positive or negative. In the first stage, knowledge, people got facts about the innovation, whereas in the persuasion stage, they build their own opinion and this also depends on their feelings towards the innovation. People develop a general perception of the innovation e.g. regarding its relative advantage, compatibility, and complexity. They try to get information to reinforce their ideas about it by talking with people close to them in order to decrease uncertainty. (Rogers, 2003:37,175-176)

2.2.7.3 Decision

Third, people decide to either adopt or reject the innovation. Most people want to try out the innovation to decrease uncertainty before finally adopting it, because by trying the innovation, they can learn about its usefulness and its relative advantage. If a person does not try out the innovation him- or herself, but a person close to him or her tries it, this can also have a positive influence and decrease uncertainty. Innovations that are impossible to try out are therefore adopted slower. People can also decide to reject the innovation; actually, they can decide to reject the innovation at every stage. (Rogers, 2003:37,177-178)

2.2.7.4 Implementation

Fourth, people implement the new idea in their lives. This means that now people do not only think about the innovation, but they change their behavior and put the innovation into practice. People still feel some uncertainty and they seek information in order to know how to use the innovation and how to deal with possible problems while using it. The implementation stage continues until the innovation becomes a normal part of the person's life and is not perceived as something special anymore. According to Rogers, the innovation-decision process can end here, but can also include a fifth stage. (Rogers, 2003:37, 179-180)

2.2.7.5 Confirmation

Fifth, some people search for further information regarding the innovation even if they already implemented it. People try to reinforce their decision, and they might change their opinion about the innovation. This means, people who adopted the innovation first might consider to reject it, as well as people who rejected the innovation first might consider to adopt it. (Rogers, 2003:37, 189)

2.2.8 *How can people be persuaded?*

Wilson et al. found out that consumers try to avoid attending to advertisements, so they will switch the TV channel or not read an article about a product or a brand they do not like. This is called exposure control. (Wilson et al., 1998:171-201) The question is, therefore, what managers can do to persuade consumers to attend to the company's advertisement, even if they do not want to be exposed to advertisements. Kardes explains that an advertisement should be created in a salient or vivid way, or it should contain humor and try to bring consumers in a good mood, in order to be effective. (Kardes, 2001:136-138)

Another important question is which medium is best suited to persuade consumers. A medium can be audiovisual (TV), audio (radio), or written (printed materials). Kardes points

out that in cases where the message is complex, written advertisements are most persuasive, as every person can read and understand the information in his or her own pace and re-read the message several times if needed. In cases where the message is simple, TV (and also radio) is more persuasive, whereas written advertisements are less effective. A complex message needs to be understood first, whereas a simple message needs to be found convincing, and this influences the best choice of the medium the message is presented by. (Kardes, 2001:154)

The more people trust in the source of the advertisement, i.e. the person or company the information or statement comes from, the more likely they are persuaded by the message and believe in the advertisement. Advertisements that contain both positive and negative (or at least intermediate) features of an offer are persuasive. People tend to believe in the credibility of the advertisement and trust it, because they are also told some negative or intermediate features. If the offer is positive in the most important features, consumers can be persuaded that the offer is very good. Only if consumers already know and like the brand and the offer, an only positive message is more effective. (Kardes, 2001:140-144).

2.2.9 New product development - being proactive or not?

Consumers want continuously new products to improve and facilitate their lives. For a company, around 25% of the sales are gained with new products; on the other hand, around 35% of the new products fail. Each company has therefore to decide whether it wants to be proactive (the one bringing many new products into the market) or reactive (the one waiting to see how consumers react to a new product, then introducing a similar, maybe improved offer). (Kardes, 2001:305) An advantage of being proactive is the fact that if the company is successful with its offer, it will gain consumer preference for a long time, because it was the first brand to enter the market. A proactive company gets consumer attention and the brand can be easily differentiated from other brands (i.e. because they offer something new).

Edvardsson et al. point out that it is important to take the potential customers and their opinions and perceptions into consideration when developing a new product. He argues that customers want their needs fulfilled, and that every company should have a service perspective in the sense of fulfilling these needs. According to Edvardsson et al., even products or product parts can be seen as services, because customers do not need or want the product as such, but the service or function that it offers. He gives the example of the washing machine - no one wants a washing machine as such, but people want clean clothes. Therefore, for all new developments, companies have to ask themselves how the service or product fulfills customers' needs and wants. (Edvardsson et al., 2005:91)

2.2.10 How do people behave regarding technology?

Consumer behavior changed recently through the increase of technology in services. Consumers often do not interact with a company and its employees directly anymore, but they create the service themselves with the aid of technology. Zeithaml et al. mention a study recently carried out about customers' opinions regarding self-service technologies in many industries and applications. The result of the study was that customers have strong feelings regarding the self-service technologies. People see them very positive if they can help them out when they are in difficult situations, if they are perceived better than the personal contact, and if they work as they should. On the other hand, people see them very negative if they fail, if they are designed in a way that is hard to understand or if the customers feel they cannot use them adequately, and if they cannot use the service immediately even if the self-service technology fails, i.e. when they then need first to contact the company. The study found out

that the self-service technologies must become better than personal contact, more reliable, and have recovery systems if they want to be a successful service option in the future. (Zeithaml et al., 2006:58-59)

2.2.11 Summary of the consumer behavior theory

The introduced theories give the reader knowledge about consumer behavior and relevant aspects to take into consideration when dealing with consumers.

To sum up, we want to point out the main facts:

First, it is important to know that people react differently to innovations. This depends on personal as well as situational variables (Kardes, 2001:7,60). Consumers adopt innovations at different points of time, depending on their personality. Therefore, adopters are divided into different categories: innovators, early adopters, early majority, late majority, and laggards. (Rogers, 2003:37)

Second, a company has to make sure that potential consumers get knowledge about the company's offer. This means that people have to get aware of the offer (attention) and to understand the new information (comprehension). (Kardes, 2001:25-26) Information can be gained by firsthand or secondhand experience. Understanding of what is communicated is necessary in order for marketing to be effective. (Kardes, 2001:26-28,41). Furthermore, consumers are overloaded with information. Their attention is limited, and the overload of information can lead to a lack of comprehension. (Kardes, 2001:29,31, Herbig and Kramer, 1994:45)

Third, a company has to keep in mind that subjective beliefs of consumers are very important when they judge about the company's offer (Kardes, 2001:82-84). It is important that a company does not only concentrate on offering a new technology, but also on human factors, because consumers tend to judge an innovation on how easily they can understand it (Herbig and Kramer, 1994:48).

Fourth, the choice of consumers whether to purchase an offer or not can be stimulus- or memory-based (Kardes, 2001:113-114). Experience can be seen as the most important factor determining the purchase choice (Zeithaml et al., 2006:59).

Fifth, people take five steps regarding a decision about an innovation: knowledge, persuasion, decision, implementation, and confirmation (Rogers, 2003:37). This sums up the previous points of attention/comprehension, judgment, and choice. After a positive purchase decision regarding an innovation, implementation and confirmation take place.

Sixth, a company can try to persuade consumers in different ways. In general, people try to avoid exposure to advertisements (Wilson et al., 1998:171-201). A company can use different mediums for persuasion. A written advertisement is preferable when the company tries to communicate a complex message, whereas TV and radio are more persuasive when the message is simple. (Kardes, 2001:154) The more people trust in the source of advertisement, the easier they are persuaded by the message (Kardes, 2001:140-144).

Seventh, a company has to decide whether it wants to be proactive or reactive. A proactive company is a company bringing new offers into the market, while a reactive company learns first about the offers and consumers' reactions to them, and then brings its (improved) offer to the market. (Kardes, 2001:305)

Eighth, a company has to take into consideration that consumers react differently to technology. Self-service technologies have to become better than personal contact if they want to be a successful service option in the future. (Zeithaml et al., 2006:58-59)

2.3 Branding

The most important task of marketing is brand building. Brand building ties together all the different marketing functions, but it is also a strategic process that should cover all the operations within the organization. Building a brand is one of the biggest and the most long-term investments that requires a great amount of work, capital, competence, enthusiasm, and visionary. (Silen, 2001:120)

In this chapter we will give the reader essential information on brands and brand building (branding). The way we have limited the branding field might seem to be only a scratch on the surface, but considering our investigation, we believe that Easypark, despite of being in the market in Göteborg for already two years, needs to reconsider the brand building process at basic level.

The characteristic problem for small businesses when it comes to branding is that they often have limited resources and budgets and cannot afford making big mistakes. This requires them to design and implement branding and marketing programs more carefully. However, the history knows many examples of small entrepreneurs, who have raised their brands from zero to successful brands, mainly through word-of-mouth marketing. Word-of-mouth plays an essential role especially for small businesses with limited resources. (Keller, 2003)

2.3.1 What is a brand?

A brand is a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition". (American Marketing Association)

Technically whenever a new name, logo or symbol for a new product is created, a new brand is created as well. This makes it complex when discussing about brands. The word brand can have two different meanings depending on how it is used. Keller highlights the importance of contrasting a brand from a product. (Keller 2003:3)

A brand is a product that includes other dimensions that differentiate it in some way from other products designed to satisfy the same need. The differences may be rational and related to real features (e.g. to the performance of the branded product), but as well symbolic, imaginary or emotional – related to what the brand represents. (Keller, 2003:4)

What differentiates a brand from new products in the market is the history of the brand. The aspects (brand markers) that we usually consider as a brand (e.g. the name of the product, the logotype, and the unique packaging), remain somewhat empty without a history. A brand is formed when ideas about the product accumulate over time and fill these brand markers with meaning. This meaning is build by marketing and customer experiences. (Holt, 2004:3)

“What distinguishes a brand from its unbranded commodity counterpart and gives it equity is the sum total of consumers’ perceptions and feelings about the product’s attributes and how they perform, about the brand name and what it stands for, and about the company associated with the brand.”
(Keller, 2003:4)

2.3.2 Why do brands matter?

2.3.2.1 Consumer perspective

Holiday Inn's slogan in the history was "*The best surprise is no surprise*". Driving off the highway, it is possible to know that the hotel room will be comfortable and that the toilet seat will have that little "paper ring". (Postrel, 2004)

To a consumer, a brand means identification of the product source that is also responsible for the product. Every purchase contains a risk for the consumer: some malfunction might occur, the product might not function up to expectations, the malfunction might even pose a threat to the physical health, the quality or function might not meet the price, and, nevertheless, finding another replacing satisfactory product requires additional costs. There are different ways of managing these risks. One means by which consumers handle them is to buy well-known brands. A brand is likely to reduce the risk in consumers' opinion as it is often considered as a signal of quality. (Keller, 2003:9-11)

If a consumer does not know something specific about a brand, one is able to make assumptions based on what one already knows about it, e.g. quality. If the consumer has had a satisfying experience with some product in the past, one is likely to favor the same brand. There can be a profound relationship between the consumer and the brand. The brand can provide consumers with tacit knowledge about how it will perform; and in return consumers offer their trust and loyalty. As long as purchasing a brand guarantees consumers some benefits, advantages, and satisfaction, they are likely to buy the brand in the future. Due to this, a brand can also have an impact on consumers' search costs. When a consumer is aware of a brand, one does not have to put a lot of effort into searching for a product or into making a product decision whenever a need for it arises. A consumer saves time and effort both externally and internally. In this context externally means looking around and internally means thinking. Consumers' lives have become more complicated, time starved and rushed. This is where brands offer great benefits in simplifying decision making and risk reducing. (Keller, 2003:9-11)

2.3.2.2 Business perspective

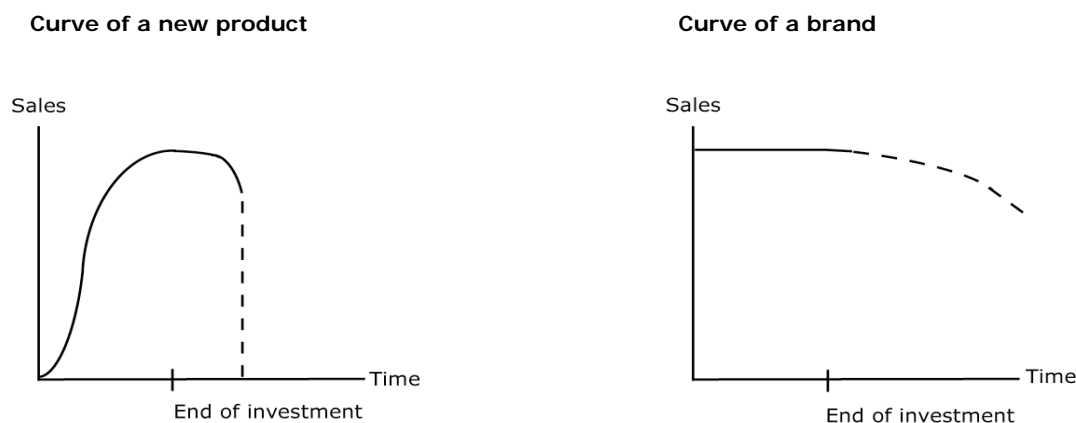
To a company, a brand can mean a competitive advantage that can lead to increased financial returns. For many customers a brand can be seen as symbolic, but also a kind of bond or pact with the company offering the brand. (Keller, 2003:9) On the other hand, according to Kent (Kent, quoted by Warner, 2001), it should be remembered that new consumers are not loyal to the old brands, but loyal to the brands that really serve them. However, if the product is a well known and trusted brand keeping its promises and fulfilling customer expectations, it is possible to achieve greater volumes with a higher price; naturally leading to increased profitability (Keller, 2003:9). "*In most product categories, price is the primary purchase incentive for no more than 15-35 percent of all customers*" (Clancy, 1997:24-28).

Investing in marketing and brand building is another financial dimension for companies. In order to benefit from the financial returns of a brand, a company has to invest a great amount of resources and money in brand building. However, it is more profitable in the long run to carry out carefully designed brand strategies than marketing a product somewhat randomly in order to boost sales. (Rope and Mether, 2001:174)

The beginning of a brand building process is the most expensive period for a company. The process can be compared to flying an airplane. The take off requires a great input and a lot of resources. However, when the brand is already "flying", keeping it in the air is much cheaper compared to what it takes to take a product off the ground every time in order to achieve sales

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on a similar level. The graph below shows the difference between the sales of a new product and a brand, when the company has stopped investing in e.g. a marketing campaign. (Rope and Methner 2001:174-175)



Graph 1. The sales curve of a new product and a brand after investing in a campaign has stopped (Rope & Methner, 2001:175)

2.3.3 *What has a brand to do with consumers' motivation and ability concerning purchase?*

Branding products may be critically important to marketers, to many consumers in many categories, choosing a brand is not a question of life-and-death. For example, one recent survey showed that 40 percent of consumers believed all brands of gasoline were approximately the same despite millions of dollars spent in TV advertising over the years to show consumers the product differences. A lack of perceived differences among brands in a category is likely to lead to consumers who are unmotivated regarding the brand choice process. (Keller, 2003: 69)

Considering some product categories consumers simply do not have the necessary knowledge or experience to be able to judge product quality even if they desire this. Products with a high degree of technical sophistication are obvious examples (e.g., telecommunications equipment involving state-of-the-art features). In reality, product quality is often highly ambiguous and it is difficult to judge it without experience and expertise. In these cases, consumers will use whatever shortcut they can come up with to make their decisions in the best possible way. Sometimes they might just end up choosing the brand they are most familiar with and aware of. (Keller, 2003:69)

2.3.4 *What means brand awareness?*

Companies try to create public awareness of a specific brand in order to maximize the brand's recognition. Successful brand awareness strategies require a company to define its uniqueness and differentiate it from competitors. If potential customers do not know about a company, they will not purchase from it. Therefore, one of the preeminent goals of any business should be to build brand awareness, and albeit in an as cost-effective manner as possible. (OnPoint, 2006)

Consumers tend to make decisions on products based on own experiences and recommendations. However, traditional advertising methods have an impact on these

decisions as well. When building brand awareness strategies, trust of consumers is necessary. This trust should be achieved through credibility, rather than just through a catchy advertising campaign. Marketing involving a one-to-one promotion is proven increasingly effective regarding trust building and acquiring new customers. (OnPoint, 2006)

"Brand awareness is even more important than brand attitude as a determinant of brand choice, because without brand awareness, the brand will not even be considered" (Percy and Rossiter, 1992). Brand awareness consists of two aspects: brand recognition and brand recall performance. *Brand recognition* means that a consumer is able to remember the brand when it is given as a cue. In other words a consumer has heard or seen the brand before. *Brand recall* means the capability of a consumer to remember the brand when one is given, for example, a product category as a cue (e.g. if a consumer is thirsty and desires to have a cola, one recalls the brand of Coca-Cola). This could take place also at home when making a consumption choice. (Keller, 2003:67-68)

2.3.5 What are the basic requirements for building a successful brand?

2.3.5.1 Brand leadership

Successful brand building requires strong leadership. A brand manager should be visionary and strategic instead of being tactical and reactive. The brand strategy should be linked to the overall business strategy and reflect the corporate vision and culture. A brand manager must be involved in the business strategy creation and implementation in order to be able to establish this link. This way, the crucial problem of brand identity promising something that the strategy cannot deliver, can also be avoided. The brand manager has to be preferably the highest marketing manager in the company with a long-term career horizon; often it may even be the CEO of a company. (Aaker and Joachimsthaler, 2000:6-9)

2.3.5.2 Brand mission - why do we exist and what do we stand for?

Building a brand, according to Clyde Fessler (former vice president of Harley-Davidson Motor Company), requires commitment, focus, and up to five years of complimentary programs. Harley-Davidson motorcycles used a very simple "three questions brand building strategy" already in the early 1980s: *Who are we? Who are the customers? What do they expect from us?* These questions were asked, analyzed, defined, redrafted and then put to work. The questions were easy to communicate to the varying targets of different programs that were launched each year during the five-year process. The quality of upfront thinking, will affect directly the quality of the output. Brand building is not only an advertising program. It is a company-wide effort that unifies everyone's energies towards a common objective. (Fessler, 2006)

All ideologies begin with a set of core principles; a mission statement declares belief in life after death. It is not an easy task to make statements like the mission of the company. However, imagining the brand of the United States without its Declaration of Independence or the brand of Google without the mission to provide the public with free information highlights the importance of a core ideology: *"Defining, understanding, and communicating your mission are critical to the success of your brand, both internally and externally."* (Hanlon, 2006:21) It is necessary to clarify what you stand for, what you believe in and what you want others to believe about you. Part of this saying "who you are and what you stand for" is declaring who you are not and what you do not stand for; otherwise internal confusion will arise and that leads automatically to external confusion. This means that potential customers get confused and do not buy, because confused employees and coworkers are not able to persuade and motivate them. (Hanlon, 2006:21)

2.3.5.3 Brand Vision – what is possible?

"No successful organization has been created without a common, shared vision!" (Senge 2001)

Entrepreneurs dream in visions. Visions of making it work. *"With companies just starting up, brand vision is the difference between success and failure."* (Holding, 2006) However, brand vision is about changing the world, not only about winning in business. It is the dream that inspires the people inside the company to keep striving even when facing serious difficulties. The brand vision survives even after the loss of a founder and represents the greatness that is whispered within the company, the dream that only people inside the company believe is possible. (Holding 2006)

Brand vision is like a religion: it is almost impossible to describe it in a simple phrase, but still it is important that these phrases exist in order to communicate and reinforce the vision among its believers. Vision statements have to articulate a set of values and ideas that are supported and understood by every level of the organization. The vision statement is the key driver of all activities linked to the corporate brand that is aligned to communicate this. (De Chernatony, 2006)

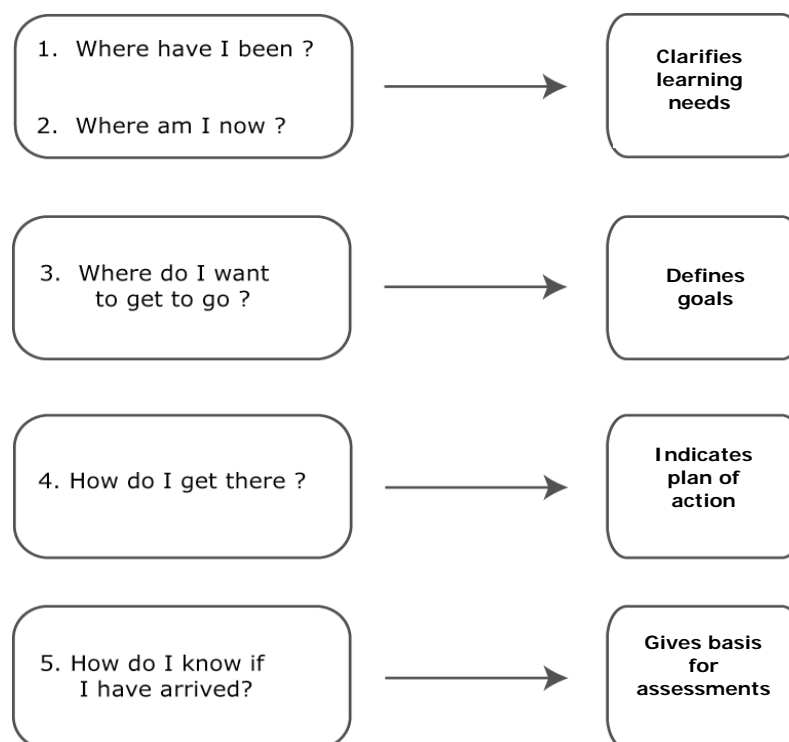
*"A brand vision statement communicates **what business you are in and what's possible?**"* (The Brand Architects, 2005) It defines and communicates to the organization, its stakeholders and the public the future aspirations of the business and the goals required to achieve the vision. (The Brand Architects, 2005)

The brand vision should convert the overall goal into something that is achievable and actionable. Companies should clearly identify their culture, values and view of the future and come up with a statement that is widely understood and supported. (De Chernatony, 2006)

2.3.5.4 Brand building in practice - from a plan to implementation

The learning contract as a basis for self managed learning, introduced by Cunningham 1994, could be used in organizations in order to develop their general as well as brand mission and vision. Cunningham presented the following model of five basic questions / steps:

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Graph 2. Learning plan by Cunningham (1994)

The model above could be applied in branding as well. By asking these same basic questions, the companies could determine the current state of their brand (where have I been, where am I now), the target brand and the brand vision they want to achieve (where do I want to get to go), the brand strategies and operational brand development tools for achieving the target brand (how do I get there) and the measurements to follow up if the brand meets the determined and desired target brand (how do I know if I have arrived). (Cunningham, 1994:9)

We believe that branding is often rather seen as something mysterious, almost like magic instead of as a field of business. According to most of the scholars, a brand is created through being different, inventing something extraordinary that has never been seen before, and by highlighting that with the help of rather strong and loud advertising. (Czerniawski and Maloney, 1999) On the other hand, according to one research, an average consumer receives more than 20.000 messages every day, which makes it absolutely challenging to try to go and say something so different that would really be heard, noticed or taken into consideration (Ind, 2003:125)

However, nowadays there is an increasing belief that an essential part of branding is to listen to consumers' wishes and desires, and that noisy advertising may actually function as an obstacle when it comes to listening to the customers carefully (Czerniawski and Maloney, 1999). A brand is a promise from a company to deliver a predictable customer experience. Nevertheless, it is somewhat impossible to predict an experience that is largely designed by customers themselves. "*Could traditional branding be a kind of noise - a form of communication that actually hinders a company's ability to listen to customers?*" (Warner, 2001)

When it comes to branding, Procter & Gamble (P&G) uses test markets as a method of listening to the customers. This means auditioning a product in selected locations in order to find out what sells and what does not. *Before rolling out a new product nationally, the company typically spends several months and millions of dollars to conduct field tests.* With any test market, the main goal is not short-term sales but long-term insight. It is a way to get closer to potential customers - to acquaint them with the brand, to learn about who they are, and to listen to their responses to the product. By collecting this demographic information and follow-up research to purchasers who opted in, this provides P&G with incredible information when it comes to pinpointing the high-leverage target market. (Warner, 2001)

In his book, *Primal Branding*, Hanlon highlights a few things that are very down to earth compared to this common magic-like thinking in the world of brand marketing. The *creation story* is the basis of the belief system. No one can be asked to believe in something that has not started somewhere. *"The question 'Where's that from?' needs to be answered. Without an answer, people lose interest and turn away."* (Hanlon, 2006:10-14)

People are used to rituals like weddings, funerals and graduations for example. But often it is not considered that washing laundry, driving to work, shopping etc are daily rituals as well. Rituals bring order to chaos. Considering business, the repeated interactions that people have with the company, are rituals as well. Rituals are active engagements with either positive or negative meanings and the brands vitality depends on the positive interactions with consumers. If consumers link a company or a brand to something that brings order and sense of security into the nowadays' complex life, they will most likely come back to search for the same feeling and favor the same brand in the future. (Hanlon, 2006:53-54)

2.3.6 Summary of the branding theory

The introduced theories give the reader knowledge about branding and relevant aspects to take into consideration when dealing with consumers.

To sum up, we want to point out the main facts:

First, a company has to realize that there is a difference between a brand and a product. A brand is a product that has specific dimensions which differentiate it from other products designed to satisfy the same consumer need (Keller, 2003:4). The difference between a brand and a product lies in the history of the brand. A brand is formed when the brand markers are filled with meaning by ideas about the product which accumulate over time. These ideas, i.e. the meaning, are built due to marketing and customers' experiences. (Holt, 2004:3)

Second, a company has to understand why brands matter. A customer faces risks when buying a new product, and one method to reduce these risks is buying a well-known brand. The customer can identify the product source responsible for the product when purchasing from a brand, and this brand is often a signal of quality for the customer. Brand awareness reduces the customers' search costs for a new product, because he or she is likely to purchase from a trusted brand; especially in technological fields where customers lack knowledge about the product, they are likely to simply choose a product from a brand they know. For a company, this can be a competitive advantage. (Keller, 2003:9-11,69) Brand building is costly for a company, but in the long run, it is more profitable to carry out planned brand strategies rather than unplanned marketing campaigns to quickly increase the sales (Rope and Mether, 2001:174).

Third, brand awareness consists of brand recognition and brand recall (Keller, 2003:67-68). A company that builds a brand awareness strategy has to define its uniqueness and to

differentiate itself from competitors in order to be successful. Trust of consumers is necessary when building the brand awareness strategy. Credibility is more important than catching advertising campaigns in order to build trust. (OnPoint, 2006)

Fourth, a company has to understand the basic requirements to build a successful brand. These requirements are strong leadership (Aaker and Joachimsthaler, 2000:6-9), definition, understanding, and communication of the company's mission, and a common, shared vision (Senge, 2001). The brand vision has to convert the overall goal of the company into something achievable and actionable (De Chernatony, 2006). Cunningham's (1994:9) learning contract could be used to build the company's general as well as brand vision and mission.

Fifth, a company has to take into consideration that an essential part of branding is to listen to customers' needs and wants (Czerniawski and Maloney, 1999). A brand is a promise from a company to deliver a predictable customer experience. However, it is hard to predict customer experiences. Therefore, test markets can be used to listen and learn from the customers. (Warner, 2001). Repeated interactions between consumers and a company are rituals. If these rituals are perceived positive, consumers will most likely favor the same brand in the future. (Hanlon, 2006:53-54) Consumers need to know the history of the brand in order to believe in it (Hanlon, 2006:10-14).

2.4 Service marketing

2.4.1 Why service marketing?

The service sector is growing worldwide, and in Sweden, the GDP attributed to services was 70.7% in 2005, and already in 2000, 74% of the Swedish labor force worked in the service sector (The World Factbook, 2006). Service marketing became a special field of marketing, because people who provide services felt the need for a specific marketing because the service sector became more and more competitive and they wanted to understand their customers better and improve their position amongst their competitors. Marketing had to be adapted to the fact that a company is selling a service, and not a product. (Zeithaml et al., 2006:9-10) Edvardsson et al. point out that the service sector is changing a lot, because more and more new services are launched to satisfy consumers' needs. The more important the service sector becomes, the more important the field of service marketing gets. (Edvardsson et al., 2005:87)

2.4.2 Is marketing especially important for innovations?

Pohl defines innovation marketing as all marketing activities which are linked with the aim of bringing the innovation to the market. These activities can be both external, focusing on the customers of the new service, and internal, focusing on the employees within the company. (Pohl, 2006)

Pohl points out that it is important to market innovations, because a new service normally does not sell successfully by itself if potential customers are not convinced about the advantages of the service compared to already existing offers. Most important according to Pohl is innovation marketing, if the benefits for the customers are not obvious, if competition is high, and if the innovation is of strategic importance. Marketing has to convince the customers of the benefits they could achieve when using the innovation. Often, customers are only able to see these benefits if they have already tried out the innovation. (Pohl, 2006)

Pohl describes the different phases of innovation marketing. In the pre-marketing phase, marketing takes place before the innovation is launched, to plan how the innovation should be brought to the market. This phase can be longer than one year, and for innovations which do not take a year to develop, the company should start with the marketing simultaneously to the innovation development. The pilot-marketing phase includes all marketing activities which take place in the weeks before and after the innovation enters the market. After this phase, the general marketing phase takes place. This phase consists of all the activities which are performed after the innovation is brought to the market. After the innovation is in the market and at the end of its life cycle, it is important to check whether the objectives of the company are reached and whether the innovation was successful. During all phases, the company should also internally market the innovation, which means that internal communication has to be good, all relevant departments have to be integrated in the process early enough, and employees have to be informed, and if necessary trained. (Pohl, 2006)

Pohl believes that pre-marketing is of utmost importance to enable a good entry to the market. In this phase, the company should inform potential customers, distributors, and other groups of interest about the future innovation. This marketing can create interest and attention of potential customers, and people become aware of the future innovation before it is launched. Pre-marketing helps to increase the rate of diffusion and the amount of adopters, to decrease resistance of adoption of potential customers, and to get knowledge about potential customers' opinions already beforehand, so it is possible to listen to specific customers' needs. (Pohl, 2006)

2.4.3 How to market services?

The traditional marketing mix by McCarthy (1983), consisting of the four P's product, place, price, and promotion, can be adapted to services, but has to be varied and amended.

Zeithaml et al. give some examples for the four P's. The quality level, packaging, warranties, and branding belong to the product; exposure, transportation, managing channels and storage belong to place; salespeople, advertising, sales promotion, publicity, and internet strategy belong to promotion; and price level, discounts, differentiation, and flexibility belong to price. (Zeithaml et al., 2006:25-26)

The marketing mix for services contains three more P, people, physical evidence, and process. People (the service provider, other customers, and also the customer him- or herself) influence how the customer perceives the service. The employees of the service provider are crucial for how a customer perceives the service, e.g. their attitudes, how they approach the customer, and their behavior. The customers as part of the service process also have an impact on the service delivery and quality, which means on their own satisfaction. Other customers can influence them by their behavior, too. Physical evidence links to the area in which the service is delivered, as well as to all tangible parts of the service, e.g. business cards, flyers, brochures, among others. Customers need these cues to make up their mind regarding the quality of the service, because they cannot examine the quality as in the case of a tangible product. A company can therefore use physical evidence to inform about the organization's purpose, and what kind of service it offers. The process is the actual service performance. Some services have many complex steps, while others are easy to follow. In both cases, the process gives the customers the final knowledge about the service and enables them to judge it. Together with the traditional marketing mix, the three additional P's influence the customers' purchase decisions and their satisfaction with the service. (Zeithaml et al., 2006:26-27)

2.4.4 How to communicate an innovative service offer?

Blythe states that marketers can use different ways of communication and that it is best to combine different strategies. There are many different activities one can take, and it is important to choose the right ones, at the right time, and at the right amount. Marketing will be most successful if the activities taken are diverse, because one cannot be a substitute for another. (Blythe, 2003:33-34)

Blythe points out the various elements of the communication mix. Advertising is an important element that can take place on TV, in radio, the print media, and there can also be (outside) transport (in stations, busses, trains, trams, on taxis etc.) and outdoor (billboards, flyers etc.) advertising. Press releases are another way of communication, and occur when the press writes about a new company or a new offer. Blythe also mentions public relations as part of the communication mix. In public relations, the company tries to develop a relationship and understanding between itself and the public. Another way to communicate is by sales promotion in order to increase the sales at a certain point of time. The company can offer e.g. free trial periods, cheaper prices, or other special offers. (Blythe, 2003:33-34) The advantage of mass media channels is that a person or a company can communicate its message to many people at the same time. (Rogers, 2003:18-19, 205)

Another way to communicate are interpersonal channels, i.e. that a face-to-face communication between two or more people takes place. The advantage of interpersonal communication is the higher effectiveness regarding persuasion of an individual to a new idea. (Rogers, 2003:18-19, 205) Personal selling enables the company to speak face-to-face to a customer and thereby get to know the customer needs better. Communication can also take place via telemarketing where either customers call to ask questions or order products, or the company calls to potential customers in order to sell its offers. A company can use exhibitions and fairs to show its offers and to come in contact with customers. According to Blythe, the corporate identity, i.e. the image the company wants to create and show of itself, and branding, i.e. the coordination of the marketing communication, belong to the elements of communication. (Blythe, 2003:33-34)

The elements of the communication are linked to each other; e.g. exhibitions can be used for public relations, sales promotion, and personal selling, advertising and public relations have an impact on the corporate identity that is shown to the public. (Blythe, 2003:35)

Rogers points out that in the first stage of the innovation-decision process, knowledge, mass media channels are more important as they inform many people and make them aware of the innovation. In the second stage, persuasion, interpersonal channels are of greater importance as they influence the attitudes and feelings of people. Most people evaluate the innovation in a subjective way by getting information from people close to them who already adopted to the innovation. This means, interpersonal communication is very important for the diffusion of an innovation. (Rogers, 2003:18-19)

According to Blythe, the company has to take different variables into consideration when planning the best communication mix. First, the company has to analyze its current situation. Therefore it has to look at its own sales and profits, its resources, and its mission and vision. Also, the company has to examine possible competitors, the resources these competitors have and how the brands differentiate. In order to sell successfully, it is most important to know the company's potential customers, so the company has to study what kind of potential customers it has and what these customers need and want in order to be able to fulfill these expectations. Linked to that, the company also has to think about their offer again, whether it fits to the customer expectations and is designed in an appropriate way. Additionally, the

company should analyze the market to find out about geographical and demographical particularities. Second, when knowing the situation, the company has to decide about its goals and what shall be reached with help of the communication elements. Third, the company has to define the overall direction the communication should lead to. Fourth, the company has to decide about operational tactics in order to be able to achieve the fifth stage, which is to manage the campaigns (i.e. the actions that shall ensure that the strategy and the tactics are fulfilled). Sixth, the company should evaluate the results of its campaigns to see whether they are appropriate and really fulfill the strategy and the tactics. (Blythe, 2003:34-35)

2.4.5 How to overcome the customer gap?

Customers have certain expectations when they purchase a service, and they perceive the service in a certain way, depending on the experiences they make. For a service company, it is extremely important to understand what customers want in order to be able to satisfy the customers and to stay competitive. The goal is that customers exactly perceive what they expect, but in reality, this is mostly not the case. There is a gap between expectations and perceptions, called the customer gap. The aim of service marketing is to overcome this distance. According to Zeithaml, the four provider gaps need to be closed in order to overcome the customer gap. (Zeithaml et al., 2006:33-34)

2.4.5.1 Provider gap 1

Many companies do not know what exactly the customers expect, and this can lead to a chain of bad decisions within the organization. These might lead to negative customers' perceptions in the end. Reasons for a lack of customer understanding can be an inadequate marketing research orientation (i.e. that the company does not research the market enough or in the right way), a lack of upward communication (i.e. that the managers do not communicate enough with the employees who are working close to the customers or with customers directly), an insufficient relationship focus (i.e. the company focuses too much on acquiring new customers instead of building strong relationship with current customers or does not segment the market sufficiently), or an inadequate service recovery (i.e. the company does not listen to complaining customers and cannot make up for it when things go wrong). (Zeithaml et al., 2006:35)

Zeithaml et al. mention three ways to close gap 1: a) use research in order to listen and understand customers, b) building stronger customer relationships, and c) learn from failures, which means that companies have to listen to customer complaints in order to understand what needs to be improved and to build up procedures for improvement. (Zeithaml et al., 2006:139)

a) Research

Zeithaml et al. state that many companies make the mistake of thinking that they deliver a good service and that this service is what customers want. Thereby, they forget to ask the potential customers whether this service is what they really want and need. Marketing research can be used to examine what customers really expect, i.e. to find out what kind of services they want, what is most important to them regarding the services, and what they expect if problems with the service offer occur. According to Zeithaml et al., it is possible for every company, even if it is small and has not many resources, to conduct marketing research. (Zeithaml et al., 2006:141-142)

b) Customer relationships

Relationship marketing deals with the current customers and tries to improve the relationships with them. For a company, it might be cheaper to focus on current customers instead of new, potential customers. (Zeithaml et al., 2006:177-178)

Relationship marketing tries to acquire customers, satisfy them, retain them, and to enhance the relationship with them more and more. This brings benefits for customers as well as for the company. Customers tend to be loyal to the company if they experience a certain value. According to Zeithaml et al., customers gain more than service value in a long-term relationship with the company. They also gain confidence benefits, social benefits, and special treatment benefits. (Zeithaml et al., 2006:183-184)

The company prospers as well from a good relationship to the customer. First of all, the company benefits economically. Consumers purchase more if they have a close relationship to the company, and the company can also lower its costs due to the fact that it does not need to invest so much money in marketing and advertising in order to acquire new customers. Over time, customers have fewer questions and they need less help from the company, which reduces the costs. Another big advantage for the company is the fact that loyal long-term customers help to advertise the service via word-of-mouth. Customers might also voluntarily participate to increase the quality of the service. An experienced customer can help to improve the service by knowing about it and behaving in a certain way, i.e. the customer contributes to the success of the service. Also for the employees it might be beneficial to have a good relationship with customers, as this facilitates their work. In the end, a positive attitude of the employees influences how they deliver the service, which then again influences the way the service is perceived in a positive way. (Zeithaml et al., 2006:185-187)

c) Learn from failures

It is important that a company recognizes its mistakes and improves, because failures lead to unsatisfied customers. Edvardsson et al. point out that there are two group of customers, group-oriented and self-oriented customers. Group-oriented customers prefer good relationships, and they tend to complain to their family and friends instead of to the company. They will rather change the provider than trying to improve the situation with the present provider by complaining. Self-oriented customers want respect and success, and they tend to complain to the company directly, although they will also complain to family and friends. This means that the company suffers from negative word-of-mouth communication and from losing unsatisfied customers to competitors. (Edvardsson et al., 2005:102-103)

The faster and better complaints are taken care of and problems are solved, the higher the customer satisfaction will be. This means that customers will be more loyal to the company if they see that the company takes care of failures and tries to improve. They will also tell other people about positive experiences they made with a company and how it dealt with a failure. If people complain and nothing happens, dissatisfaction will increase. (Zeithaml et al., 2006:214-215)

A company should learn from its mistakes, i.e. it should track where and why failures occurred and customer complaints, in order to ensure better service in the future and to be able to align the service to customers' wants and needs (Zeithaml et al., 2006:235).

Provider gap 2

Companies not only need to understand customers' expectations, they also have to develop standards for employees to follow, in order to meet these expectations. It is difficult to communicate services standards, because the services are intangible, and it is especially difficult when it is a service innovation. Therefore, it is even more important that every person in the company works with the same standard, and that this standard is based on the expectations of the customers. Reasons for not having the right service standards can also be the lack of process management, which enables to emphasize customer requirements, and the lack of a formal process to define the goals of the service quality, as well as insufficient physical evidence (i.e. the company does not develop something tangible that meets the customers' expectations). (Zeithaml et al., 2006:38-39)

In order to close gap 2, Zeithaml et al. suggest a) to involve the customers, b) focus on process management and definition of standards as well as c) to take the importance of physical evidence into consideration (Zeithaml et al., 2006:249).

a) Involvement of customers

A company shouldn't assume that the service offer is clearly understandable to everyone. Customers should be involved in developing the service, because they are a part of it. If they can contribute to the service development, the company can benefit from what customers want and need already when designing the process, which increases the likeliness that the service will be successful. Also customers can take part in how the service should be delivered and give their opinions about the right concept. (Zeithaml et al., 2006:255)

Magnusson points out that if customers take part in the service innovation process with their ideas, these ideas often have a great value for the users and are inventive. According to Magnusson, the ideas of customers might be less practicable than the ideas from professional service developers, so they cannot be a substitute for professional ideas. Still, users give valuable contributions and can inspire new services. (Magnusson, 2003:237)

b) Focus on process management and standardization

A service can be standardized with the help of technology and / or with improvements in how the service is performed. These standardizations help to provide customers with a somewhat consistent service performance. (Zeithaml et al., 2006:286-288)

c) Physical evidence

Tangible aids enable the customer to make certain experiences with the company and its offer. Examples for physical evidence are, among others, brochures, the way employees are dressed, business cards, the company's web page, the location of the company and how this location looks like. (Zeithaml et al., 2006:317)

2.4.5.2 Provider gap 3

Companies not only need service standards, they also need people and processes to deliver the service in the standardized (or an even better) way. Reasons for not delivering according to the standards can be e.g. problems with human resources, but also with the customers or with differences between demand and capacity. (Zeithaml et al., 2006:39,41)

In order to close gap 3, Zeithaml and Bitner suggest improving human resources, defining customers' roles, and matching demand and capacity (Zeithaml and Bitner, 2000).

a) Human resources

People are of utmost importance in services, and therefore they are also part of the service marketing mix. Employees determine the brand, because in their interaction with the customers, they build the company's reputation. Employees influence how the service and the company are perceived and whether customers are satisfied or not. (Edvardsson et al., 2005:90) It depends on the employees whether a company can keep the promises made to the customers and meet their expectations. In this sense, employees act as marketers for the company. (Zeithaml et al., 2006:354-355)

b) Customers

Service customers contribute also to the overall quality of the service they receive and thereby to their own satisfaction with the service. If customers contribute effectively to the service delivery, the chance that their own needs are fulfilled increases. Some services cannot be delivered successfully if the customer does not participate in an effective way. Customers also seem to be more satisfied with the service if they can contribute to it and think that they performed well. (Zeithaml and Bitner, 2000:324-325)

In order for customers to be able to fulfill their roles, the company needs to educate them. Customers need to understand when they need to participate, what exactly they need to do and how they have to do it. (Zeithaml and Bitner, 2000:333-334)

c) Match demand and capacity

A problem for service companies is that they cannot produce ahead as product companies can do. The capacity to deliver a service might be limited. Yet, the demand varies, sometimes there is a high demand of the service, and sometimes there is a low demand. Service companies can face different situations. There might be higher demand than capacity, which means that the company has to refuse to serve some customers. It might also be that the demand is higher than the optimum capacity, which means that the company serves all customers demanding the service, but that the quality may suffer from the overload. The company might also face a situation in which the demand is lower than the capacity. This can lead to excellent service performance, as each customer can get a lot of attention, but it can also lead to problems when the quality depends on a certain amount of customers or when the company cannot work profitable due to the lack of customers. The desirable situation takes place when demand and capacity match, i.e. when there is enough demand to make the business beneficial, but not more demand than can be handled by the company. (Zeithaml and Bitner, 2000:372-373)

In order to avoid problems with the match of demand and capacity, the company has to develop certain strategies. A company can either try to adapt the demand to the capacity, or the capacity to the varying demand. (Zeithaml and Bitner, 2000:378)

2.4.5.3 Provider gap 4

If companies make certain promises when advertising their service, the customers' expectations increase, and customers then compare what was promised with how they perceive the service they get. Reasons for not fulfilling promises can be too high promises (in e.g. advertising or personal selling), insufficient communication (e.g. between the advertising and the operations department), or the lack of managing customers' expectations and also of educating the customers in a way that they understand the service and how to use it. Another problem can occur regarding prices. Customers have knowledge about prices regarding

products and can judge what prices are fair and how prices are to be seen in comparison to competitors. With services, customers often lack this knowledge before purchasing, which leads to the fact that pricing has to be different for services. (Zeithaml et al., 2006:42)

In order to close gap 4, Zeithaml and Bitner suggest improving communication between the company and its customers and deciding on the pricing of the service.

a) Marketing communication

According to Zeithaml and Bitner, consumers receive nowadays a much broader variety of information about a company and its service than they did in the past. This enables the customer to acquire more knowledge, but also makes the situation more complex. If the messages are not in line, the company cannot create a certain image. Customers get confused about the company's image and its promises. This can lead to customers expecting more than they get in the actual service delivery, because they were promised more. (Zeithaml and Bitner, 2000:402-403) Companies therefore have to make sure to align external, interactive, and internal marketing. Companies have to deliver in interactive marketing what they promised in external marketing. Internal marketing has to support this service delivery in a way that external and interactive marketing are consistent. (Edvardsson et al., 2005:91)

b) Pricing of services

Customers define value in different ways, and there are different ways of pricing strategies in order to match customers' value definitions. Zeithaml and Bitner describe four different value definitions and the appropriate pricing strategy for each of them. For some customers, value is associated with low price. In these cases, companies can e.g. use penetration pricing or discounting. For other customers, value is the most important feature they want from a service. In these cases, companies can use prestige pricing or skimming pricing. For some other customers, value is perceived as the quality they get for the price they pay. In these cases, the company can use value pricing or market segmentation pricing. For some customers, value is what they get for what they give. In these cases, the company can use e.g. price framing or results-based pricing. (Zeithaml and Bitner, 2000:453)

Zeithaml et al. point out that companies have to overcome all four provider gaps in order to overcome the customer gap and to improve the match between customers' expectations and perceptions of the service quality. As long as the provider gaps are not closed, customers will perceive shortfalls in service quality. (Zeithaml et al., 2006:43)

2.4.6 Summary of the service marketing theory

The introduced theories give the reader knowledge about service marketing and relevant aspects to take into consideration when dealing with consumers.

To sum up, we want to point out the main facts:

First, a company has to understand that it is important to market its innovation, especially if customers cannot easily see the advantages of the innovation. The marketing for an innovation has different phases: the pre-marketing phase, the pilot marketing phase, and the general marketing phase. The pre-marketing phase is particularly important, because interest and attention of potential customers are created and a good entry into the market is enabled. (Pohl, 2006)

Second, a company trying to market a service has to take not only the traditional marketing mix of the four P's product, place, price, and promotion into consideration, but the seven P's marketing mix including people, physical evidence, and process (Zeithaml et al., 2006:25-27).

Third, a company has to decide about the communication mix for its service offer. Thereby, diverse marketing activities should be applied. (Blythe, 2003:33-34) In the first stage of the innovation-decision process (knowledge) mass media channels are more important, while in the second stage (persuasion), interpersonal channels are more recommendable (Rogers, 2003:18-19). A company should carefully plan the communication mix, which means that the company should analyze its current situation, determine its goals, and define the overall direction the communication should lead to, decide about operational tactics, manage the marketing campaigns, and measure the results of the respective campaigns (Blythe, 2003:34-35).

Fourth, a company must be aware of the customer gap, the gap between customers' expectations and their perceptions of the company's service. Service marketing is intended to overcome the customer gap. In order to achieve this, the four provider gaps have to be closed. (Zeithaml et al., 2006:33-34)

2.5 The link between the four fields

As pointed out before, the fields of innovation, consumer behavior, branding, and service marketing need all to be taken into consideration in order to enable a company to bring its innovation successfully to the market. In the previous chapters, the fields were separately introduced to the reader. Nevertheless, the fields are linked and it is important for a company to understand this link and the importance of considering all fields and their links.

The core determinants of success or failure are the customers and the whole adoption network. A company needs to focus on the adoption network, instead of trying to push its innovation into the market without further consideration of the people who are concerned and who determine the success or the failure of the innovation.

Consumer theory points out that people react differently to an innovation and to technology. Their reaction depends on personal as well as situational variables. (Kardes, 2001:7,60, Zeithaml et al., 2006:58-59) As stated in innovation theory, the rate of diffusion of an innovation depends on the perceived attributes of the innovation (Rogers, 2003:15-16,37). Certainly, the perceived attributes also depend on personality and situation, e.g. consumers will perceive the advantages of an innovation differently according to their personality. Branding theory explains that consumers can reduce the purchase risk of a new product when they buy from a well-known brand (Keller, 2003:9-11,69). A well-known brand changes the situation, and consumers might imagine and perceive the quality of an innovation as better when they purchase it from a brand they trust. Brands therefore might have a competitive advantage. As pointed out in service marketing theory, it is important to market innovations in order to show the advantages of the respective innovation (Pohl, 2006). Only if the advantages are shown, consumers can perceive a higher relative advantage.

Innovation theory and consumer behavior theory state that consumers are overloaded with innovations and information (Herbig and Kramer, 1994:51, Kardes, 2001:29,31). This overload means that the attention of consumers is limited and they might lack comprehension of an innovation, especially if it is technical. Firsthand and secondhand experience can help consumers to get information about an innovation. (Kardes, 2001:82-84) Brand awareness reduces the search costs for consumers (Keller, 2003:9-11,69). Consumers who are already

Framework

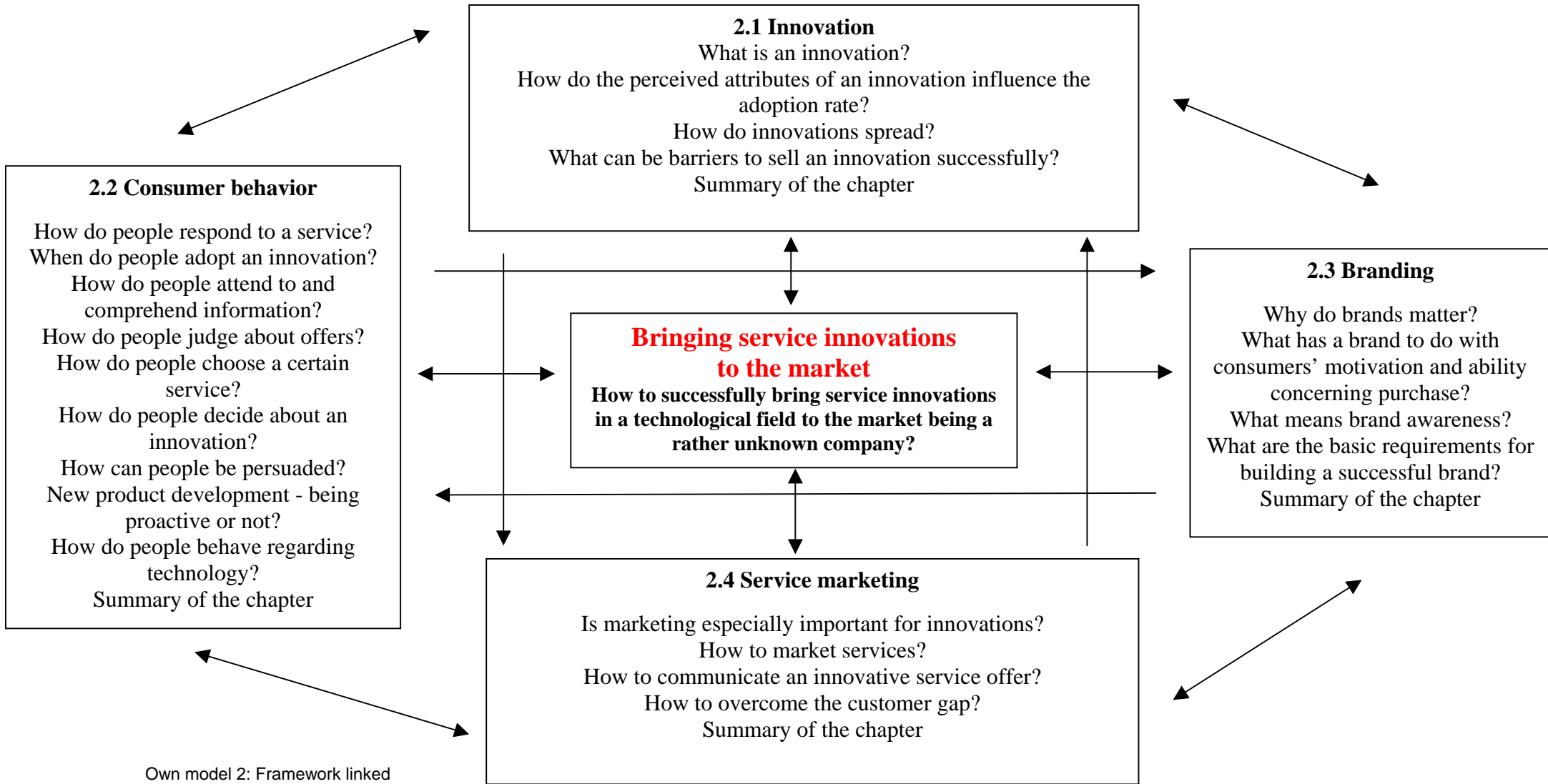
aware of a brand do not need to become aware of the brand, and even though they might not have firsthand experience with the innovation, they do have experience with the brand. As stated in service marketing theory, pre-marketing is especially important for an innovation in order to create awareness and interest (Pohl, 2006). In the pre-marketing phase, a company has to catch attention of the potential customers and make them understand the innovation, which means that pre-marketing needs to be done in a way that consumers become aware, even if they are overloaded with information. A brand can help to make consumers listen, because they are already aware of the brand.

Innovation theory emphasizes the importance to take the whole adoption network into consideration when trying to bring an innovation to the market, because all participants of the network influence each other and thereby influence the success or failure of the innovation (Chakravorti, 2004:470-471). Consumer behavior theory states that subjective beliefs are very important for consumers in order to judge about an innovation (Kardes, 2001:82-84). Subjective beliefs are influenced by the other participants of the adoption network and their behavior regarding the innovation. Branding theory points out that it is essential to listen to consumers' needs and wants (Czerniawski and Maloney, 1999). Subjective judgments will be more positive if consumers' needs and wants are taken into consideration, because then requirements of consumers are fulfilled, which influences the judgment of the consumers regarding the innovation as well as the company. Thereby, the consumers influence again the adoption network. As pointed out in services marketing, to market an innovation requires enlarging the traditional marketing mix and adding the three P's people, physical evidence, and process (Zeithaml et al., 2006:25-27). People can be employees, customers, and the whole adoption network. Certainly, people have to be taken into consideration, as stated in the other theories, and subjective beliefs are built also on influences from others. Process is the way the service is performed. The process of a service influences the judgment of a customer as well, and this customer influences again other participants in the adoption network.

As stated in consumer behavior theory, consumers need to be persuaded. For a complex innovation, written messages are preferable, because they make it easier for consumers to understand the innovation. (Kardes, 2001:154) Service marketing points out the importance to create a diverse communication mix, whereby mass media channels are useful to inform people (i.e. they fulfill the first stage of the innovation decision process, knowledge), and interpersonal channels are preferable to persuade people (i.e. they fulfill the second stage of the innovation decision process, persuasion). (Blythe, 2003:33-34, Rogers, 2003:18-19) Newspapers are part of mass media, and should be preferred if the innovation is complex, in order to enable consumers to understand the message.

This description is not pointing all existing links between the fields, but it shows that and how they are linked. It is important for a company to understand these links and learn from all fields in order to successfully bring an innovation to the market. The next page shows again the model from the beginning, this time with the existing links in order to give the reader an overview over these links.

Framework linked



Own model 2: Framework linked

3. Methodology

The methodology is divided into different sections and follows the structure of the paper. Points 3.1 to 3.5 inform the reader first about Easypark's task, second about how the framework was built up, third about how the empirical data was gathered, fourth about how we analyzed our findings, and fifth about how we draw the conclusions and gave the recommendations.

3.1 Easypark's task

The task given by our case company, Easypark, was to design and present a new marketing mix for them. Easypark believes that it has a very good service, which is valuable and beneficial for every car owner who needs to park in the cities where Easypark's service exists. However, the company is struggling with sales especially in our main research target area, Göteborg city. Easypark offers the service for both consumer and corporate customers. The main objective of this study from Easypark's perspective was to investigate the brand awareness, purchase barriers and marketing within the consumer segment. The corporate customer segment is naturally very valuable as well, but should be considered as a different case. This is why the research target of this study has been limited to cover only the private consumer segment.

As presented in the introduction, Easypark started its operations in Göteborg in the beginning of 2004. Easypark's service has existed longer in Copenhagen, Denmark. In Copenhagen Easypark's service is selling much better and the company has achieved a good customer base.

It is normal that it takes a while before any kind of business really starts to take off, even if a company takes care of its operations the best possible way. Some people think that there is nothing to do to accelerate this process and that all the companies simply have to struggle through this "Via Dolorosa" in the beginning. On the other hand during this era of rapidly developing high technologies, we have more than enough examples how even innovative products or services, which according to several scholars should be difficult to launch (cf. Kotler and Armstrong, Rogers), have been invented, brought up and within a short period of time could be sold at very profitable price (e.g. Google, You-Tube, Ebay).

We realized that Easypark's difficulties in Göteborg might depend on the basic tendency of difficulties that companies usually face in the beginning. But rather soon we found out that in our case there might be something else as well to look into. Simply we just did not believe that if the product or service was perfect and valuable for every potential customer, the increase of sales and customer base would be so slow and that it only would depend on some marketing tricks.

However, we wanted to give our best to find out if there could be something done in Göteborg in order to try to shorten the period of time until Easypark's business really takes off, the brand is known, the customer base is reasonable and thus, the sales are at a reasonable level.

We decided to investigate the operations accomplished in Copenhagen in order to find out what might be the reasons for the success there. Also we realized that we would need the same information from Göteborg in order to compare. First of all, we decided to interview Easypark's management in Göteborg and Copenhagen. We wanted to gain a clear picture of Easypark's management's way of thinking from the very basic level to a deeper understanding

of their business. We wanted to find out what has been done in each city, what were the purpose and the goals of the actions and whether these goals were reached.

We realized that it would not be enough to only get to know Easypark's management's opinions and views. It is rather common that false beliefs exist within a company about something it does and whether it really affects in the way the company desires. Therefore, we decided to gather information from current customers in order to find out how Easypark has really succeeded in fulfilling its goals and the customer needs and satisfying customers with their service. On Easypark's website there is a marketing idiom that claims that according to the Gallup investigation carried out in 2004, 98% of all the customers recommend the service. But we wanted to dig deeper, especially when we considered that Easypark launched its service in Göteborg not earlier than in the beginning of 2004.

In order to know how Easypark's accomplished operations meet the customers' needs and their level of satisfaction, we wanted to hear customers' opinions about this. Therefore, we decided to interview Easypark's current customers in both cities, Göteborg and Copenhagen.

Last but not least, since the challenge in Göteborg is to grow the brand awareness, reach more potential customers and to be able to convince them enough to make them willing to become regular customers, we decided to interview the potential customers and hear what they really need and expect.

3.2 Methodology for background information and the framework

As presented before, we were supposed to investigate the market and mainly the potential customers in order to provide Easypark with new marketing tricks that would boost the company's sales so that the market share would increase and become ten times as big as it is today, during the next two years. Given a task this challenging, we realized that we would not be able to come up with valuable recommendations by only creating a marketing campaign. Some plain marketing tricks would simply not be enough to achieve these ambitious goals. Neither would it be academic enough to produce a paper that would really tell about our capability to understand the business world on a theoretical level.

We started this study by finding out basic information about Easypark: what it is, where it stands, who the main competitors are, and what the competitors are doing. Gradually we understood that the task in front of us was huge and we needed to know a lot more in order to understand the field of business Easypark is operating in. We drove around Göteborg by car in order to study the situation from a customer's perspective.

We realized that we needed to understand the stakes of Göteborg city regarding this issue and decided to pay a visit to Trafikkontoret, which is Göteborg city's official bureau responsible for all traffic related issues in Göteborg. Trafikkontoret maintains almost all the parking places along the streets in Göteborg city. Trafikkontoret provided us with some valuable statistics of parking in Göteborg, e.g. about the intake the city has due to different paying methods as coins, cards, or Easypark.

We spent innumerable hours brainstorming. Meanwhile we asked Easypark many basic level questions. While asking these "nice-to-know" (instead of only "must-know") questions we gradually got a feeling that the company might not even have thought about these kind of what, why and how questions. It is not so unusual that managers running their business are too busy to stop for a while and ask themselves these simple questions which might surprisingly open new doors and initiate new ways of thinking which would lead to action and via that to better performance.

After all this basic level investigations we understood that our case actually includes several different dimensions, which are all important when trying to bring a service innovation like Easypark's into the market. While brainstorming we drew several different kind of models trying to provide us with a clearer understanding. We tried to model our task in a way that it would provide us a guideline, like a plot to follow throughout the whole thesis project. At last, we succeeded to come up with a reasonable model that helped us to understand what we were really doing and why. The model will be presented later on in this paper in the framework, and the empirical findings/analysis chapter is organized according to the model as well. The model describes the four dimensions that we found to be the most important regarding the task.

Easypark's service is an innovation, which determines some particular patterns in consumer behavior. So we understood that innovations as well as consumer behavior are two dimensions we have to study more closely. When we looked into consumer behavior, we found out about trust and legitimacy issues that are very much related to the world of brands. This is how we came up with the third dimension of our model, branding. It was obvious that Easypark's product is a service and this determines particular requirements. Therefore, we decided that service marketing will be the fourth of the fields to investigate more closely. Finally we set the last box in the middle of the model. In this box there is a text *Bringing service innovations to the market – How to successfully bring service innovations in a technological field to the market being a rather unknown company?* We this way formulated the name for our thesis project that in the end remained as a title of this thesis. We then continued our study by finding further literature to use as a source of theoretical framework.

We had realized earlier that in order to give reliable recommendations, we needed to research different groups of stakeholders (e.g. Easypark's management, current customers, potential customers). We knew that these stakeholder groups differ in size, which together with the nature of the information we needed to gather from each group, determined the most appropriate investigation methods to use.

3.3 Research methods / Empirical findings

We believe that it is common that even if a company has precisely defined targets and planned strategies to achieve its goals, and it operates exactly according to the plans, the result might not meet the original desired target. The image of a company is a great example: even if a company has a clearly defined target image and a plan on how to achieve it, the current or potential customers might have very different associations of the company and in the end they are the ones who determine the real image of the company. There might be many different reasons for that, but it, nevertheless, provided us with the basic reason to find out what the current and potential customers think about Easypark and its service. We wanted to see in which ways Easypark's defined targets and planned strategies are reached and implemented according to the customers.

In order to be able to get as accurate and sufficient information as possible, we decided to use different methods. Our investigation includes both, qualitative and quantitative research methods. Some data was gathered by in-depth interviews including open questions and respondents had lots of freedom regarding their answers, and some data was gathered by web-based surveys. In the following section, the reader will get an overview of the purpose and the processes of the different types of researches used in this study.

The interview and survey questions can be found in the appendices.

3.3.1 Deep interviews - Easypark's management

Top management is the cell that defines the mission, vision and target for every company. These leading thoughts should naturally be shared throughout the whole company, but the initiatives come from, and the strategic level decisions are made on top management level. Since the strategic decisions guide the everyday operations, we wanted to find out how and why and based on what these decisions have been made in Easypark. To get a clear overview, we decided to interview Easypark's management in both cities, Göteborg and Copenhagen.

We decided to use a general interview guide approach, because it allows freedom and adaptability during the interviews, but also ensures that the same general information is collected from both interviews (Patton, 1990). With Easypark's CEO in Stockholm, Patrik Mossberg, we conducted a phone interview, and with Easypark's direct marketing manager in Copenhagen, Camilla Bang, we had a face-to-face interview. Both interviews lasted approximately one hour.

3.3.2 Web-based surveys - current and potential customers

In order to find out current customers' opinions about Easypark and its service, the level of their satisfaction and their possible improvement ideas we decided to carry out a survey that would give us the needed information. There were a few basic requirements for this survey. In order to get enough data, we would need to have a certain amount of responses. This entails many challenges nowadays, since we are living in the era of information technology and people continuously receive more information than they can efficiently handle. We realized that we needed to reach customers' attention and make it as easy as possible for them to answer our questions. Naturally there was the pressure to make this happen with as low costs as possible. We had different alternatives on how to carry out the survey, but we decided to use the internet.

There are several companies that offer a service that makes it possible for everyone to plan and design one's own online survey that people can answer on the computer whenever and wherever they want. We decided that this way it would not require much effort from a customer to participate in the survey.

We decided that the email including a brief explanation of who we are, that we are conducting this study together with Easypark on how the service could be improved, and the link to the actual survey website should be sent from Easypark's email address. We believed that this would increase customers' trust and willingness to respond. People are used to receive so much Spam emails nowadays that they tend to delete all they do not recognize even without checking the contents at all.

Since our task given by Easypark was to come up with new marketing ideas in order to boost the brand awareness and to grow Easypark's customer base in Göteborg, we had to get to know also potential customers' opinions in Göteborg. We wanted to find out whether the offer of Easypark and its marketing really reached the potential customers and met their needs. Also, we wanted to find out if potential customers' needs somewhat correspond with what current customers are satisfied about regarding Easypark's service. We believed that interviewing potential customers in Göteborg would provide us with information regarding whether the present service is likely to satisfy the potential customers' needs and if it is communicated in efficient ways. Furthermore, if this is not the case, we would need to gain information from potential customers on how the service would be satisfactory for them and how the communication should be carried out.

At first, we wanted to conduct face-to-face interviews with potential customers in the streets, but this turned out to be impossible to get enough data. Therefore, we decided to design a second online survey for potential customers in Göteborg. Then we made a flyer stating that we are two students from Handelshögskolan writing their thesis about parking in Göteborg, the link, and that we would need people's help and distributed the flyers on cars parked on parking places in Göteborg.

The web-based surveys contained questions which could be answered by clicking a single-answer box or multiple-answer boxes or by writing freely in open-ended textboxes.

3.3.3 Validity and reliability

A triangulation approach means that the researchers combine different methodologies in a study of a specific issue. The use of a triangulation approach increases the trustworthiness of the study, because personal and methodological biases are limited (Denzin, 1978, quoted by Phillipmore and Goodson, 2004:162). Therefore we decided to use qualitative as well as quantitative research. Easypark's management was interviewed personally (face-to-face and on the phone), and the questions were open, so the managers could answer freely, because we did not want to influence them and limit their answers. The same approach was used for the interviews with David Johansson (face-to-face), Gustav G. (phone), and Tele-P (phone) (see 3.3.3). The current and potential customers of Easypark were interviewed by a web-based survey which comprised both open as well as multiple choice questions and the respondents did not get in personal touch with us. The fact that current and potential customers answered a web-based survey assured that they were not biased by personal factors, i.e. by us. We did not speak to them and asked the questions, so they were not affected by us in their answer in any way.

Reliable data has to be collected in order to ensure the validity of the research. The current customer sample was selected by Easypark. The company sent the questionnaire out to 400 current customers in both Göteborg and Copenhagen who were chosen randomly out of the company's database. The potential customers in Göteborg are as well a random example. We spread the flyers on diverse parking places in the city, at different points of time, and on all the cars parking on the parking place.

The current customers in Göteborg got the survey in Swedish; the current customers in Copenhagen got the survey in Danish. Also the potential customers in Göteborg got the questions in Swedish. We wanted to avoid that people answer inaccurately due to language problems and therefore decided to ask the questions in the respective native language of the customers. The translations from our English questions into Swedish and Danish were done by a native Swedish respective Danish speaker in order to assure that the questions were asked exactly in the way we intended to ask them. Thereby we made sure that our interpretation of the results was related to the exact questions and the intention of the questions was reflected in the answers we used for our analysis.

The questions of the survey were selected in order to answer our study question. Certainly we could not answer all questions interesting in this field, but we chose questions related to each main field of our study, i.e. innovation, consumer behavior, branding, and service marketing.

From the web-based surveys, we got 100 answers from both current customers in Göteborg, in Copenhagen, and potential customers in Göteborg. The link to the survey was sent out to 400 current customers in both Göteborg and Copenhagen. This means respectively 25% of the current customers answered. From the answers, we can see that the respondents have both positive and negative aspects to say about Easypark. It does not seem that only entirely

positive or entirely negative thinking customers answered, and we believe the 25% give a good overview over current customers' opinions. For potential customers, we spread about 800 flyers in Göteborg and got 100 answers. This means that only 12.5% of the people who were informed about the study did answer. 12.5% are not as many respondents as current customer respondents, but one has to take into consideration that people get a lot of advertisement as flyers on their car, and that people are busy and cannot answer in the moment when they find the flyer. Still, from the answers from potential customers, we can see that people are e.g. mostly satisfied with their parking method, but still would reconsider it if there were better solutions for them. Not only extremely positive or extremely negative opinions were given.

In Göteborg, 69% of the respondents of the current customers were male, while 31% were female, in Copenhagen, 72% of the respondents were male, while 28% were female. In Göteborg, the majority of the current customers were older than 50 (40%), in Copenhagen 28% belong to this age group. 32% of the respondents in Göteborg and 36% of the respondents in Copenhagen are between 36 and 50 years old. In Göteborg, 25%, and in Copenhagen, 33% of the current customers belong to the age group between 26 and 35. Only 3% of the respondents in both cities are between 18 and 25 years old.

60% of the potential customers in Göteborg who answered to the survey were men, 40% were women. The majority of people who answered was over 50 years old (38%). 30% of the respondents were between 36 and 50 years old, 24% were 26 to 35 years old, and 8% were 18 to 25 years old. This reflects the structure of Easypark's current customers of who the majority is male and aged over 35 years.

We believe that with the methods used, we were able to gather valid and reliable empirical data. This data can also be used for further or deeper investigation of particular aspects within the study field. We do not claim that we investigated all aspects related to the field of study since the topic is very broad. We had to limit ourselves to the most relevant aspects regarding our case and the four fields of innovation, consumer behavior, branding, and service marketing.

3.3.4 Other sources

After having studied Easypark's case more deeply, we realized that we would also need information from other, related sources. Therefore we conducted a face-to-face interview with David Johansson, traffic warden in Göteborg, a phone interview with Gustav G. (the interviewee did not want to mention his surname in full), employee of Göteborg's Trafikkontoret, and a phone interview with Tele-P, Easypark's competitor in Göteborg. This way, we could complete the picture of the whole case and gain insights into opinions of people also dealing with parking and paying parking.

3.4 Analysis

First, empirical findings from the company, the current and potential customers as well as other sources are analyzed regarding the field of innovation. Second, empirical findings from the same sources are analyzed regarding consumer behavior, third regarding branding, and fourth regarding service marketing.

This gives the reader the possibility to see in which parts of each field the company is doing well and where improvements are necessary. It will also show how the fields are intertwined and what the company should focus on. In the end, the combination of improvements will help Easypark to sell its service innovation more successfully.

The comparison between Göteborg and Copenhagen enables to see similarities and differences that can have impacts and effects on the performance of Easypark in both cities.

From the ways Easypark is managing its operations in both Göteborg and Copenhagen and from the opinions of the current customers, the company can learn how to improve and how to address potential customers in the best possible way. There are differences in these cities reflecting the customer share (2% in Göteborg and 25% in Copenhagen); therefore, we assume that Göteborg's performance could be improved by learning from Copenhagen. With an improved offer, it is easier to address potential customers. We believe that it is beneficial if Easypark first addresses problems occurring with current customers and improving the service and the system before trying to acquire new customers who then might criticize the same points as current customers nowadays or even decide not to become regular customers. It is more difficult to turn a potential customer into a regular customer when he or she once decided not to become a customer. If Easypark works on its problems, the better results can also be used for marketing reasons in order to attract new customers.

The potential customers are not customers of Easypark (yet). In order to acquire new customers it is important to listen to them and to learn about them as much as possible.

With the help of this analysis, we will be able to see differences between Göteborg and Copenhagen, how the positive points can be strengthened and used to acquire new customers, how the negative points can be improved and in which parts the company perhaps has to deal with the given facts that might differ between Göteborg and Copenhagen. We will also be able to see how to increase customer satisfaction and how to deal in the best possible way with potential customers.

3.5 Conclusion and recommendations

Conclusions are drawn from the analysis, and recommendations are given in order to improve the different aspects mentioned in the conclusions.

First, conclusions and recommendations are given for Easypark. The study was conducted with Easypark as a case company, and Easypark's management and customers contributed to the findings. We pointed out that all the four fields innovation, consumer behavior, branding, and service marketing are important to bring an innovation successfully to the market. Therefore, conclusions are drawn and recommendations are given for each field. Easypark can see how the company performs in each field and what could be improved in each field.

Second, conclusions and recommendations are generalized for all companies in the same situation. We believe that these companies can learn from Easypark's case. Therefore, we also give a model as a general solution, which will help rather unknown companies to bring their service innovation successfully to the market. By doing this, all companies in the same situation can benefit from our study and improve their performance.

4. Empirical findings and analysis

In this part, the empirical findings will be presented and analyzed with help of the framework presented before. What can be seen from the theory and what can be learned from the empirical findings? The company tries to sell its offer, but the question is whether they are aware of the specific task they have in selling a service innovation? Theory suggests how to deal with innovations and how to sell a service in a specific way. The aim of the analysis is to find out what should and can be done to sell a service innovation, and what impacts different approaches can have on the success of the company. It is important to find out successful and less successful approaches and to take into consideration different angles in order to be able to come up with a model on how to market and sell service innovations. Also the different empirical findings have to be compared and analyzed in order to find out similarities and differences in thinking and doing business or taking purchasing decisions.

In order to make it as easy as possible for the reader to follow the argumentation, a brief structure of the empirical and analysis part is given in the following.

The aim of the thesis is to show how the fields of innovation, consumer behavior, branding, and service marketing have to be taken into consideration and combined in order to bring service innovations successfully to the market. The empirical findings will therefore be presented and analyzed according to the model introduced in the beginning.

In the model for the analysis, the questions are the same as in the model for the framework and presented for each of the four fields apart from a few exceptions.

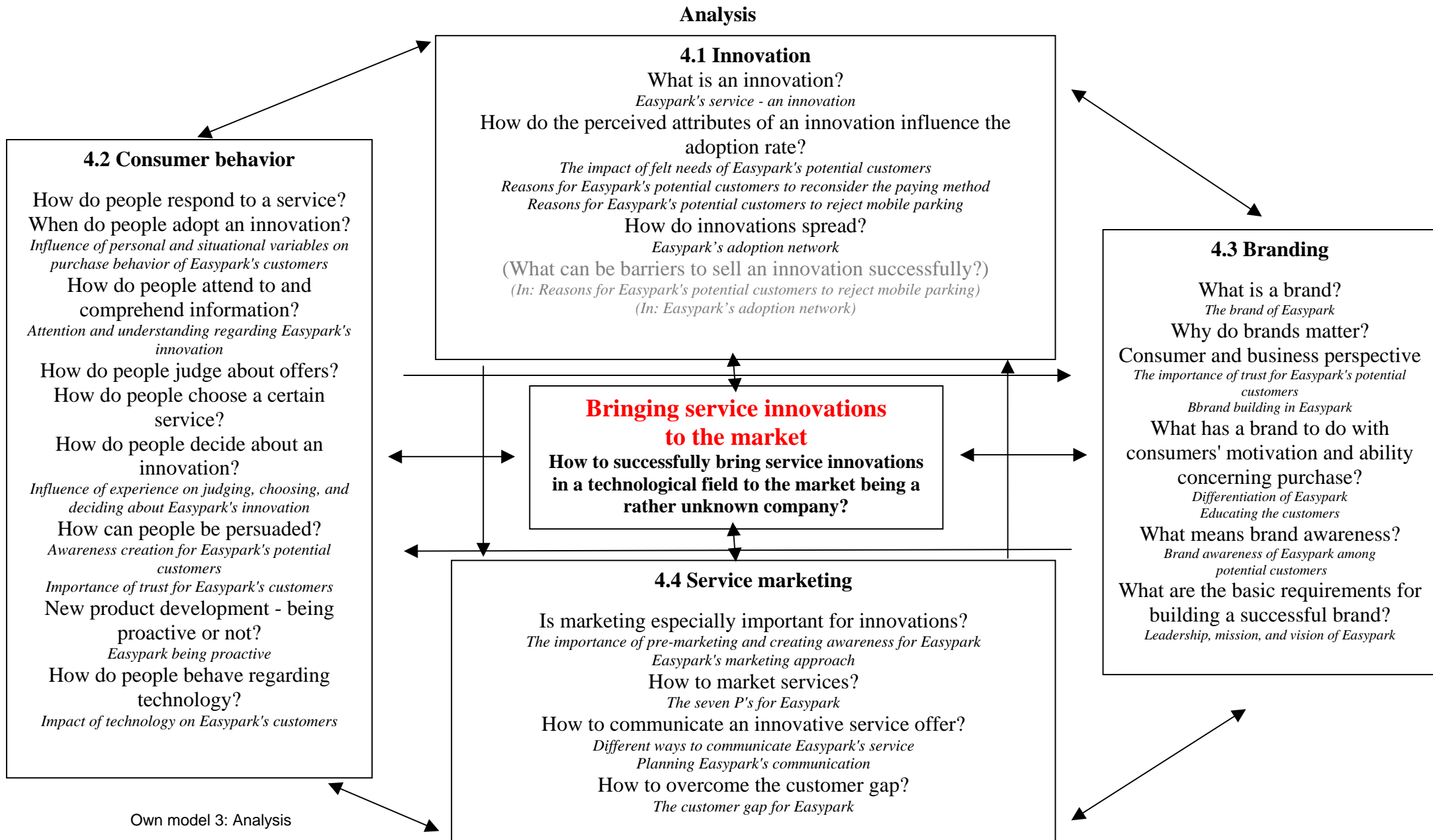
Exceptions consist of the questions "What is consumer behavior?" and "Why service marketing?". They are not analyzed, because these questions were asked and answered in the framework in order to give the reader an introduction into the respective field.

Another exception is the question "What can be barriers to sell an innovation successfully?". The information presented under this question in the framework will still be analyzed within the field of innovation under the questions "How do the perceived attributes of an innovation influence the adoption rate?" and "How do innovations spread?".

The question "What are the basic requirements for building a successful brand?" is analyzed for the sub-headings leadership, mission, and vision. The information given in the framework under the sub-heading "Brand building in practice - from a plan to implementation" will be used in the recommendations of this study.

Nevertheless, we did not limit ourselves to use only the theory presented under the respective question in order to analyze this question. We analyzed the question mainly with this theory, but used other theories as well if they were helpful for the analysis of the findings.

The analysis tries to answer the questions not only with the framework, but also with the empirical findings. Each question has therefore sub-headings which are directly linked to Easypark's case and show the structure of the analysis. The analysis model will be presented on the following page before the actual analysis starts, so that the reader gets an overview about the structure of the analysis.



4.1 Innovation

4.1.1 *What is an innovation?*

4.1.1.1 Easypark's service - an innovation

The CEO of Easypark describes Easypark's offer as a parking payment convenient service. He does not see the offer as a technical service innovation, but as a normal consumer service. He states though that when Easypark started, the company considered its service as something new. The direct marketing manager of Easypark in Copenhagen describes Easypark's service as an offer to pay parking with the mobile phone instead of having to use coins. She does not consider the service as very technical. She says it aims at making life easier.

As stated by Rogers, an innovation is an idea or an object that is perceived as new by a person (Rogers, 2003:12). From the potential customers in Göteborg, 60% have heard of mobile parking in general, but are not using it, and only 6% of the people knowing about mobile parking mention Easypark when asked whether they can recall a company offering the service. 40% of the potential customers have never heard about mobile parking before, they perceive it as something completely new. This shows that mobile parking is an innovation for them. The survey was carried out among potential customers, which means that no one adopted the idea yet. In this sense, mobile parking is an innovation for all respondents, considering Rogers' statement that a person might have heard about an innovation, but not adopted it so far, and therefore it is still an innovation for this person (Rogers, 2003:12). Considering the fact that Easypark has only 2% of possible customers in Göteborg (i.e. of all the people paying for parking in the city), for many people mobile parking is an innovation and it is a mistake of Easypark's management to assume that it is not.

According to the CEO of Easypark, Easypark is working profitable nowadays. Current customers are quite satisfied with the service, although they mention points of improvement. Still one has to take into consideration that Easypark's market share of customers is 2% in Göteborg, so even if the company is profitable and satisfies its customers, we would not consider it as a successful innovation yet (as Cumming defines the term "innovation"; Cumming, 1998:22). In contrast, in Copenhagen, 25% of all people paying for parking use Easypark, so there is a long way to go in Göteborg in order to reach this amount of customers. Even if the company works profitable now, the budget for marketing is, for example, low. This means that it is hard to increase awareness and understanding of potential customers, and this might hinder an increase of the customer base. In the long run, Easypark might face problems due to a small amount of customers and the lack of money that can be used for improvements in the structure or for a broader marketing. Also, Easypark itself has as a main goal to increase its customer base. We would consider a successful innovation an innovation that is well established and known within the group of potential customers, and which has a reasonable share of all possible customers; additionally to being profitable and satisfying the existing customers.

Both managers of Easypark also do not consider the service as technical, but we certainly believe it is. People are required to have and use a mobile phone, and even if most people have a mobile phone nowadays (96% of the potential customers in Göteborg), it still is a technical device. People have to call to Easypark, state the tax code, and call again to finish the parking, and they do not talk directly to a person within the company, but to a computer

voice recording. The direct marketing manager in Copenhagen sees the voice confirmation from the computer as positive, because it confirms the customer that he/she has chosen the correct area code. Still, there is also technology involved regarding this computer voice recording that starts and stops the parking time. This means that people have to trust in this technology. People might feel insecure whether their parking time really starts and stops if they deal with a computer on the other end of the phone line. Asked for points of improvement, current customers stated that they sometimes have difficulties to call to Easypark because the system does not work. The direct marketing manager in Copenhagen suggests that in the future, Easypark could enable customers to send a SMS to start and to stop the parking time. This would solve the problems regarding the phone system, but on the other hand people could be (even more) insecure whether their parking time really started and stopped.

4.1.2 How do the perceived attributes of an innovation influence the adoption rate?

4.1.2.1 The impact of felt needs of Easypark's potential customers

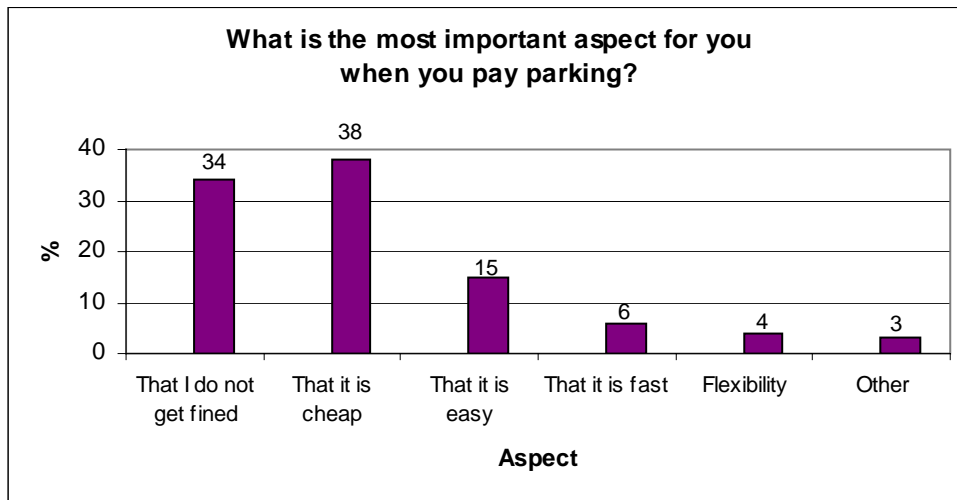
81% of the potential customers in Göteborg are satisfied with their method of paying parking, whereas only 19% are not satisfied. This shows that the majority of the people does not feel the need to search themselves for other options to pay parking, and that they therefore will not do it. Easypark's service innovation does not fit to the felt needs, and it is not that easy to understand and adopt, so compatibility is low. Therefore, adoption will be slower than in cases where compatibility is high (Rogers, 2003:15-16,240,249). Easypark has to create a need for potential customers.

Herbig and Kramer point out that potential customers live with an overload of innovations and that companies have to accept that the adoption rate is slower than before and also that they might get fewer new adopters in general (Herbig and Kramer, 1994:51). Still, in Copenhagen, Easypark is quite successful, having 25% of all potential customers.

One reason for this are the big Easypark-signs on the parking meters, which ensure that potential customers learn about Easypark. In Göteborg, the city could not be convinced to set up big signs. Another reason can be that in Copenhagen, people are not able to pay their parking by card, which is possible in Göteborg. People in Copenhagen might therefore find it easier to see the advantages of using mobile parking and they will be interested in learning about ways to pay parking so that they can avoid being dependent on using coins.

64% of the current customers in Copenhagen state that their main reason for using Easypark is to be more flexible and to be able to pay easier for parking, which means to avoid paying with coins. In Göteborg, where people can use their card and are in general satisfied with their paying methods, and where no big signs advertise Easypark, it is clear that the company has fewer adopters, because potential customers do not feel the need to use mobile parking.

Still potential customers have needs and wants regarding parking. Rogers points out that a technical innovation often has certain benefits for people adopting it, but that these benefits are not always obvious for the people. Only if people see certain advantages, they will try to learn more about the innovation and finally decide about adoption or rejection (Rogers, 2003:14). If Easypark could show the potential customer that the service fulfills their needs and wants (even better than the paying method they use now), it could convince potential customers of the service. Therefore, it is necessary to find out what is important for potential customers, and find ways to communicate the service in a way that explains how it fulfills these needs.



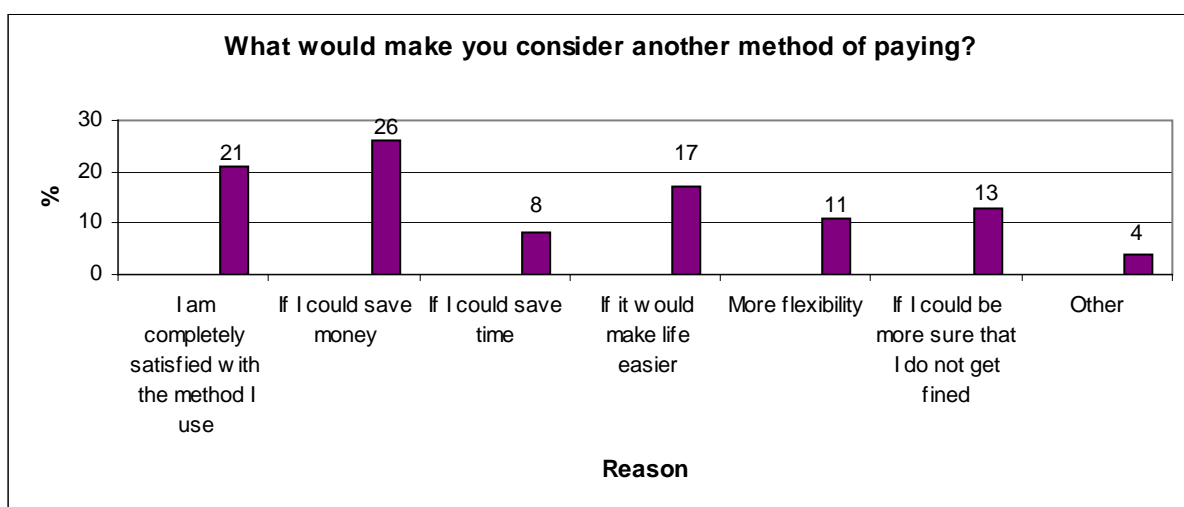
Graph 3: Important aspects when paying parking

The answers of the potential customers show that people are satisfied when their method to pay parking is easy, but that it also, and mostly, has to be cheap and to ensure that they do not get fined. Easypark offers cheap parking in that sense that customers only pay for the amount of time they really park, but on the other hand they have to pay a monthly fee and a service fee. Still, using Easypark enables customers to spare around 25% of their money, compared to other methods of paying parking as e.g. coins or cards, because people overpay normally around 25% when using these methods (Easypark, 2006).

4.1.2.2 Reasons for Easypark's potential customers to reconsider the paying method

Potential customers are satisfied with their current way of paying parking, but that does not mean that they would not reconsider their paying method if some of their needs and wants could be fulfilled even better by Easypark than they are fulfilled by "traditional" methods.

The potential customers gave the following answers shown in the graph below when asked about reasons which would make them reconsider their method of paying parking:



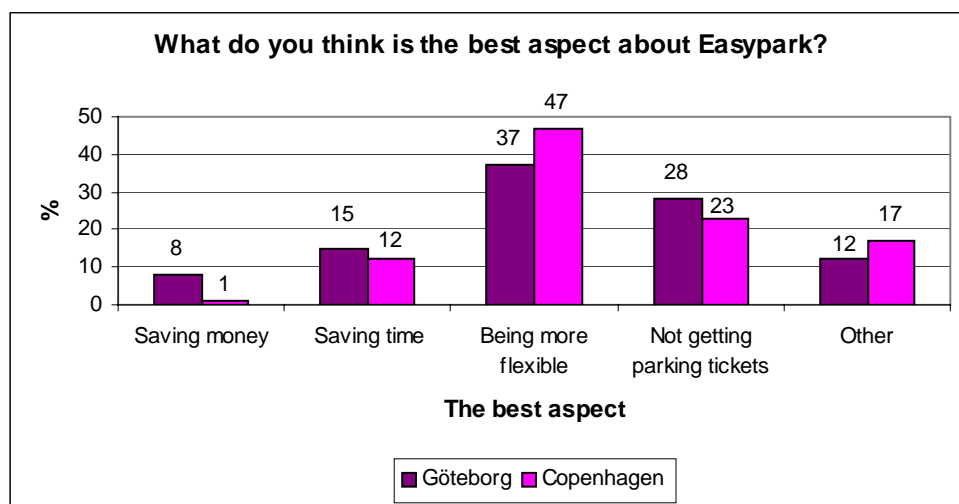
Graph 4: Reasons for reconsidering the method of paying parking

Empirical findings and analysis

The 21% of the potential customers, who state that they are very satisfied with the paying method they use, are very convinced of their paying method, so it will be difficult to create a need which would make them change their opinion. The other 79% are willing to reconsider their paying method if certain aspects are fulfilled.

The CEO of Easypark thinks that the best aspect about Easypark is that customers do not have to prepay for their parking, which means that they avoid either getting fined because their ticket is not valid anymore while they are still parking, or paying too much because they bought a parking ticket which will definitely be valid long enough and so perhaps longer than the time they really need. Also the direct marketing manager in Copenhagen points out that the best aspect is that customers can save a lot of money and do not have to be worried about getting fined.

The current customers were also asked about their opinion regarding the advantages of Easypark and what they consider as Easypark's best aspect. The graph below shows the answers of the current customers.



Graph 5: The best aspect about Easypark's service

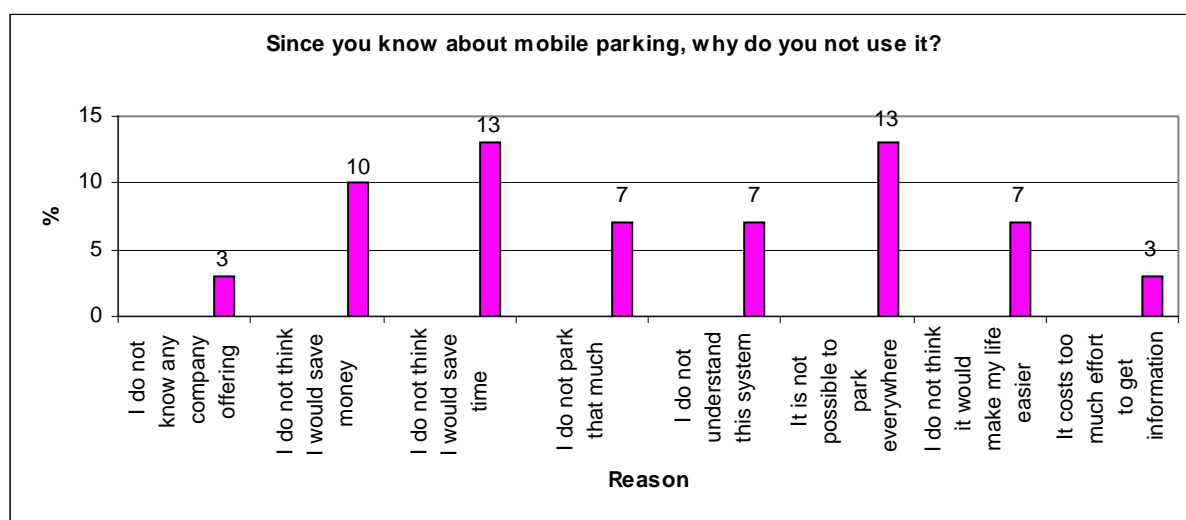
Only 8% of the current customers in Göteborg and 1% of the current customers in Copenhagen say that saving money is the best aspect. This answer points that saving money is not the main aspect to use Easypark, and not the most important feature for the current customers. Clancy states that the price of an offer is only for 15 to 35% of all customers the primary purchase incentive (Clancy, 1997:24-28). People certainly do not want to spend more money than necessary, but more important for them is that they are flexible and save time, and they are willing to pay for this. 12% of the respondents in Göteborg mention another best aspect; mainly that it is good to only pay for the time they really park and avoid overpaying (which also means that they save money) or being stressed because they might get fined. In Copenhagen, for 17% of the respondents another aspect is best, in most cases (77% out of the 17%) the fact that they avoid being dependent on coins. This again means that people are more flexible, and flexibility seems to be seen as a very big advantage.

The opinions of Easypark's management and current customers show that the service has many advantages, and that many potential customers would probably consider using it. Easypark fulfills most of their wishes, e.g. the possibility to be more flexible, to be surer that they do not get fined, and also to save money. The problem is that potential customers are

just not aware of this. Easypark has not found the ways to show potential customers in Göteborg that the service fulfills many of their needs and wants, therefore, these potential customers form their own opinion about mobile parking, which is not necessary in line with what Easypark wants them to know and think and what reality is.

4.1.2.3 Reasons for Easypark's potential customers to reject mobile parking

The potential customers in Göteborg who have heard about mobile parking give different reasons why they are not using it.



Graph 6: Reasons for rejecting mobile parking

37% of the potential customers give other reasons for not using mobile parking, as e.g. that it is too copious, that it requires registration, that they use a card to pay and they cannot see a reason to switch to mobile parking as the card works well, or they state that it is a mixture of the above mentioned reasons (not saving time and money, not understanding the system). This shows that potential customers cannot see the benefits of using mobile parking due to different reasons. As Kotler and Armstrong (2001:201) explain, the adoption rate depends on the advantage people see in the innovation. According to Rogers (2003:15), the subjective advantage is more important than the objective advantage.

People will not switch their method of doing something, in this case paying parking, when they can neither save time nor money. Easypark is stating that customers can save both time and money, but obviously this has not become clear for potential customers, even if they heard about mobile parking.

Rogers states that offering incentives to the customers can help to increase their perceived advantage (Rogers, 2003:236-239). Easypark is doing this in Göteborg by offering free trial periods, but stopped doing it in Copenhagen. In Copenhagen, where Easypark has 25% customers, it might not be that important anymore, because the company does not have problems to sell its service. The direct marketing manager says that the number of new customers registering to Easypark did not decrease since the company stopped to offer free trial periods in Copenhagen. In both cities, 23% of all current customers decided to try Easypark's service because it was possible to try it out without a monthly fee in the beginning. This shows that an incentive can really work to increase the perceived advantage. We think it is good to offer free trials to make people try the service. As Rogers points out, this decreases uncertainty (Rogers, 2003:16) and gives the potential customers firsthand knowledge about the advantages of the service.

Herbig and Kramer mention that it is important that performance and price match in order to make people see the advantage of the innovation, as they will not change their consumer behavior if they do not see it (Herbig and Kramer, 1994:52). This is a problem for Easypark in Göteborg where 10% of the potential customers state that they do not believe they would save money, or where they see problems regarding the performance (not being able to park everywhere, not understanding the system, and not thinking to save time etc.) Easypark requires registration and a monthly as well as a service fee, which means customers would need to pay for something they cannot see the advantage for. Certainly they will not decide to become customers as long as they are not convinced that the fees are worth paying. This is also mentioned by Tesink, who points out the value barrier an innovation can face when it does not either have a very strong performance or people can save money (Tesink, 2005:4). Potential customers of Easypark do not see Easypark's advantages, and they would need to pay for the service, so they cannot see the value for themselves. A free trial period could help to show Easypark's advantages and the value of the service for potential customers.

Another problem for Easypark is that customers cannot park everywhere in the city when using Easypark. This is a problem lying in the service offer of Easypark, and has nothing to do with misunderstandings between the company and potential customers. Not being able to park everywhere is a clear disadvantage for potential customers. These people not only do not see the advantages, but they decided against mobile parking because they see a disadvantage in the structure. The current customers in Göteborg also mention this as the main point for improvement.

Potential customers do not understand the system, this is as well a problem for Easypark. The CEO of the company mentions as well that a point for improvement for Easypark would be to become easier to understand. As Herbig and Kramer (1994:47-48,51-52) mention, it is important that companies simplify their products as much as possible and are clear in making their innovation understood in order to avoid ignorance of potential customers. This ignorance is what is happening in Easypark's case. People are stressed and surrounded by innovations and technology; they cannot see advantages of mobile parking because they do not even understand the system, and so they do not get interested in searching for further information and to eventually become customers. This shows how important it is for a company to consider the fact that it tries to sell a technical innovation, and that it has to make its offer as simple and understandable as possible.

Rogers (2003:6) also mentions that the diffusion of an innovation always includes uncertainty, which decreases the more information a person gets about the innovation. The higher the uncertainty is, the slower the innovation will be adopted. Communication is required to decrease this uncertainty (Biemans, 1990:539, quoted by Woodside, 1996:27). The answers of the potential customers show that they have a lot of uncertainty regarding mobile parking and that they consider their way of paying parking as good. This, together with the fact that 40% never heard of mobile parking, shows the importance of communication to make people aware, to show them the advantages of mobile parking, and to decrease their uncertainty. This is necessary, because if not, people will stick to their current respective way of paying parking. Seth and Ram explain the usage barrier for bringing an innovation to the market. This means that people are used to their habits and behavior, and they will resist changing these. (Seth and Ram, 1987:67) Especially when potential customers do not see a reason, they will not change their behavior and decide on another way of paying parking.

4.1.3 *How do innovations spread?*

Herbig and Kramer mention that an intense market research is required before developing and launching an innovation and that companies have to ask themselves what advantages the own innovation has and what potential customers really need and want (Herbig and Kramer, 1994:51). The CEO of Easypark states that typically to launch Easypark in a new city, the company uses one to two days, for a new country, one to two weeks.

Charkavorti (2004:470-471) points out the importance of taking the whole adoption network into account in order to align all the choices within the network in favor of the innovation. This means, the market research should not only focus on potential customers, but on all participants of the adoption network, which certainly means that more than two days are required in order to do so. The company Procter & Gamble spends e.g. several months before launching a new product (Warner, 2001).

4.1.3.1 The city of Göteborg

The city where the service is offered also belongs to the adoption network and has influences on the choices of the other participants. The CEO of Easypark states that in order to launch the service in a new market, the company has to configure the system to this city, e.g. define the zones and tax codes and changing the language if the company expands abroad.

The CEO of the company mentions that Easypark tries to convince the cities to cooperate with Easypark by putting forward the arguments of an improved service for the consumers and cost savings. He states that Easypark is in weekly contact with all parking operators and also asked the city of Göteborg about the big signs on the parking meters which Easypark is allowed to set up in Copenhagen, but forbidden to set up in Göteborg. He points out that they city does not give any reasons for not allowing the big signs apart from that they are too ugly and that the city does not want them. The CEO of the company explains that Easypark tells the city how beneficially it also would be for the city if more people would use mobile parking. The direct marketing manager in Copenhagen says that the advantages for the city are that they simply get the money paid to Easypark into its account without anyone having to go around and collect money out of the parking meters. The city can also check easier how many people park and in which areas, and she thinks that the system is also easier for the traffic wardens, although she does not give any reason for this.

The CEO of the company states that Easypark tries to convince the city of Göteborg to set big signs on the parking meters by telling that other municipalities have tried this and that it worked extremely well. He says that if mobile parking should be developed, these big signs would be the way to go forward, and that the signs actually do not cost anything. Asked what he himself believes why the city of Göteborg is refusing the big signs, he says that mostly it is a question of the management of the cities, although also cultural differences might exist. In a smaller city, there is no particular department dealing with the parking meters and their appearance, so there are fewer constraints than in a bigger city, where such a department cares about the appearance.

Gustav G., an employee of Göteborg's Trafikkontoret, points out that the city does not have any benefits from customers using mobile parking and mentions that he does not think that people pay more or less for parking than when they use coins or cards to pay. Therefore, it is only dependable on the user whether he or she wants to use mobile parking or not. (Gustav G., 2006) This means that the city of Göteborg cannot see any advantages of mobile parking, and this might be a reason why the city is not promoting it. Asked about the problem with the setting up of big signs on the parking meters, Gustav G. states that the city does not want to

advertise and that the city cannot give an advertising advantage to only one single company. He also says that it would be impossible that all companies can advertise on top of the parking meters, so therefore no company is allowed to do it. He points out that all companies have to do their own marketing and advertising and use private channels in order to do so. (Gustav G., 2006)

In Copenhagen, there is also another company offering mobile parking, but in both cities, the problem is not that there are so many competitors that it would be impossible to advertise them all, and also in Copenhagen, only Easypark is advertised with big signs and explanations. There, the city was convinced of Easypark and decided to advertise them in this obvious way.

This problem is somehow a regulation barrier, described by Seth and Ram who point out that companies have to follow the regulations of the market they are acting in (Seth and Ram, 1987:50-51). In Göteborg, regulation is that no one is allowed to put up big signs on the parking meters, in Copenhagen, regulation allowed Easypark to put up the signs.

Communication, coordination, and cooperation between Easypark and the city might not have been sufficient, because the city could not be convinced of the advantages of Easypark's service. Easypark believes that the city does not understand the benefits it would have and just considers the signs as too ugly. The city states that it cannot see any benefits of mobile parking, and that it would be a problem to advertise all companies offering a certain method to pay parking on the parking meters. Communication is a problem here, because both parties have their arguments and reasons for their way of behavior, but they do not really understand each other. Perhaps more communication and cooperation between Easypark and the city of Göteborg would lead to a better understanding of the city and show the advantages, so that the city would decide to cooperate and allow big signs on the parking meters.

These big signs are very important for Easypark and they are very successful, as 53% of all current customers in Copenhagen learned about the service due to these signs. In Göteborg, where only a small sticker on the parking meter informs about the tax code and Easypark's homepage, 22% of the customers learned about the service via these stickers. Kardes states that the number of customers increases a lot if the company manages to make people aware of the innovation (Kardes, 2001:334). In Copenhagen, where Easypark has 25% customers of all people paying parking, this can be clearly seen. More than half of these customers learned about Easypark due to the signs on the parking meters. In Göteborg, the amount of customers is much lower (2%), and many people are not aware of Easypark (94% cannot recall Easypark when asked about a company offering mobile parking).

In Göteborg, the decision of the city lies also in the fact that the city does not see any advantages, so its choice is influenced by what they are told from Easypark. Refusing the big signs has an influence on potential customers, and thereby on Easypark, and it might have even an influence on companies as Parkeringsaktiebolaget. The choice hinders potential customers to become attentive to mobile parking and Easypark. As the comparison mentioned with Copenhagen shows, the signs have a big influence on whether people know about Easypark or not, so it also influences whether people become customers or not. This again influences Easypark whose success is so much bigger in Copenhagen than in Göteborg. Companies as Parkeringsaktiebolaget might be easier to convince to offer Easypark's service if the city would openly approve the service and the company.

4.1.3.2 Parkeringsaktiebolaget

In Göteborg, Parkeringsaktiebolaget is offering a numerous amount of parking places (125.000) (Göteborgs Stads Parkeringsaktiebolaget, 2006). Easypark does not have a contract with Parkeringsaktiebolaget or any other companies offering parking apart from the city, which means that the service cannot be used when parking on these parking places. 62% of the current customers state that the major point of improvement would be for Easypark to offer more parking places in the city. In Copenhagen, where Easypark offers more parking places, only 32% of the respondents wish to have more parking places where Easypark could be used. 13% of the potential customers say that a reason for them not using mobile parking is that it is not possible to use the service on all parking places. This means, customers are not satisfied with the fact that the amount of available parking places to use is limited.

Easypark is in contact with Parkeringsaktiebolaget, and will, according to the CEO of Easypark, make a contract with the company probably in 2007, so that Easypark's customers can use the service on these parking places. Then the amount of parking places that can be used by Easypark's customers will be nine times more than today.

The CEO of Easypark explains that Parkeringsaktiebolaget is hesitating, because the company wants to be sure to make the right choice. He also says that the company's parking structure is more complex than the structure of the city. However, in Copenhagen Easypark cooperates with similar providers of parking places. Until now (i.e. for three years), the choice of Parkeringsaktiebolaget not to cooperate with Easypark, influences the opinions and choices of the customers. Market research beforehand could have helped to discover the importance to offer enough parking places and to solve the issue before launching the service in Göteborg. Then, naturally, the launching would have taken more than one or two days, but it would have probably paid off.

Tesink points out the market access barrier as a possible corporation-related barrier to bring an innovation to the market. He states that if a company cannot reach potential customers via its own or others' distribution channels, the company cannot successfully sell its innovation. (Tesink, 2005:3) Parkeringsaktiebolaget can be regarded as a possible distributor of Easypark's service, because if Parkeringsaktiebolaget does not agree, customers cannot use the service on the company's parking places. As stated, it is a problem that Easypark cannot be used on all desired parking places, and this is definitely a barrier. Easypark should have convinced the "distributor" Parkeringsaktiebolaget of the system before launching the service in order to overcome this barrier. Then Parkeringsaktiebolaget would have accepted the system and made it possible to use it on its parking places. Potential customers would not have decided against mobile parking because of the lack of available parking places. It is more difficult and expensive to acquire a customer who once decided not to use a certain service than a customer who just never thought of using the service before.

Current customers would also be more satisfied, and they also have an influence on the potential customers, as both belong to the adoption network. The second biggest source of information about Easypark was personal contacts. 19% of the customers in Göteborg and 23% of the customers in Copenhagen got to know Easypark via a personal contact. This means that personal contacts have a lot of influence, and it might be possible that those potential customers who state that they do not consider mobile parking due to the lack of parking places also heard about the service from personal contacts who informed them about this, so probably current customers. As Seth and Ram (1987:90) point out, every innovation new in the market gets a certain image, and if this image is not good, people are not likely to

purchase. Easypark's image is certainly not bad, but the company has some specific problems that might affect the image, reinforced by current customers who tell about their experiences to potential customers.

The CEO of Easypark mentions himself that the company made a mistake because the launching in Göteborg was not prepared in a special way for the customers and Easypark made the service too difficult and too technical-oriented, instead of making it very simple and more focused on the consumer. Here, he sees that the service is technical, and that it should be very simple in order to attract consumers. Still, as mentioned, before Easypark does continue to use only one to two days to prepare entering a new city, which makes it impossible to prepare the service in a special way for the customers.

4.1.3.3 The traffic wardens

The traffic wardens of the city are another part of the adoption network. Their work changes due to mobile parking. Johansson, traffic warden in Göteborg, explains that he has to call to Easypark in order to find out whether a person has paid for parking or not. He thinks mobile parking is a good offer in general that makes parking easier for the customers. (Johansson, 2006) The direct marketing manager in Copenhagen states that Easypark's service also makes the work of the traffic wardens easier. Johansson (2006) says that for him, the work takes a bit more time because of the phone call, but is not a problem as such.

Johansson points out that he had to get used to the system in the beginning and to learn how to check that customers had really paid their parking. He states that it was not easy to adapt to the system of mobile parking. (Johansson, 2006)

The traffic wardens influence how current customers of Easypark perceive the system and, thereby, also what these current customers might tell about their experiences to potential customers, since the traffic wardens dispense the parking tickets. Johansson states that he sometimes has to give tickets to Easypark's customers, because they did not start their parking time. He believes that this mainly happens because the customers forget to call to Easypark, not because they assume that the traffic warden would not bother to call to Easypark to check. (Johansson, 2006) One major reason for customers to use Easypark was to avoid getting fined, and some customers see also not getting fined as the best aspect about Easypark. Still, some other customers do continuously get fined. 43% of the current customers in Göteborg and 24% of the current customers in Copenhagen got fined since they started to use Easypark even if this was not in all cases related to Easypark's system.

7% of the customers in Göteborg and 17% of the customers in Copenhagen state that they got fined because they forgot to call to Easypark to start their parking; the reason Johansson assumed. 38% of the current customers in Göteborg state that they got fined because the traffic warden made a mistake, did not know the system, or did not call to Easypark. Also in Copenhagen, a main reason for getting fined was because of mistakes of the traffic wardens. Many people got fined though, because of a mistake from a traffic warden, which indicates a weakness in the structure of the system. Johansson (2006) said that it was difficult to adapt to the system, and other traffic wardens have obviously the same problem. The problem shows that the traffic wardens influence the perception of Easypark's system. Current customers, whose aim is to avoid getting fined, still do get fined because of weaknesses in the structure. This can also have a bad influence on the image of Easypark, and thereby influence potential customers.

4.1.3.4 Tele-P

Tele-P is Easypark's direct competitor in Göteborg offering mobile parking as well, and Tele-P also belongs to the adoption network. The way Tele-P offers its service has an influence on whether customers decide to choose Easypark or Tele-P when deciding to use mobile parking.

The CEO of Easypark states that Tele-P does not use an invoice system, that the company's technology is less stable, that Easypark has a better coverage, and that Tele-P's customer service is not as good as Easypark's.

Both Easypark and Tele-P remind their customers via SMS to stop the parking time. Easypark sends reminders 15 minutes before the maximum allowed parking time for the area is over, in case a customer stated a certain time to finish parking and at 6 p.m. every evening if the customer is logged into the system at this point of time (direct marketing manager, Copenhagen). Tele-P (2006) offers customers to choose certain intervals (one, two, four, or eight hours) to be reminded to stop the parking. This means that customers get reminded to stop parking even when they did not choose a certain timeframe to park.

22% of the current customers in Göteborg and 37% of the current customers in Copenhagen state that the service could be cheaper. Respectively 4% of the customers in both cities got fined because they forgot to lengthen the parking time. 7% of the customers in Göteborg and 4% of the customers in Copenhagen got fined because they parked longer than the maximum parking time in the area. As it is more important for most people to save time and be flexible, and as it is more expensive to get fined, the majority of the customers would probably be willing to pay for additional reminder SMS.

Tele-P offers its customers reminder SMS' in different intervals, so the customers can choose themselves. This means that customers can more easily avoid getting fined for some of the reasons they stated, and will improve customers' satisfaction. Some customers might prefer Tele-P's system and therefore decide against Easypark or, even if they do not, current customers of Easypark would be more satisfied if these issues would be solved. This again has also an influence on potential customers hearing from current customers about the service.

4.2 Consumer behavior

Kardes points out the importance of focusing on the customers in order for a company to better fulfill customers' needs and stay competitive. The customers can be approached in a more effective way if managers know their preferences and dislikes. (Kardes, 2001:5) This is certainly true, because a company can always learn from customers, and the customer should be the point of focus for every business. Without the customers, no business would exist.

4.2.1 How do people respond to a service? When do people adopt an innovation?

4.2.1.1 Influence of personal and situational variables on the purchase behavior of Easypark's current and potential customers

Kardes (2001:5-8) states that people react differently to certain offers, depending on their personality and on the situation they are in. This is also true in Easypark's case. Regarding their person and personality, first of all, people have to have a car and the need for parking in order to be able to have an interest in the service. Second, people also cannot be completely dismissive regarding technology, because they need to have a mobile phone and trust in a computer-based service.

Empirical findings and analysis

The following graph shows how Easypark's current customers describe themselves regarding their purchasing behavior (only the main answers are given).



Graph 7: Purchase behavior of Easypark's current customers

Only 1% of the customers in Göteborg are not interested in technology. In Copenhagen, no one states that he or she is not interested in technology. The answers of the current customers show that people using Easypark are relatively open regarding technology and innovations, and that they believe that they can make their life easier with help of technology. Some people even like to be the first ones to test innovations.

According to Kotler and Armstrong (2001:200), the first 2.5% of people who adopt an innovation, are called innovators. Easypark has 2% of all possible customers in Göteborg. These customers are mostly interested in technology and trying out new offers and innovations. This shows that the current customers of Easypark are innovators. In contrast, in Copenhagen, Easypark has 25% of all possible customers, which means that the early majority already started to adopt the innovation. Innovators and early adopters are according to Rogers (2003:282-283) very important to bring the innovation into the social system and have a lot of influence on other potential customers. This means that Easypark has to concentrate on its current customers and try to satisfy them as much as possible in order to ensure that they have a positive influence on potential customers.

Also the situation people are in is an important factor regarding people's response to Easypark. In Göteborg, potential customers are able to pay their parking not only with coins, but also with cards, while in Copenhagen, people have to use coins. Therefore, the situation differs a lot. In Göteborg, people are satisfied with the situation, while in Copenhagen, they are happy if they can change the situation of paying with coins, and Easypark enables this change.

Another situational difference is the advertising of Easypark in both cities. Kardes states that it is necessary that people can recall the information about a service in the moment of the purchase decision. Recall is easier if the information is given at the same moment as it should be recalled, i.e. the moment of purchase. (Kardes, 2001:54, 60) As stated before, Easypark is advertised with big signs on the parking meters in Copenhagen, while this is not allowed in Göteborg. This means that people in Copenhagen are better informed about Easypark's service in the situation where they stand in front of the parking meter and have to pay (and

perhaps even realize that they do not have enough coins to pay). They get all the necessary information immediately in the situation where they need parking and can directly register to Easypark if they want to. That means that in Copenhagen, Easypark really makes life easier and offers flexibility. In Göteborg, people in front of the parking meter see only a small Easypark sticker stating the tax code besides all the other signs. This means that if people do not know about Easypark and the service, they will not get much useful information, so the moment they could use the service does not provide them with information on how to use the service on the spot.

We believe that this makes a big difference, because as Herbig and Kramer (1994:47) point out, people are overloaded with information and cannot pay attention to all information. In Copenhagen, the information is presented in the moment where it can be used, and it is not competing with other innovations and technologies in this moment. In Göteborg, the information has to be presented at another point of time, which makes it for the consumers less relevant at that moment. As Kardes points out, choice can be stimulus or memory based. A stimulus choice is a choice that enables the consumer to compare the offers at the moment of purchase, and the purchase advantage lies with the stimulus brand, not the memory brand. (Kardes, 2001:113-114) This, additionally to the fact that people in Göteborg are quite satisfied with their way to pay parking, makes it much more difficult for Easypark to get customers' attention in Göteborg than in Copenhagen. This can also be seen in the survey findings. Only 6% of all potential customers in Göteborg are aware of Easypark, even if they might have heard about mobile parking before. The vast majority of current customers in Copenhagen got to know about Easypark due to the big signs on the parking meters (53%) which shows the positive effect of advertisement in the moment the customer can use the service. As Kardes (2001:33) points out, voluntarily attention is paid if the interests or needs of a person match with the marketing for the offer.

4.2.2 How do people attend to and comprehend information?

4.2.2.1 Attention and understanding regarding Easypark's innovation

According to Rogers (2003:37,169,171-172), the first step of a person regarding a decision about an innovation is the knowledge phase. Customers need to attend to and to comprehend information in order to get knowledge about an offer. Kardes (2001:29,31) points out that consumer attention is limited due to the information overload. According to Herbig and Kramer (1994:47), companies have to simplify their products as much as possible in order to avoid consumer ignorance.

Easypark's service is still relatively unknown (2% of all people paying parking are customers of Easypark, and only 6% of potential customers recognize the company's name), and people have also problems to understand the system (7% of the potential customers in Göteborg state that they do not understand the system, and also their beliefs about the service and the reasons they give for not using mobile parking, as stated, show that they do not really know and understand the system. Also current customers state that the system should be made easier).

Marketing can only be effective when people understand the meaning of what is communicated (Kardes, 2001:41). Herbig and Kramer (1994:45) point out that people have difficulties to decide what information is relevant to them and also overlook information due to the existing information overload. Especially in Göteborg where people do not feel the need to reconsider their way of paying parking, it is a barrier for Easypark if the system is difficult to understand. People want to make their lives easier when they purchase something

(as also stated by 31% of the current customers in Göteborg and 45% of the current customers in Copenhagen), and if they do not understand the system, they will not have the feeling that the service would make their life easier.

Potential customers do not bother to search for more information; they build their opinion and remain paying with their current paying method, because they are anyway satisfied with it. The majority of the potential customers has never heard about Easypark.

4.2.3 *How do people judge about offers? How do people choose a certain service? How do people decide about an innovation?*

4.2.3.1 Influence of experience on judging, choosing, and deciding about Easypark's innovation

Zeithaml et al. point out that experience is the most important factor regarding consumer choice. Experience is marketing, because it allows potential customers to build their own opinion about the service. (Zeithaml et al., 2006:59) According to Kardes (2001:26-28), people can get information about an offer by firsthand or by secondhand experience. A firsthand experience is made possible by Easypark offering a one month free trial period. The problem is that even though this would give the customers deeper knowledge about the offer, it will require that they already know the company. As stated, this is mainly not the case. Secondhand experience can be gained via flyers for example, and this is done by Easypark. 9% of the current customers in Göteborg got to know Easypark via a flyer on their car. This shows that flyers have some kind of impact, but that this impact is not extremely big. Still it is a good way to make customers aware in Göteborg. A big sign on the parking meters would be much better, but a flyer on the car appears at least also relatively close to the situation of paying parking.

Secondhand experience can also come from a third source which cannot be influenced by the company (Kardes, 2001:26-28). 19% of the current customers in Göteborg and 23% of the customers in Copenhagen got to know Easypark via a personal contact. 18% of the potential customers in Göteborg were informed by a personal contact about alternative ways of paying parking in general. This is a relatively big amount and shows how important word-of-mouth communication is for a company. It also means that the company cannot directly influence what is told. This means that every company should try to offer its service as best as possible and to try and find out what satisfies and dissatisfies the customers in order to continuously improve. Easypark has e.g. a problem with the amount of parking places the company is offering in Göteborg. Current customers are not satisfied with this, and it is likely that these customers tell their family and friends about their experiences. This can have an influence on potential customers and can also be seen in the statement of 13% of the potential customers who do not use Easypark because the company does not offer sufficient parking places.

The second step in the innovation decision process according to Rogers (2003:37,175-176) is persuasion, here people form an attitude towards the innovation. Kardes states that subjective beliefs people hold might be more important than objective facts, because people act according to their beliefs. He points out that descriptive beliefs gained from firsthand experience are often stronger than informational beliefs gained from secondhand experience. (Kardes, 2001:82-84) 80% of Göteborg's potential customers are satisfied with their current method to pay parking and they believe that mobile parking would not be of use for them due to different reasons (as explained before e.g. not saving money and time, not being able to park everywhere, not making life easier). These people do not have any firsthand experience

with mobile parking, though they might have secondhand experience from personal contacts and just built their beliefs upon that.

The third phase in the innovation decision process is decision, which means that people either adopt or reject the innovation. Most people prefer to be able to try out the innovation before finally deciding. (Rogers, 2003:37,177-178) Potential customers decided against mobile parking because they do not believe that this method would be better than their current way of paying parking. A firsthand experience might be able to convince them of the advantages of mobile parking. Therefore, it is good that Easypark offers free trial periods. Still, one has to keep in mind that people will get some secondhand experience before they try out Easypark themselves. This means that the secondhand experience influences whether people will judge about the innovation in a way that makes them willing to get firsthand experience.

The fourth step of the innovation decision process is implementation, if people did not decide to reject the innovation. People in this phase gain firsthand experience with the innovation and try to learn how to use the innovation and how to deal with occurring problems. (Rogers, 2003:37,179-180) As mentioned, the current customers in Göteborg are quite satisfied with the service of Easypark, mainly because it makes them more flexible and decreases the chance of getting fined; however, they also see points for improvement, they would e.g. like to be able to park on more parking places and to get more SMS to remind them to finish the parking time to make sure that they really can save money. Herbig and Kramer (1994:48) point out that people tend to judge an innovation on how easy it is to understand, and that innovations not only have to function, but also to be able to be used by the customers. Current as well as potential customers state that the system should be easier or alternatively that they do not understand the system. Potential customers in Göteborg use coins and cards to pay their parking, and this is very easy for them to understand compared to the system of mobile parking. Current customers got fined e.g. because the traffic wardens had problems with the system or because they themselves forgot to log off the system. A problem might be that Easypark's service seems to be too complicated and therefore is judged not as positive as it could be. The current customers have an impact on the secondhand experience potential customers get. As Kardes (2001:96) mentions, dissatisfaction of current customers can be critical because they might influence potential customers by complaining about the service. Easypark therefore needs to pay attention to its current customers and try to increase their satisfaction with the service as much as possible.

4.2.4 How can people be persuaded?

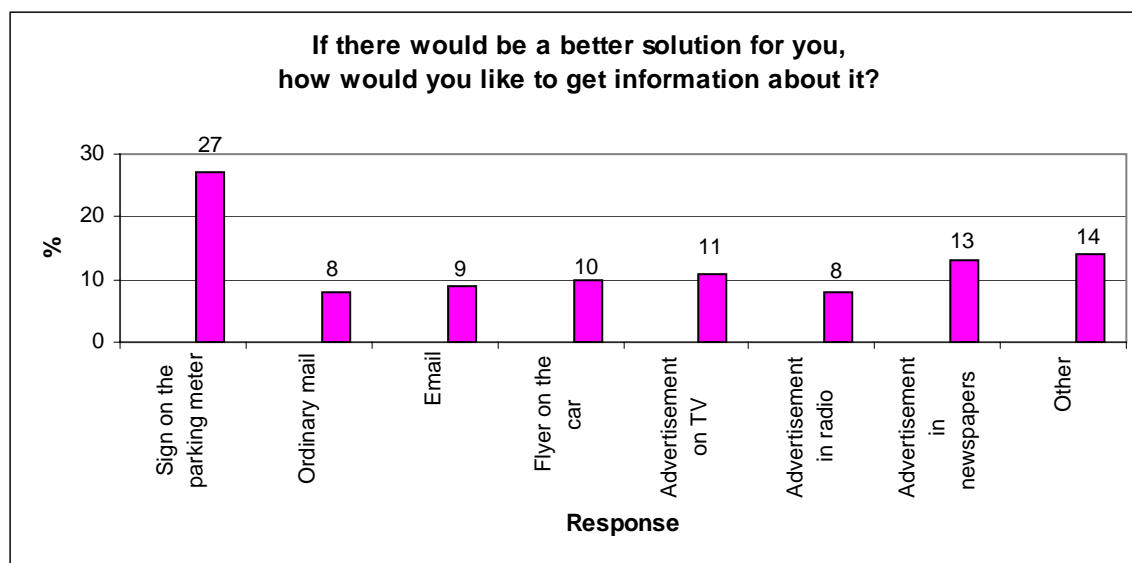
4.2.4.1 Awareness creation for Easypark's potential customers

As mentioned before, a problem of Easypark in Göteborg is the lack of awareness among potential customers. In general, people try to avoid attending to advertisements (Wilson et al. 1998:171-201). Kardes (2001:136-138) states that advertisements should be created in a salient or vivid way or contain humor in order to be effective. It is difficult to reach customers because they are overloaded with information.

In Copenhagen, the advertisement works well with the big signs on the parking meters, because the advertisement occurs in the moment customers have to decide about the parking method. In Göteborg, it is more difficult to inform potential customers about different methods of paying parking; however, if Easypark wants to increase its customer base, the company has to find convincing ways to advertise its service. The potential customers can be asked how they would like to be approached, because this gives information about ways that make sense in order to increase awareness.

Empirical findings and analysis

The following graph shows the answers of the potential customers regarding their preferred ways of getting information.



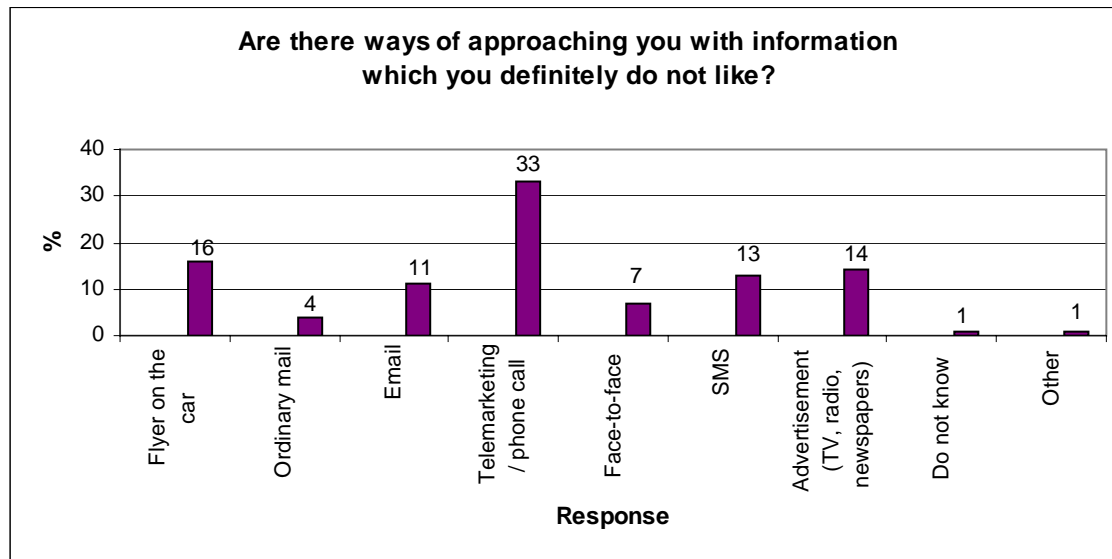
Graph 8: Information preferences of potential customers

27% of the potential customers say that they would like to be informed via signs on the parking meters, so that they would get the information in the moment they face the problem of paying parking. This is impossible in Göteborg, at least at the moment, but it shows the importance of advertising in proximity to the situation the service can be used. Easypark needs to convince the city or find other, similar ways, in order to approach customers in the way they prefer. Only this will lead to interest, awareness, and can persuade potential customers. Easypark does distribute flyers, and the company could also try advertisements in e.g. newspapers, according to potential customers' preferences.

14% of the potential customers prefer other ways of getting information, as e.g. face-to-face, phone calls advertisement in the public transport or at fairs or exhibitions. The CEO of the company says that Easypark tried to advertise in the radio and at fairs, but that this was not successful. However, Easypark did not really measure the success of each marketing method. The problem is that not all people prefer the same ways of getting information, so what some people like, others might dislike.

Therefore it is not only important to find out how people would like to get information, but also to know how they definitely do not like to get information. Giving information in a way people do not appreciate might lead to ignorance or even dislike of the company and/or the offer.

The following graph shows the answers of potential customers regarding ways of information they do not appreciate.



Graph 9: Disliked ways of being approached with information

9% of the current customers were informed about the service by a flyer on their cars. 10% of the potential customers also like to get information via flyers on their car; on the other hand, 16% dislike these flyers. There is not one single way that is appreciated by all potential customers, but a company should try to advertise in a way favored by most people and try to avoid advertising in a way most people dislike, as e.g. phone calls. A customer can easily ignore an advertisement in a newspaper if he or she does not like this way of advertising. A phone call cannot be ignored that easily, and might create a real dislike, because people are forced to deal with the caller even they do not like it.

Easypark's service is also rather complex to the majority of people, and should therefore according to Kardes be advertised in a way which enables the people to understand the message. He points out that written advertisements are more persuasive in these cases than TV or radio, because a written message can be re-read several times if necessary. (Kardes, 2001:154) This could also be a reason for the radio advertisement not being successful. The listeners could not grasp the meaning of the message and therefore did not react to it. Big signs on the parking meters or flyers on the car enable people to read the information and comprehend it in their own speed, which increases the chance of understanding and becoming interested.

4.2.4.2 Importance of trust for Easypark's customers

Kardes points out that the more people trust in the source of advertisement, the more likely they are to be persuaded. It is also more effective to inform people not only about the positive, but also about the negative or intermediate aspects of the offer. (Kardes, 2001:140,144)

For 58% of the potential customers, trust is very important regarding a purchase, for 36% it is quite important, and for 6% it is slightly important. None of the respondents answered that trust is not important at all. This means that Easypark really has to pay attention to be trustworthy.

A problem mentioned by potential as well as current customers is the fact that it is not possible to park everywhere with Easypark. It would increase the trustworthiness of Easypark

if it would explain openly where it is possible to park and where not and what the company is doing in order to increase the amount of possible parking places. This would show that Easypark is aware of the problem and acknowledges it, and that the company tries to improve the situation. On Easypark's homepage (2006) it is stated that people can park on Europark's (another company offering parking places in Sweden and Denmark) parking places in Sweden, but when looking closer within the pdf-file about where parking is possible in Göteborg, one finds out that it is not possible to park on Europark's parking places. This might give a negative feeling to customers, first reading that it is possible to use these parking places, and then finding out that it is not possible. Either people read this information before deciding whether to use the service or not, which might make them reject it, because they got inconsistent information, or they read it after they chose the service, which might make them reconsider their choice or at least being unsatisfied with the company and the service. It could also happen that people do not check the pdf-file at all after reading on the homepage that it is possible to use Easypark's service on Europark's parking places, and they might feel betrayed when they later on discover that it is not possible. We believe it is very important to tell honestly and open about advantages and drawbacks of the service in order to gain the trust of the customers.

4.2.5 New product development - being proactive or not?

4.2.5.1 Easypark being proactive

An advantage of being proactive is that a company can gain consumer preference for a long time if it is successful with its offer, and that it gets also more consumer attention (Kardes, 2001:321). Easypark is a proactive company; the service of mobile parking is not common and not offered by many companies. A problem with being proactive can be that the company makes mistakes which can be avoided by companies entering the market later. As stated before, Easypark did not take the whole adoption network into consideration when launching its service, and therefore several problems occurred. It is important to learn from these problems in order to avoid them in the future and to improve the current situation. This will be more beneficial for Easypark than launching the service after only one to two days of preparation.

According to Edvardsson et al. (2005:91), it is important to take the opinions of potential customers into consideration when developing a new product, because customers want to have their needs fulfilled. This is certainly true, because a company will not be successful if potential customers do not see that the new offer fulfills their needs. This can be clearly seen in Göteborg where people do not see the advantages and therefore decided to reject mobile parking. This means that the company does not get consumer preference, even if it is proactive.

4.2.6 How do people behave regarding technology?

4.2.6.1 Impact of technology on Easypark's customers

Zeithaml et al. refer to a study revealing that the opinions of customers regarding technology are controversial. Technology is seen as very positive when it works, but very negative when it does not work. According to Zeithaml et al. technology must become better than personal contact in order to be a successful service option in the future. (Zeithaml et al., 2006:58-59) Easypark's service is strongly dependent on technology. When people call to state the tax code and start their parking, they do not speak to an employee of Easypark, but to a computer voice recording. Current customers mention that they have sometimes problems reaching the

computer system. This means they want to start their parking and cannot. Problems occurred as well because people got fined for the reason that they forgot to stop the parking time or that the traffic wardens made a mistake. In these cases, technology or understanding of technology failed. It is important to improve technology and increase understanding in order to create a positive view and be able to be successful in the future.

4.3 Branding

On one hand, a brand is built by marketing and customer experiences. On the other hand, any organization's marketing must be based on the brand ideology. All the different marketing methods should be aligned with the brand ideology, which again is aligned with the overall business ideology (Aaker and Joachimsthaler, 2000:6-9). In this analysis chapter we concentrate on Easypark's brand and branding, and the empirical findings will be analyzed from a branding perspective.

4.3.1 What is a brand?

4.3.1.1 The brand of Easypark

When interviewing Easypark's management, we asked what kind of image Easypark wants to have i.e. what the company wants customers to believe about it. According to the CEO of the company, Easypark wants to be seen as a simple, convenient, reliable, natural and easy service. The direct marketing manager in Copenhagen highlights the easiness of the service: "*Easypark makes life easier.*" The service as such is certainly great and designed to make life easier. But since it does not (yet) always work as designed, the "slogan" or statement of easiness will not come true. According to our research, especially in Göteborg the service of Easypark can be considered unreliable, since according to some of the current customers it happens every now and then that it is not possible to connect to Easypark. In terms of not getting fined the service is not absolutely reliable either. Neither does it make life easier for the customer when they have to deal with solving these problems. On the contrary, the system problems create sometimes extra-work for customers and this decreases their satisfaction. According to some of the current customers and the theories used in the innovation chapter, Easypark's service, since it is considered somewhat technical, is not necessarily simple especially in the beginning. The existence of these problems argues with the message Easypark wants to communicate.

"We do not actually put that much money into building a specific brand, it is more hopefully the service builds the brand itself" (CEO of Easypark). Keller (2003) states that the limitation of the resources is a characteristic problem for small businesses. We believe that branding is about fundamental thinking within the company in terms of mission and vision and declaring this, more than about money. Keller (2003) reminds that the history knows many small businesses that have grown their brand with the help of word-of-mouth marketing. If the target image of a company would be to be seen as trustworthy, which according to the potential customers is a basic requirement concerning buying (of the potential customers, for 58% trust is very important and for 36% quite important), the company should concentrate on that and develop the service in order to fulfill the customer needs.

4.3.2 Why do brands matter? Consumer and business perspective

4.3.2.1 The importance of trust for Easypark's potential customers

For a consumer, every purchase implies a risk. A brand is likely to reduce the risk in consumers' opinion as it is often considered as a signal of quality (Keller, 2003:9-11). In other words, a brand offers a customer a trustworthy option concerning purchase. As mentioned, for 58% of the potential customers, trust is very important regarding a purchase, for 36% it is quite important, and for 6% it is slightly important. None of the respondents answered that trust is not important at all. For companies that can offer a customer a trustworthy product or service, it means that the customer will more likely favor the same brand in the future. However, in order to make customers trust, a brand has to offer customers a positive experience. For 41% of the respondents, earlier positive experiences with the company or the service make them trust. In Easypark's case, this is a challenge, since potential customers do not have any personal experiences of the company or its service. On the other hand, even though the potential customers do not have any own experiences with Easypark, they might know people who are using or have tried the service. 38% of the respondents trust the service in case they know people who already use the offer and are satisfied with it. As described earlier, these current users can also have a negative influence, if they tell about problems or their dissatisfaction with the service.

12% of the potential customers trust if they know the brand name of the company or the offer. On the other hand, it can be seen in Copenhagen that even a famous brand name does not always make consumers trust enough to try or use the service. In Copenhagen, Siemens, which is much better known brand than Easypark, offers mobile parking service as well. Siemens is performing worse than Easypark, obviously because Siemens' service is more complex (direct marketing manager, Copenhagen). This might also be linked to the fact that Easypark entered the market first. As Tesink (2005:3) states, an early entry to the market can increase the chances to get a higher market share and helps the company to build its reputation.

9% of the potential customers state that they can be persuaded to trust if the explanations and instructions regarding the offer are easy to understand. Easypark should take into consideration that some of the current customers claim the service difficult to understand in the beginning. Another stakeholder party, traffic wardens, state that from their perspective Easypark's service was not easy to understand in the beginning either. This is confirmed by current customers, since 43% of respondents in Göteborg (in Copenhagen 24%) got fined after they started using Easypark and in 38% of the cases in Göteborg the reason was traffic wardens' mistake. This does not satisfy the current customers, even if in most of the cases Easypark helped them to solve the problem and they did not have to pay the fine. In Göteborg 19% and in Copenhagen 23% of current customers got to know Easypark via a personal contact. As mentioned, 38% of the potential customers who do not have personal experience of Easypark, trust the personal contact they hear about the service from. 43% of the current customers might mention to the people they know that they got fined after they started using Easypark's service. 34% of potential customers state that the most important reason for them concerning parking is that they do not get fined. This can be a crucial issue considering acquiring new customers, but it cannot be taken for granted that all the current customers would continue using Easypark, if they got disappointed by the service. As Kent (Kent, quoted by Warner, 2001) says, customers are only loyal to the brands that really serve them.

Holiday Inn's slogan in the past "*The best surprise is no surprise*" (Postrel, 2004) highlights well the negativity of the failures within the service when considering the brand of Easypark.

A customer has trusted the service, but then some unpleasant surprise takes place. The worst fact is that Easypark can only come up with rough estimations on how many potential customers they may have lost because of this negative word of mouth marketing that depends on failures in the system.

4.3.2.2 Brand building in Easypark

As mentioned, Easypark is not spending much money on building a specific brand. The CEO of the company told that Easypark simply does not have the amount of money required to launch a major brand awareness campaign in Sweden. This shows that the principle of Easypark is not to actively build a brand, since it is too expensive. It is commonly known that acquiring new customers is much more expensive than keeping current customers happy. But how expensive is it to get back the customers who once quit using the service due to a failure in the system or a general disappointment? And how expensive is it to persuade the consumers who once decided not to use the service, because they heard negative word of mouth messages about it? Word-of-mouth marketing is essential especially for small businesses (Keller, 2003). It is certainly essential when it is positive; and it is certainly necessary for every company to try to avoid negative word of mouth marketing. As long as purchasing the brand guarantees consumers benefits and advantages and makes consumers satisfied via consumption, they are likely to buy the brand in the future (Keller, 2003:9-11).

When asked about developing the quality of the service so that a higher level of customer satisfaction would be achieved, the CEO said that Easypark is aware of these issues, but that *"it is a question of focus and a question of priority"*. On the other hand, the CEO of Easypark states that the best way of creating a brand name is to have a very good, functioning service and a well functioning and service-oriented organization. This shows that these issues are somewhat known, but the next step is not taken. In our opinion, Easypark should really focus on improving the issues that lead to a decrease of customer satisfaction since only 8% of the current customers in both Göteborg and Copenhagen consider the existing service of Easypark completely satisfactory. It seems that Easypark is rather concentrating on acquiring new customers and, through that, increased sales. Easypark seems to think that this can be done via some new marketing tricks even if the quality of the service is not be at completely satisfactory level. We believe that these "magic" types of marketing tricks simply do not exist, but that it would be important to develop the service first in order to enjoy the advantage of this natural and cheap way of (word-of-mouth) marketing. We believe this is the only way to let the brand build itself, like the CEO of Easypark believes.

4.3.3 What has a brand to do with consumers' motivation and ability concerning purchase?

4.3.3.1 Differentiation of Easypark

In the business field of mobile parking, there are also competitors offering a more or less similar product, or at least their offers aim at solving the same problems of the same customer segment. As mentioned, in Göteborg there is Tele-P and in Copenhagen, there is Siemens. If customers do not see any difference between different brands, they are not motivated regarding the brand choice process. In other words, they do not really care which brand they use. We believe that the target image of all of the companies offering mobile parking is to make life easier, being simple, secure and convenient. According to the CEO and the direct marketing manager of Easypark, the rivals in both Göteborg and Copenhagen have some problems with their service. This is exactly where the possibility of differentiation exists: if Easypark would be able to offer a "perfect" service first, it would automatically be

considered different amongst customers and this way, also potential customers would be motivated to make a choice between *different* brands.

4.3.3.2 Educating the customers

According to Keller (2003:69), in reality product quality might be difficult to judge without experience and expertise; especially when considering some product categories (e.g. telecommunications equipment involving state-of-the-art features). Consumers might simply not have the necessary knowledge or experience to be able to judge product quality even if they desire this and will use whatever shortcut they can come up with to make their brand decisions in the best possible way. (Keller, 2003:69) In our opinion Easypark should not let it stay like this, but rather “educate” the customers to be able to make a right brand choice. On the other hand, the CEO of Easypark has a point being concerned mainly about brand awareness; according to Keller (2003:69), sometimes customers might just end up choosing the brand they are most familiar with and aware of.

4.3.4 What means brand awareness?

4.3.4.1 Brand awareness of Easypark among potential customers

According to our research 72% of the potential customers are aware of alternative methods of paying parking. 32% of them mention mobile parking and 23% mention P-Dosa as alternative methods. (P-Dosa is a physical product, a device that customers have been able to buy. With P-Dosa, customers use a card that they load with credit for parking. The device is put on the windshield of a car in order to make it possible for traffic wardens to check that parking is paid. The city of Göteborg has decided to stop the use of P-Dosa, as it turned out to be possible to manipulate the device and this made P-Dosa not trustable from city's perspective (Gustav G., 2006)). This also shows that it is necessary for Easypark to create a completely secure system. Since it is not possible to use P-Dosa in the future, there will be a great amount of potential customers searching for an alternative way of paying parking in the near future. Easypark has already taken this fact into some level of consideration in their marketing.

Keller (2003:67-68) divides brand awareness in two parts: brand recall and brand recognition. When investigating the brand awareness of Easypark amongst potential customers, the result was striking. When asked if potential customers know any company offering mobile parking in Göteborg, the majority (72%) cannot recall any name. Only 6% are able to recall Easypark. No respondent mentioned Tele-P, the direct competitor of Easypark. 10% answer P-Mint, Easypark's predecessor. (Obviously people are not aware of the fact that Easypark took over from P-Mint, when started in Göteborg.) This shows that there are rather many false beliefs within this field and that Easypark's marketing has not been able to reach potential customers with correct information.

The next question was formed in order to find out about the *brand recognition* of Easypark amongst the potential customers. It was asked directly whether people have heard about Easypark, i.e. this time people were given the name. Sometimes people might not recall a company's name when a product category is given as a cue (brand recall), but they do recognize the name when it is given as a cue (brand recognition) (Keller 2003:67-68). 19% of the respondents recognized the name, while 81% did not. It can be clearly seen that potential customers' brand awareness of Easypark is low. Nevertheless there lies a hidden positive aspect in this. If potential customers are not aware of a service or a brand, they do not buy but on the other hand if they are aware of a brand, they might also be aware of the problems which might be reasons for them not to buy either. The amount of potential customers who

might have heard about problems in Easypark's service is at the moment not more than 19%. This means that there is still time to improve the service and communicate the improvements to the current as well as the potential customers, before the message of the problems is commonly known. The fact that competitors have not succeeded any better in creating brand awareness amongst potential customers, does not help Easypark, but it shows a possibility for increasing competitiveness, if Easypark is able to fix its service problems first.

4.3.5 What are the basic requirements for building a successful brand?

4.3.5.1 Brand leadership, mission, and vision of Easypark

According to Aaker and Joachimsthaler (2000:6-9) successful brand building requires strong leadership that instead of being tactical and reactive consists of visionary and strategic thinking. When asked what kind of mission and vision Easypark has, both the CEO and the direct marketing manager of Easypark state that *mission and vision do not exist*. In our opinion this is a crucial mistake. On the one hand, it is good that the management of Easypark openly admits that these ideology statements do not exist. When realized what a company is missing, it can be developed or improved. But on the other hand, this might also show that the importance of these ideological level issues is not understood within Easypark's management. In our opinion this shows that since the management of Easypark is not even considering issues like mission and vision, it is less likely to be strategic oriented. Management can still have a vision. According to our personal experience the CEO of Easypark is absolutely visionary. The challenge might be to share the vision amongst the employees, throughout the whole organization. It is difficult for Easypark's brand manager to design a brand mission and vision, which would be linked to the overall business strategy, when overall mission and vision do not exist. Because of this absence of a complete core business ideology it is impossible for the brand manager to control that the operations, e.g. marketing and advertisement, will be aligned with the core brand ideology that reflects the corporate culture and values. The brand manager cannot share a brand mission and vision if they do not exist. This might lead to serious internal confusion and again further to external. This is why these ideologies should be formed as statements that can be easily shared and communicated internally throughout the whole organization as well as externally. As Hanlon (2006:21) states, it is necessary to clarify what you stand for, what you believe in and what you want others to believe about you.

According to the direct marketing manager in Copenhagen, Easypark has been successful in terms of customer service and the sales people are the best possible. The level of customer service in Copenhagen is also high according to Tele Performance, a customer service contest amongst Danish companies that Easypark has won twice in a row (direct marketing manager, Copenhagen). It seems that Easypark's current customer service in Copenhagen is friendly and the salespeople are convincing, when considering Easypark's market share (25%) in Copenhagen. However, some of the current customers in Göteborg said that the customer service could be improved. The sales figures in Göteborg show clearly that there is a need for improvement. We do not claim that the lack of the ideological statements is certainly connected to the low sales figures via salespeople, but the possibility exists. Hanlon (2006:21) says that all ideologies should begin with a set of core principles, and highlights the importance of a core ideology internally and externally: confused employees are not able to persuade anyone and confused consumers do not buy. Maybe the low sales in Göteborg do not have anything to do with the existing lack of mission and vision and Easypark in Copenhagen is more successful, because it has been in the market longer and it has certain advantages (big Easypark signs on parking meters, no possibility to use cards to pay parking

etc.). However, the existence and implementation of a core ideology would definitely not have a negative impact on operations in Copenhagen either.

Fessler (2006) states that Harley-Davidson motorcycles' present success is based on a few, simple questions they have asked from themselves since the 80s: "Who are we? Who are the customers? What do they expect from us?" Nowadays it is rather hard to find a website of a successful company without mission and vision statements. We believe that these companies would never have become that successful without a core ideology. The statements are not just fancy things written on the websites of the company – they include the meaning of the existence of the company. They also tell to the customers what they can count on. Internally they give the employees strength to carry on even when difficulties are faced (Holding, 2006). Holding declares that brand vision is not only about winning in business – it is about changing the world. "*Brand vision is the difference between success and failure*" (Holding, 2006).

4.4 Service Marketing

This analysis part concentrates on service marketing which means the empirical findings will be analyzed from a marketing point of view. Some of the findings have been analyzed before; the possible repetitions in this part reinforce the linkage between the fields and the importance to take certain aspects into consideration, because they are relevant in different fields and therefore have a great impact on the company's performance. As Pohl states, innovation marketing is concerned with all marketing activities to bring an innovation to the market and comprises both internal and external activities (Pohl, 2006). This shows that from both the field of innovation and the field of marketing, contributions are made on how to bring an innovation to the market.

4.4.1 Is marketing especially important for innovations?

4.4.1.1 The importance of pre-marketing and creating awareness for Easypark

Pohl states that it is important to market innovations, because they normally do not sell themselves. Most important is innovation marketing according to Pohl if the advantages are not obvious, because potential customers do not know anything about the innovation and might not be convinced of its advantages. The company has to show the benefits for potential customers, because customers often are only able to see the benefits after having tried out the innovation. (Pohl, 2006) This is true in Easypark's case, since potential customers do not see the benefits they could achieve with Easypark as mentioned before. Easypark has to show the advantages to potential customers more obvious, and should keep in mind that current customers are an important marketing "tool", because of their communication with potential customers. This means Easypark has to work on improvements suggested by the current customers as explained before.

Current customers also mention that Easypark's homepage in the internet is not very good, because it is difficult to get an overview and explanations are not always very clear. The homepage is a cue for customers. A potential customer, who heard about the company and wants to gain more information, will probably first check the company's website. Therefore, the homepage should be clear and easy to understand, and all necessary information should be easy to access.

According to Pohl, the marketing for innovations has different phases. The pre-marketing phase takes place before launching the innovation, and can take more than one year. (Pohl, 2006) Easypark takes one to two days to enter a new city, and one to two weeks to enter a

new country. The problems linked to that are described already, because the company can not deal with the whole adoption network in this short period of time. Pohl states exactly this aspect saying that in the pre-marketing phase, the company should inform all interest groups about the innovation. Pre-marketing can create awareness, attention, and interest of potential customers, and thereby increase the rate of adoption and decrease resistance of adoption. A company can listen to potential customers' needs and wants and adapt the innovation to their needs. (Pohl, 2006)

In Copenhagen, attention and interest have been built due to the facts that Easypark could advertise with big signs directly on the parking meter, and that people had only the choice to pay with coins, not with card. In Göteborg, the situation is different. People are not aware of Easypark (only 6% being able to recall the company's name) and they are not specifically interested (80% being satisfied with their method of paying parking). Pre-marketing would allow Easypark to discover these kinds of differences before launching the product in order to know that the approach has to be different in case the premises differ that much. In Göteborg and cities alike, a much more offensive approach and emphasis on benefits for potential customers would be required to make people aware and interested.

4.4.1.2 Easypark's marketing approach

The marketing Easypark is doing in Göteborg is not bad, but it is obvious that it does not have the effect the company is aiming at. Easypark wants to increase its customer base and with the marketing methods used at the moment, the company has difficulties to reach its goal.

The CEO of Easypark believes that consumer customers do not really want to use the service because they have to register for it and to pay a monthly fee. He thinks that in order to attract consumers, the service must not require registration. However, only 3% of the potential customers state that they do not want to use the service due to the fact that it requires registration. Apart from the general lack of awareness from the side of possible customers, the potential customers name other issues for rejecting the service (as described before). The CEO of the company says that Easypark's service is "*very unsexy*", but current customers see many advantages, and we believe that these advantages in combination with improvements the customers point out make the service interesting for potential customers. They just have to be made aware of this.

In the pilot and the general marketing phase, all marketing activities shortly before launching and after launching the innovation take place (Pohl, 2006). In Copenhagen, the big signs on the parking meters have a big effect as well as word-of-mouth marketing from current customers. 53% of the current customers in Copenhagen learned about the offer due to the big signs. In Göteborg, where big signs on the parking meters are not allowed, at least 22% of the customers got to know Easypark via the small stickers on the parking meters stating the tax code.

The difference is that in Copenhagen, people can get interested due to the information on the signs, whereas in Göteborg, people need to have a much bigger interest to notice the sticker and afterwards check Easypark's homepage or call to the company, and because they cannot get the information at the moment they need to pay parking. It is good to have the small stickers on the parking meters, but remembering that Easypark has only 2% of possible customers in Göteborg, they do not have a great impact on the majority of people paying parking.

19% of the customers in Göteborg and 23% of the customers in Copenhagen got to know Easypark via a personal contact. Personal contacts are an important source of information, but the smaller the amount of current customers, the smaller the amount of potential customers they talk to. Today, Easypark has 25% of possible customers in Copenhagen who talk to their family and friends and tell about Easypark and they probably mainly tell that the service enables them to be more flexible (47% state that flexibility is the best aspect about the service) and that it is possible to avoid being dependent on coins. They will also tell their opinions about needed improvements, but the advantage for the service can be easier seen in Copenhagen than in Göteborg where people can also pay parking with card and are satisfied with this and where Easypark offers less parking places.

In Göteborg, Easypark also has only 2% of possible customers who can tell about the service, which means that seen in simple figures, this number is much smaller. Therefore, Easypark has to find other ways to market the service in Göteborg.

9% of the current customers in Göteborg got to know the company via a flyer on their car, 6% via a phone call from Easypark, 4% via ordinary mail, and 2% via Email. No respondent in Copenhagen got to know Easypark via one of these means. The direct marketing manager explains that in Copenhagen, the company does more or less no other advertising because the big signs and the big amount of current customers spreading word-of-mouth about the service are so successful.

32% of the customers in Göteborg heard about Easypark from other sources, e.g. via their job (which actually also means via a personal contact), mailings from Preem (Easypark has a deal with Preem and some other companies, so the service is advertised by Preem when this company sends out bills or information), or because they had been customers of P-Mint (Easypark's predecessor) before. Also 10% of the Danish customers heard about Easypark from other sources, e.g. via their job, because they had been customers earlier, or due to information mailings from Diners Club or Statoil (Easypark has the same deal as with Preem). Easypark in Copenhagen did a few of these mailings according to the direct marketing manager, but the company is not doing it constantly.

4.4.2 How to market services?

4.4.2.1 The seven P's for Easypark

In service marketing, the traditional marketing mix by McCarthy (1983) including product, place, price, and promotion, is enlarged to three more P's: people, physical evidence, and process (Zeithaml et al., 2006:26-27). This means that Easypark has not only to concentrate on the product (which means e.g. the branding), the place (which means the distribution of the offer and therewith the adoption network), the price (which means the monthly and the service fee and what is offered for which price, e.g. the reminder SMS), and promotion (which means the ways potential customers are and would like to be approached), but also on the people, the physical evidence, and the process.

Zeithaml et al. point out that people are especially important in service marketing, because a service is determined by the people performing and consuming it. "People" in service marketing are the service provider as well as the customer him- or herself and other customers. These people all influence how a customer perceives the service. The customer of a service also has an impact on the own satisfaction. (Zeithaml et al., 2006:26-27) In Easypark's case, the employees of Easypark do not have such a big direct impact, because customers normally do not interact with them. The service is technology-based, so employees do not influence the service perception that much. Some of the current customers mentioned

though that the customer service should be friendlier. On the other hand, some other customers described the customer service as friendly and good.

As discussed before, customers of Easypark can have a big influence on potential customers when telling them about the service. A customer also has an impact on the own satisfaction; which can, e.g., decrease if the customer overpays because he or she forgot to log off the system after finishing the parking.

This is a problem which links to the process. The process is the actual service performance, which allows the customer to judge about the service (Zeithaml et al., 2006:26-27). A reason for customers to forget to log off is the way the reminder SMS are sent by Easypark. The process could be improved with a different approach to remind people (e.g. adapting to Tele-P's process and sending reminder SMS in intervals chosen by the customer him- or herself). This could help to increase satisfaction.

Some customers also describe the service as difficult to understand, and mention that they have sometimes problems to reach Easypark when they want to start parking. This means they cannot use the service in the way they want to, and this leads to dissatisfaction. Easypark should improve the process, so that these problems do not occur and make the system easier understandable.

Physical evidence is linked to the area in which the service is delivered and to all tangible parts of the service (Zeithaml et al., 2006:26-27). Easypark's service is not located in a certain building where people visit, so in this sense physical evidence is less relevant. On the other hand, one can say that the parking places where it is possible to use Easypark and the parking places where it is not possible to use Easypark also belong to physical evidence. In this sense, the more physical evidence, i.e. the wider the service is spread, the more satisfaction on customer side. Easypark's customers wish more places where to park, and potential customers reject the service because physical evidence is too low. Easypark tries to get contracts with companies offering parking in order to increase physical evidence.

A difference in physical evidence between Copenhagen and Göteborg exists in the direct available information about the service when parking. In Copenhagen, more information is directly available due to the big signs on the parking meters, something which is lacking in Göteborg. The impact of this difference is already described, and Easypark should try to improve this situation in Göteborg.

4.4.3 How to communicate an innovative service offer?

4.4.3.1 Different ways to communicate Easypark's service

The service and the seven P's have to be communicated to the (potential) customers. Partly, this takes place independently from the company's efforts (when customers more or less randomly discover physical evidence, when current customers talk to potential customers etc.), but the company also has to communicate its service in the best possible way to convince potential customers.

It is difficult to inform potential customers about different methods of paying parking, and therefore it is important to ask them how they would like to be approached. Ways of approaching customers like and dislike are described under point 4.2.4 (awareness creation).

Blythe (2003:33-34) mentions the various elements of the communication mix, e.g. TV and print media; these are also stated by potential customers as ways how they would like or not liked to be approached. The CEO of Easypark states that consumers according to Easypark's experience do not react to parking marketing in newspapers, TV, radio, and other means, but

that they do react strongly to marketing in close relation to when they want to park. This is proved by the strong effect of the big signs on the parking meters in Copenhagen. In Göteborg, Easypark therefore has to find similar solutions to attract potential.

Promotions are another way to communicate the service (Blythe, 2003:33-34). Easypark promotes the service e.g. via the free trial month. In both Copenhagen and Göteborg, 23% of the customers tried the service due to this offer. This shows that free trial periods are a good way to promote the service and make people try it out.

Blythe (2003:33-34) also mentions public relations as a possible part of the communication mix with the goal to develop an understanding between the company and the public. The public in this sense are the potential customers and all groups connected to the service, which means the groups belonging to the adoption network. Easypark is trying to develop an understanding of the service. This is done by marketing the service with different marketing means (flyers, homepage, and signs on the parking meters etc.) and by talking to the city the service is offered in as well as by talking to companies offering parking places. Nevertheless, we cannot see a real understanding when examining this “public”. As described, potential customers hold beliefs about the service which can make them reject it, even these beliefs are not necessarily true. The city of Göteborg cannot see any advantages of the service for them, even if Easypark states that the cities do have advantages. Companies offering parking places are not yet convinced to provide their customers with Easypark’s service, in Göteborg e.g. Parkeringsaktiebolaget. Public relations are important to develop and spread the service. Easypark has to find ways to create understanding of the service and improve its public relations in order to communicate its service.

Blythe (2003:33-34) also mentions exhibitions and fairs as parts of the communication mix. The CEO of the company states, that Easypark tried to communicate the service on fairs, but that this was not successful. 38% of the potential customers say that the most important aspect when they pay parking is that it is cheap, and 26% state that they would reconsider their method of paying parking when they could save money. It is possible that even if people are concerned about parking and the price they pay for parking, visitors of the fair were occupied with the actual topic of the fair and did not think about parking at this moment.

Branding and the corporate identity also belong to the communication mix (Blythe, 2003:33-34). As discussed in the analysis regarding branding, improvements in branding will also lead to a better communication of the service.

4.4.3.2 Planning Easypark's communication

Blythe states that the company should plan the communication mix carefully and start with an analysis of its current situation. Thereby, the company has to examine its own sales and profits, its resources, its mission and vision, and it also has to look at its competitors and its potential customers. After this examination, the company has to rethink its offer. (Blythe, 2003:34-35) Easypark’s communication mix is not planned carefully. The company has not that many resources to market the service, this has to be accepted. Therefore, it is even more important to learn from potential customers and competitors and improve the service as much as possible, so that current customers market the service in the best possible way. Easypark does not have a vision and a mission to communicate. This is a drawback, as explained before. Easypark should know its goals and what it stands for in order to be able to communicate this. As a second step, the company has to decide about what shall be reached with the help of the communication elements (Blythe, 2003:34-35). Here we think Easypark has to go one step back. The first main goal should not be to acquire more customers. The first main goal should be to improve the service, and to communicate to the public that

Easypark listens to its customers to improve the service according to their needs and wants. Thereby the company would also acquire new customers. Especially with limited resources, promotion cannot be the main action. And promotion does not make sense if the service is not yet fulfilling the expectations of the customers. A cheaper and more promising way is therefore to communicate that the service is developed and improved together with the people who are using it, the customers. In the third step, the company has to define the overall goal of the communication (Blythe, 2003:34-35). This could be satisfaction of current customers and an increase of the customer base in Göteborg. According to Blythe (2003:34-35), a company then has to define operational tactics, manage certain campaigns, and evaluate the results of these campaigns. Easypark should find ways to improve the structure and the process of its service. Evaluation is important to reveal whether the company was successful or not in reaching its goal; if Easypark was not successful, other ways have to be found.

4.4.4 How to overcome the customer gap?

4.4.4.1 The customer gap for Easypark

Zeithaml et al. describe the customer gap, the gap between customers' expectations and perception of the service. Zeithaml et al. point out solutions to close the four provider gaps and thereby the customer gap: Research, improvement of customer relationships, learning from failures, involvement of customers, focus on process management, physical evidence, human resources, customer contribution, match of demand and capacity, marketing communication, and pricing. (Zeithaml et al., 2006)

This model and the suggestions to close the customer gap sum up what other authors examined more detailed and what we discussed in the analysis, especially regarding potential and current customers (it does not deal with the whole adoption network of an innovation, which is also of utmost importance). This is why we introduced the reader to this model, but will not do any further analysis of it. Easypark has issues in many of the aspects presented in the model, and Zeithaml et al.'s suggestions how to deal with these issues can help Easypark to realize and deal with them.

5. From questions to answers: Conclusions, implications, and recommendations

5.1 Easypark

The following section presents the conclusions drawn from the analysis, and recommendations are given for each field. Conclusions and recommendations are specifically for Easypark.

5.1.1 Innovation

Easypark does not consider its service as an innovation (anymore), although for many people it still is. This leads to problems, because the company cannot be responsive to the customers in the way that would be required.

We think that it is technology that enables the service of mobile parking, and that technology can facilitate services a lot. At the same time it is important to take the difficulties that might occur into consideration. As Kotler and Armstrong point out, the more difficult an innovation is to understand and use, the slower it will be adopted (Kotler and Armstrong, 2001:201) A company offering a technical service innovation needs to make potential customers understand how the system works in order to decrease uncertainty, and should try to make the technology work as best as possible in order to ensure satisfaction of current customers.

Easypark cannot change the fact that people are allowed to pay their parking with cards in Göteborg and it might be impossible to persuade the city to set up big signs on the parking meters. At the moment, the city of Göteborg cannot see the advantages of mobile parking, and therefore is not supporting Easypark as much as it would be possible. This shows the importance of a good dialogue with the city even before and also after the service is launched.

As long as the city is not allowing Easypark to set up big signs on the parking meters, the company has to find other ways to show people the advantages of using mobile parking, even if they do not feel the need for it themselves in the first place. Potential customers do have needs and wants regarding paying parking and our study shows that Easypark's service does fulfill many of the needs and wants of potential customers and the reasons which would make them reconsider the paying method. This means that the service would be a real alternative for them. The problem is that the potential customers are not aware of this. Easypark needs to further examine the needs and wants of potential customers and find ways to create awareness among potential customers to show them that the service can fulfill their needs better than "traditional" paying methods.

Communicating the service among potential customers in a way that they understand it better would decrease uncertainty and make potential customers aware of the advantages. This would lead to a change regarding their judgment of mobile parking.

Nevertheless, potential customers also reject the service due to a reason lying in the current structure, the problem that it is not possible to park everywhere they wish. Easypark should solve this problem and increase the amount of parking places where it is possible to use the service before trying to gain awareness and interest of the potential customers. Doing this, Easypark could avoid that customers reject the service due to a real fact (not a misunderstanding) about the service. These customers might be lost for the company if they are approached now, even if Easypark increases the amount of parking places in the future.

Conclusions, implications, and recommendations

In Göteborg, Easypark will make a contract with Parkeringsaktiebolaget in 2007, but the experiences show that it had negative influences to not have made the deal in advance. When entering a new city, Easypark should take the experiences from Göteborg into consideration. Easypark should try to be able to offer its service on as many parking places as possible the moment the service is launched, because this has a noticeable impact on potential and current customers' judgment and choice as well as satisfaction. This means that Easypark should start an extensive dialogue with companies owning parking places and try to make contracts with them before launching the service.

The traffic wardens should be informed and educated better about Easypark and its service before the service is launched. They need to know how to check whether a customer has paid for parking in order to avoid the problem of people getting fined because of traffic wardens' mistakes. This would increase the satisfaction of the current customers.

Even though Easypark considers Tele-P not as a strong competitor, because Tele-P is performing not as well as Easypark does (at the moment Tele-P has 0.6% of potential customers in Göteborg, this means Easypark has almost four times more customers than Tele-P), Easypark could and should study Tele-P's way of doing business and learn from Tele-P in the regards where the competitor has good ideas and solutions. Easypark should study the competitors in all cities in order to get information and ideas already before launching its service.

The way Tele-P reminds its customers to stop the parking time seems e.g. to be a better solution than the way Easypark is currently sending reminder SMS'. With sending SMS in intervals according to customers' wishes as Tele-P does, e.g. the problem of customers getting fined because they forgot to lengthen the parking time could be more easily avoided. This would also contribute to an increased customer satisfaction. For these additional SMS, Easypark could also charge. People want to save money and avoid to get fined, so they will probably prefer to pay a cheap reminder SMS than an expensive parking ticket.

We definitely believe that it is important to take the whole adoption network (i.e. potential and current customers, partners, competitors, and other involved parties) into consideration and that a deep market research is necessary to learn as much as possible about the participants in the network and improve the own service as much as possible. This is certainly impossible to do in two days, but we believe it is better to first improve the own offer and then launch it, even if it will take then more time until the service can be finally launched. Tesink also points out the time of the market entry as a possible barrier for successfully bringing an innovation to the market. He explains that an earlier entry can increase the market share and can help the company to build its reputation. On the other hand, a later market entry enables the company to learn from others and develop the own offer before entering the market. (Tesink, 2005:3) It is certainly true that the market share can be increased when a company enters the market early, but if that means that a company decides to enter the market before the offer is "ready", this does not help. Also the reputation of the company and the offer is dependent on the market entry, and if the innovation still faces many problems, customers might not be satisfied and this rather damages a good reputation. A company should take the time to learn from all participants in the adoption network and develop its innovation, and then enter the market. Still the company should try to do this as fast as possible.

5.1.2 Consumer behavior

The customers are the most important group within the adoption network, because in the end, the customers are the ones who determine success or failure of the innovation. Therefore, a company should learn about consumer behavior in order to approach customers the best possible way.

Personal as well as situational variables influence whether people respond to a service and when they adopt an innovation. In general, Easypark's target customers have to have a car, i.e. a need to park, and an interest in technology. Apart from that, Easypark has to take into consideration how situational variables differ from city to city. In contrast to Copenhagen, the need is not felt by potential customers in Göteborg, and the lack of big signs complicates awareness creation. This means that potential customers will not respond to the innovation by themselves. The situation in Göteborg requires creating a need and Easypark has to find ways to make potential customers aware.

Kardes (2001:38-41) states that firsthand experiences have a bigger impact than secondhand experiences in order for potential customers to gain knowledge about an innovation and build their opinions about it. Easypark should continue to offer a free trial period as a firsthand experience, but first of all, people have to be aware of the service. We believe that a lot of secondhand experience is needed in Göteborg in order to make people aware of the company and the service, so that then the people can gain firsthand experience by trying out the service in a free trial period. Easypark should try to make the secondhand experience of the people as positive as possible, which means that the company should take into consideration what points of improvements are seen by its current customers. The company should improve its service and system to increase current customers' satisfaction, as they have a big impact on the secondhand experience of potential customers. Simultaneously, a dialogue with potential customers would enable Easypark to learn about their wants and needs. Thereby, Easypark could further improve the service and potential customers would also become aware of this.

In Göteborg, big signs on the parking meters to advertise the service in the situation where it can be used are impossible at the moment, but Easypark should think of ways of how customers still could get information about the service in the moment they need it. This would enable a stimulus-based choice of the service. Consumers are overwhelmed by information and innovations, and they cannot be attentive to all. The possibility of a stimulus-based choice means that the consumers in this moment are likely to focus on the offer, because they are in the need of it in the moment and less distracted by other information. A possibility would be e.g. to try and convince shops next to the parking meter to put the signs in the shop windows. This might require some incentives for the shop owners. Easypark could e.g. suggest that the shop owners can use Easypark's service without paying a monthly fee.

Apart from that, Easypark should inform potential customers with written advertisements (flyers, newspapers etc.). Some potential and current customers state that they do not understand the system, and as Herbig and Kramer (1994:48) point out, people tend to judge an innovation on how easy it is to understand. Written advertisements facilitate understanding of the rather complex service. Additionally, creative ways of advertising could increase customers' awareness and interest. Easypark could try to convince the city and companies offering parking to organize an exhibition or a fair dealing with parking and parking problems in the city and promote the service there. The exhibition could attract people by showing them how they could save money. Additionally, people should be able to register immediately, including a free trial period. A fair organized to inform about parking related

topics and attract people with some advantages (as e.g. the free trial period) will rather create an interest in Easypark's service among potential customers than a fair about another topic as Easypark in the past was participating in. People would rather be attentative, because they would come to the fair for this reason and would not be more interested in the original topic of the fair.

Easypark could also think of building a link on the homepage specifically for potential customers where the system is explained step by step. The advantages of the service should be stated very clearly, best in comparison with "traditional" paying methods, so that potential customers can easily see the benefits of mobile parking. Easypark should put a list on the homepage on which each street where it is possible to park with Easypark is listed together with the street's tax code. Then customers can see directly where they can park and where not, and the service becomes easier to understand and more flexible if people do not even have to get off their car to check the tax code if they can check it online beforehand.

Easypark should simplify and improve its system and its technology, and the understanding of the service among customers and traffic wardens in order to avoid misunderstandings and dissatisfaction among potential and current customers (who can have a big impact, as explained before). As mentioned, this could be done e.g. by better explanations, a different reminder SMS approach, and dialogue with all members of the adoption network.

Making potential customers aware of the service and making them really understand the system and the advantages it offers for them would lead to a more positive attitude and more positive beliefs regarding the service. Easypark could avoid that potential customers reject the service due to beliefs which are not true, but built on unclear ideas of mobile parking or misunderstandings.

Nevertheless, Easypark should tell openly, honestly, and clearly not only about the service's advantages, but also about drawbacks as e.g. the criticized number of parking places where the service can be used at the moment. Trust is important for customers, and it is more convincing and creates more trust if both positive and negative aspects of the service are communicated and what is undertaken by the company to improve the situation. Doing this, Easypark can also avoid dissatisfaction or a feeling of betrayal.

We believe that the potential customers of Easypark do not use the service due to different reasons, and Easypark should take its time before launching the service in new markets and should communicate with all participants of the adoption network before and after launching the service. The company would still be proactive, but being better able to avoid mistakes.

5.1.3 Branding

The current customers of Easypark point out many factors regarding the service that should be improved in order to make Easypark's service more satisfactory. Some of these factors might have a crucial impact on Easypark's brand. Only 8% of the current customers in both Göteborg and Copenhagen consider the existing service of Easypark completely satisfactory.

According to Easypark's top management, the target image of the company is to be seen as simple, convenient, reliable, natural and easy (CEO of Easypark). The slogan of Easypark in Denmark is "*Easypark makes life easier*" (direct marketing manager, Copenhagen). According to our research, the customer perception does not completely match the target image. The experiences of the current customers show that Easypark's service cannot be considered as absolutely easy, reliable or convenient. Certain problems within the system might cause the desired target image to suffer in customers' eyes and that is crucial since the

image and the brand of the company are always built on customers' perceptions. Customers make the purchase decisions and via that they also decide about the success of the company.

Problems like not being able to connect to the service whenever desired, getting fined and time spent on solving these problems will not lead to the desired target image. In contrast, it can cause serious disadvantages considering the brand of Easypark. Easypark's competitors have similar problems (or even more severe according to Easypark), but it would be Easypark's competitive advantage to be the first in the market with a service without these particular problems. It would be crucial to fix the service according to customer wishes immediately, since P-Dosa is going to be drawn out of the market soon. There will be a great amount (2-3 times as much as the current customer amount of Easypark) of potential customers in the market searching for an alternative solution. These consumers are extremely interesting for Easypark, since they are already taught to use a service that offers them flexibility and does not require using coins or credit card. On the other hand, these former P-Dosa customers might also be more demanding than other potential customers, since they have an experience of one alternative paying method in the past. It would be crucial for Easypark to be able to differentiate itself from the competitors in a positive way, because that would make it easier for former customers of P-Dosa to make a brand choice and guarantee Easypark a greater share of these extremely potential customers.

Easypark's top management states that since Easypark does not have the amount of money required to run a major brand awareness campaign in Sweden, Easypark does not consider building a specific brand. The principle is to improve the service in a way that it will build the brand itself. (CEO of Easypark) This is certainly a good idea. However, in our opinion that requires fundamental customer orientation. If customers are dissatisfied, they obviously do not recommend the service to potential customers. If customers get disappointed, they might reject the service and search for a rival product that would fulfill their expectations better. In Easypark's case, there are fewer competitors in the market, but it does not mean that a competitor could not improve its offer regarding these particular issues that customers value most.

On the other hand, the CEO of the company states that Easypark is aware of the occurring problems, but that *"it is a question of focus and a question of priority"*. The main focus of Easypark is to build and enlarge its customer base and gain profitability via that. There is a risk that even Easypark would be able to acquire new customers, some of them might perceive the service unsatisfactory and even quit using it. Even if a customer would continue using the service, one might tell to the potential customers about the problems within the system and some of the potential customers might reject the offer because of this negative word-of-mouth communication. It is essential for the brand that the current customers' word-of-mouth of the service is positive.

Current customers are valuable assets of a company, since it is easier and cheaper for a company to investigate their needs, expectations and satisfaction. This is why an ongoing dialogue between current customers and a company should be maintained. We believe that the focus of any company should be aimed to improve the service according to current customers' needs and wishes. It is obvious that the potential customers have similar expectations concerning the service and that they are at least keen to hear what kind of experiences the current customers have of the service. This is the way the potential customers, who do not have any own experiences of a service, form their perception of it. If the word-of-mouth message is negative, even fancy and expensive advertisement or a brand campaign cannot improve the situation. This is why we strongly recommend Easypark to first

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of all, solve the problems within the service that current customers point out. By doing this, also a big part of the expectations of the potential customers would be fulfilled automatically.

In Easypark's case there are unclear, confusing messages within the internal communication. This might be crucial, since usually this leads to external confusion. (Hanlon, 2006:21) This is why we recommend Easypark to put emphasis on reconsidering the communicated messages and the communication.

Sometimes it is hard to understand the meaning of an action or even the whole existence of an organization. A core business ideology and ideological statements (mission and vision) help to understand and align all the daily operations to aim at the same direction. The core ideology and statements have to be communicated throughout the whole organization in order to avoid internal and external confusion.

Designing these fundamentals, which are the bases for a brand strategy, as well as all the everyday operations, is necessary for the company's success. First of all, we would recommend Easypark to build a core ideology and mission and vision. They could be formed with help of asking the following questions:

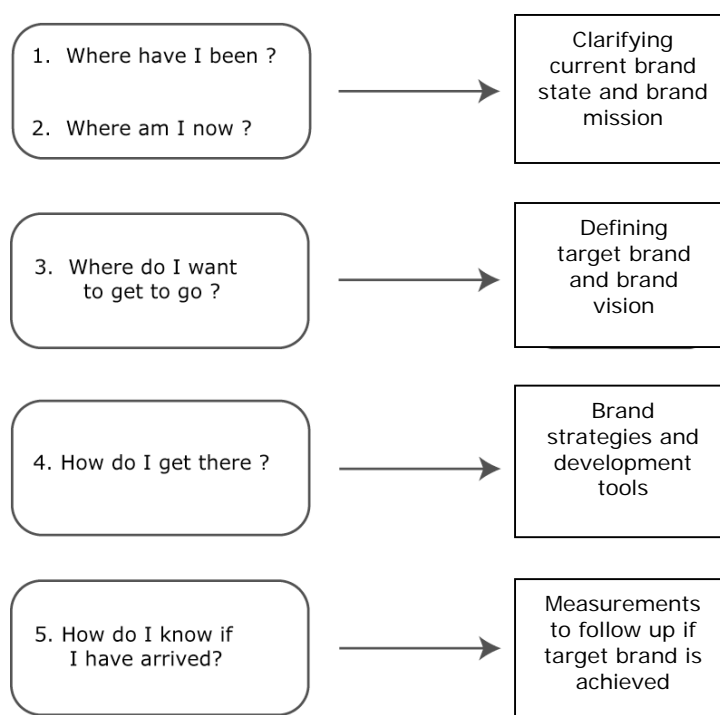
Questions for the creation of the core ideology

- What do we stand for?
- What do we believe in?
- What do we want others to believe about us?
- What business are we in?
- What is possible?

(modified from to Hanlon (2006:21) and The Brand Architects (2005))

When the core ideology (the reason for the company's existence) is determined, it is possible to start designing the brand strategies that reflect the culture and the values of the company. The brand ideology must be aligned with the core ideology of the company.

The following model is modified from Cunningham's (1994:9) learning plan theory and its purpose is to help Easypark's management to realize the simplicity of the complex processes of brand building. We recommend Easypark or any company that does not have a clear brand ideology and a brand development program to consider the five steps of the following model:



Graph 10. Brand building in practice. Modified from Cunningham's (1994) learning plan

With the help of this model the whole process of brand building can be designed. We believe that regarding branding, Easypark should reconsider these basic level issues first.

Branding is only part of the greater process of bringing service innovations successfully to the market. On the other hand, all the operations have an impact on a brand, from the very beginning of the company's history (the development of the brand image begins when the idea of the business is “born” and communicated) to the first external person.

Most of Easypark's problems concerning branding are to some extent related to the problems within the system and the structure of Easypark's service. An overall recommendation for Easypark considering branding is to improve customer orientation. Due to this Easypark would be obliged to improve the service according to the customers expectations. This would increase customer value and satisfaction, which would affect positively to the brand image.

5.1.4 Service marketing

Service marketing is critical to be taken into account in order to communicate the innovation to potential customers and to enable the company to focus on the relevant steps to bring the service successfully to the market.

Pre-marketing is very important to make potential customers aware of and interested in the innovation and to show them the advantages of the innovation. At the moment, Easypark launches its service in a new city after one to two days of preparation, which means that a real pre-marketing phase does not take place. Easypark should increase the time before launching its service in order to be able to accomplish a real pre-marketing phase. Thereby, the whole adoption network needs to be taken into consideration. Easypark can learn in the pre-marketing phase about potential customers' opinions and needs and later on about customers' opinions to improve the service, and also about influences other participants of the network have on the service performance.

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At the same time, pre-marketing can help to make potential customers become aware before launching the product, and it enables the company to take customers' suggestions into consideration. We believe that customers are much more willing to adopt an innovation if they were part of the service creation, because they feel more involved and the innovation fulfills more of their expectations. According to Zeithaml et al., the company can already in the designing process benefit from what customers need and want. This increases the chance that the service will be successful. (Zeithaml et al., 2006:255)

In the pre-marketing phase, Easypark can also learn differences between cities and therefore the need of different approaches. The customer base in Copenhagen is much bigger, although less marketing is done. This shows the importance of the situational variables and of the right marketing (as e.g. bigger signs) and the perceived advantages due to a convincing structure (as e.g. more parking places). Easypark should consider and learn from the differences between the cities and try to come up with solutions to overcome occurring obstacles.

It is necessary to include people, process, and physical evidence into the traditional marketing mix, because of the fact that Easypark offers a service. Improvements in the seven P will increase satisfaction among customers, and will contribute to market the service successfully. As mentioned, Easypark should e.g. concentrate on improving the process, i.e. the company should simplify the system and make it easier to understand and handle. Easypark should also concentrate on improving the place and the physical evidence, i.e. the company should include the whole adoption network and increase the amount of parking places and thereby improve the structure. Improvements of customer satisfaction influence the customer's own and others' perceptions of the service. An improved structure and process will have a big impact, and then the service can also be marketed more successfully with the help of traditional marketing means.

Easypark then needs to find creative ways to let potential customers know about the improved service, so promotion has to take place. This means Easypark has to come up with strategies to communicate its goals and improvements and how to perform these strategies.

Easypark has to communicate its offer in various ways. Most important in our opinion are advertisements close to the parking situation and the influence of word-of-mouth communication. Therefore, Easypark needs to listen to its current customers in order to improve the service in the best possible way. Easypark should constantly examine whether the improvements really took place and whether the satisfaction of customers increased. Positive results can then also be used to promote the service among potential customers. Easypark also needs to concentrate on public relations. We believe that these ways of communication are more important than promotion in the sense of advertisements in e.g. TV or newspapers.

The customer gap model introduced by Zeithaml et al. suggests how to overcome the customer gap and to improve and market a service successfully. Research, improvement of customer relationships, learning from failures, involvement of customers, focus on process management, physical evidence, human resources, customer contribution, match of demand and capacity, marketing communication, and pricing are ways to overcome the provider gaps, and thereby the customer gap. (Zeithaml et al., 2006) Easypark should learn about this model and take the suggestions made into consideration.

5.2 General

In the following section, the conclusions and recommendations presented for Easypark will be taken to a general level, in order to answer the question *How to successfully bring service innovations in a technological field to the market being a rather unknown company?*

The presented study showed the importance of taking the four fields of innovation, consumer behavior, branding, and service marketing into consideration when bringing a service innovation to the market. A rather unknown company that wants to sell its service innovation successfully should learn about these fields as much as possible. It has to focus on the whole adoption network (customers, partners, competitors, and other involved parties) before and also after the launch, and on the structure as well as on simplification of the innovation system. Especially when technology is involved, the company has to improve this technology as much as possible to decrease uncertainty and gain trust from potential customers.

Potential customers have to be made aware of the innovation by the company, but before, the company should ensure that the innovation is as good as possible. Therefore, the opinions of potential and current customers have to be taken into consideration in order to continuously improve the innovation. The company needs to create a need for the innovation among potential customers. Pre-marketing enables the company to learn from the adoption network as well as create awareness regarding its innovation. Personal and situational variables of the potential customers have to be taken into consideration, as they influence how potential customers respond to the innovation. Potential customers should not only get secondhand experience about the offer, but the company should also enable firsthand experience.

The innovation will be best communicated by advertisements occurring close to the situation where it can be used (this decreases the impact of information overload on the attention of potential customers) and by word-of-mouth communication (from current to potential customers). Therefore, the company has to satisfy its current customers as much as possible, which means that their suggestions for improvements have to be taken into consideration. Apart from that, especially if the company wants to bring a technical service innovation to the market, potential customers should be informed by written advertisements (instead of e.g. TV), because this increases the chance of comprehension of the innovation.

An innovation is also communicated via the brand of the company. Every company should have a mission and a vision: define where it stands and where it wants to go. One way of designing core ideology, strategies and implementation as well as measuring the success of these, is to ask oneself the *Questions for the creation of the core ideology*. A brand makes consumers trust and can influence their choice regarding an innovation purchase. Being a trustworthy brand might enable a company, more than extensive promotion and advertising, to sell its service innovation. Marketing, again, becomes much easier and clear when it is aligned with the brand ideology. Satisfaction of the customers with the innovation will again strengthen the brand, which is communicated to potential customers.

In most cases, the innovation will not be “perfect” when it is launched, and there are anyway always improvements possible. Therefore, the company should lay open not only the advantages, but also the drawbacks of the innovation and what is done in order to overcome these drawbacks. A company trying to sell a service innovation should use the marketing mix of the seven P's (product, price, place, promotion, people, physical evidence, and

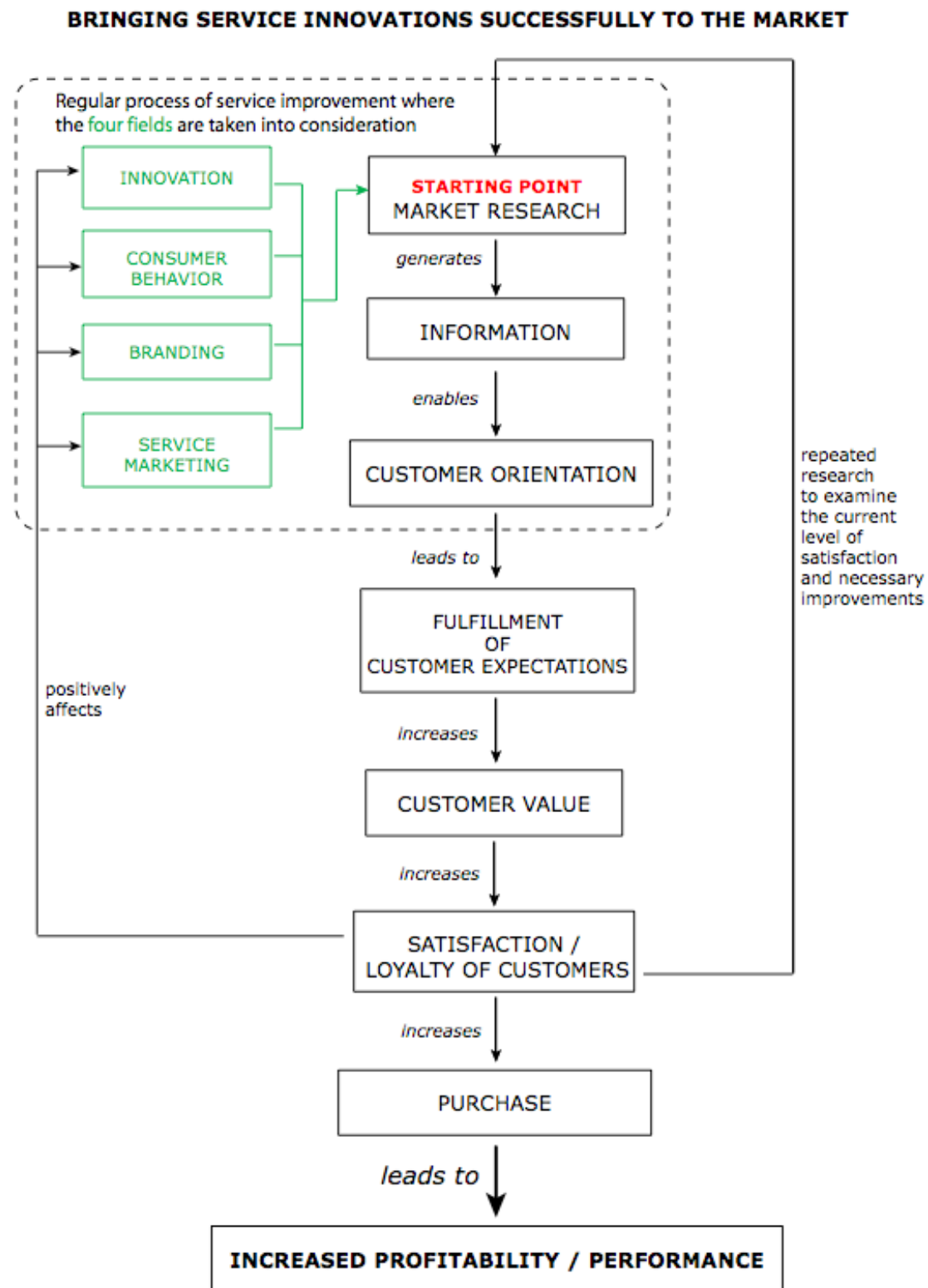
process) and try to close the customer gap in order to be able to concentrate on all relevant issues to sell a service successfully.

5.3 Successfully bringing service innovations in a technological field to the market being a rather unknown company –

A model for Easypark and other companies in a similar situation

Finally, we want to introduce our suggestion how rather unknown companies can bring their technical service innovations successfully to the market. The models below sum up what we discussed in the conclusions and recommendations for Easypark and in the general conclusions and recommendations. We are convinced that if companies follow these models, they can avoid many of the problems Easypark is facing and decrease difficulties to bring their service innovation successfully to the market.

On the next page, the overall model on how to bring service innovations in a technological field successfully to the market will be presented and afterwards explained.



Own model 4: Bringing service innovations successfully to the market

Conclusions, implications, and recommendations

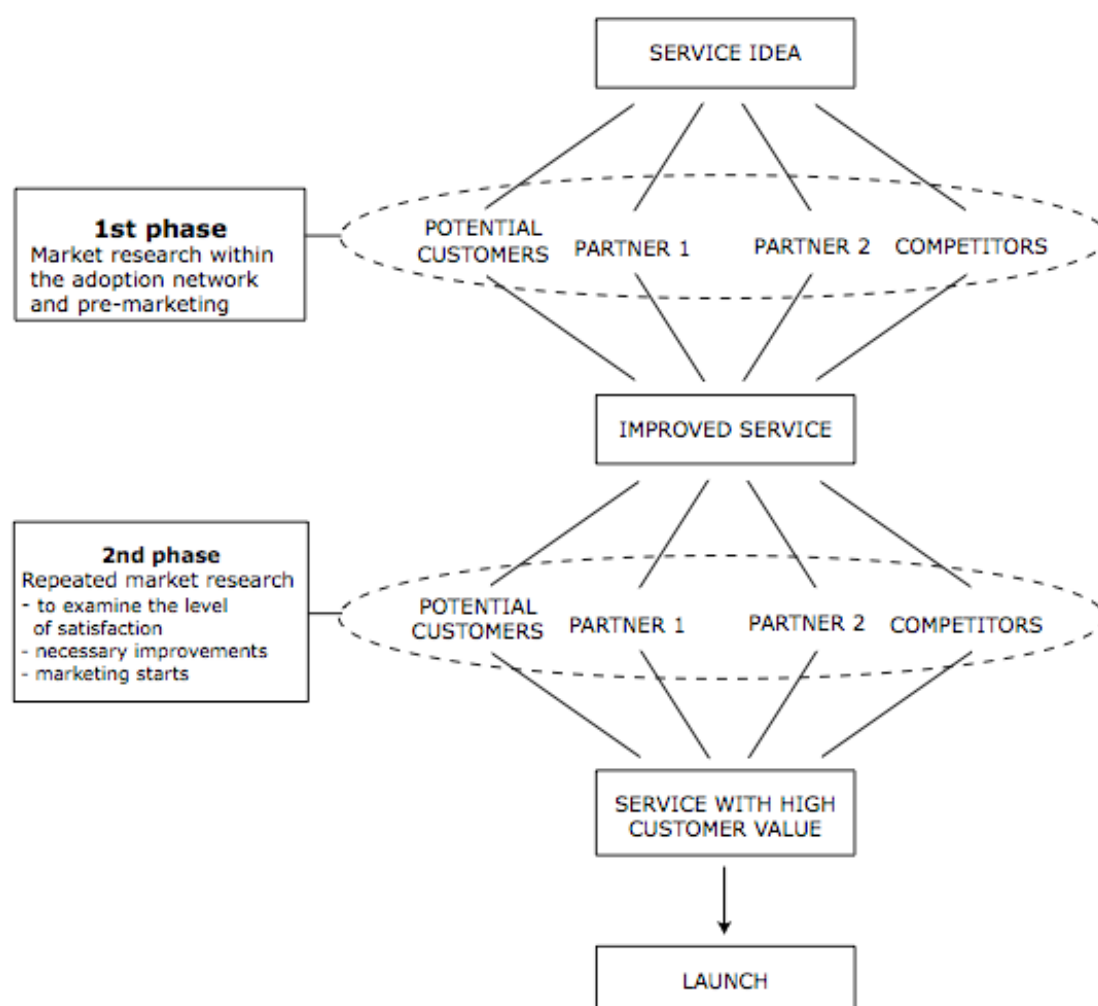
Every company that wants to bring a service innovation to the market should get theoretical knowledge about the four fields of innovation, consumer behavior, branding, and service marketing before launching its innovation. This theoretical knowledge would enable the company to acquire information about issues that have to be taken into consideration when trying to sell a service innovation.

With this theoretical knowledge as a background, the company should do an extensive market research. This market research should take the whole adoption network into consideration. The company needs to learn about its potential customers, as well as about its partners (cooperators) and its competitors. The market research will generate necessary knowledge about potential customers' wants and needs and opinions regarding the innovation idea. During the market research, the company already communicates its service idea to some of the potential customers, which means it creates a first awareness. The company will also introduce its service idea to its partners in the market. This means that the idea is explained to the partners, and discussed with them. This dialogue will lead to mutual understanding. The company can learn about the market and its requirements, and try to convince its partners to support the innovation idea as much as possible. The company should also look at the competitors in the market in order to learn what they do and how they perform. Thereby, the company gets information about what should be done in a similar way and what should be done differently (again also in regard to potential customers' wants and needs).

After the first market research is completed, the company needs to work over its service idea and adjust it according to the information received. Thereby, the ideas and suggestions of the company's employees should be taken into consideration. With the improved service idea, a second market research should be executed in order to find out whether potential customers and partners value the idea and are satisfied with it. According to the feedback, the company has to improve its service idea again. In this market research phase, pre-marketing takes place. The whole adoption network becomes aware of the innovation, and the company creates an interest in its innovation. Apart from the market research, the company can already start to market the innovation through traditional marketing channels.

The information gained from the market research enables customer orientation. Potential customers' wants and needs are taken into account and will easier be fulfilled due to the dialogue with the partners and learning from the competitors. This means that the fields of innovation, consumer behavior, branding, and service marketing are strengthened.

The following model shows this phase (from the starting point market research to customer orientation) more detailed:

SERVICE INNOVATION - PROCESS FROM IDEA TO LAUNCH

Own model 5: Service innovation – Process from idea to launch

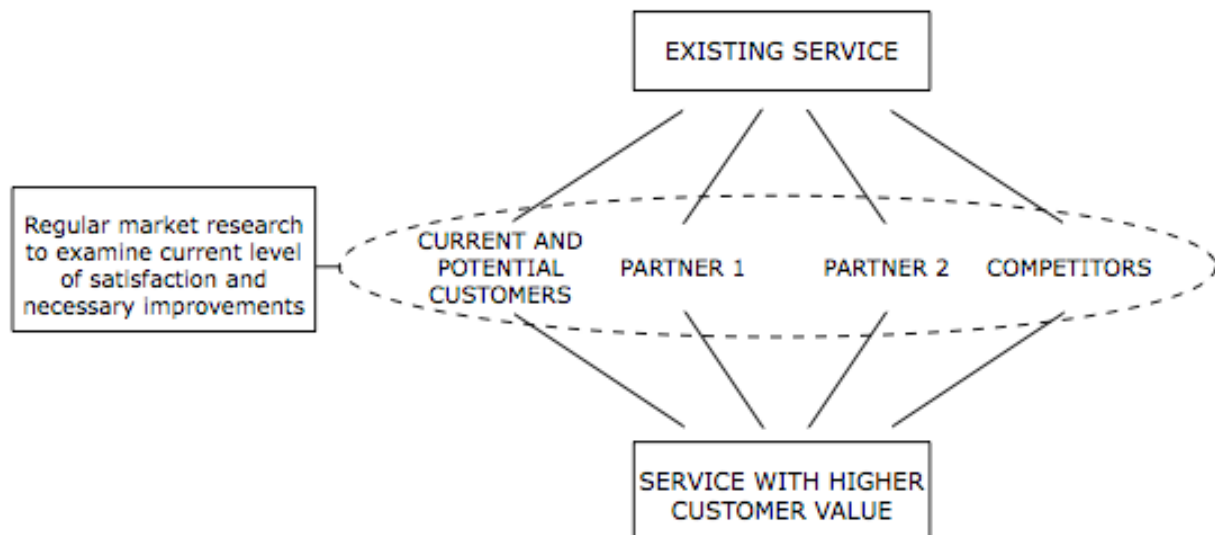
After the two phases of market research, the company can offer a service with high customer value. This is the moment where the service innovation can be launched. The customer orientation due to the market research enables the company to fulfill the expectations of the customers.

When the company fulfills the customer expectations, customer value is increased. The innovation is an offer aligned to customers' needs and wants. This increases the satisfaction of the customers and their loyalty.

Satisfaction of the customer positively affects the success of the innovation (increased rate of adoption etc.), consumer behavior (increase in attention, more positive judgments, easier persuasion etc.), branding (the brand is strengthened due to satisfaction etc.), and service marketing (satisfaction of current customers is transferred to potential customers etc.). It is necessary to continuously examine customers' satisfaction. Customers' needs and wants may change; therefore it is not sufficient to only carry out a market research before the innovation is launched, but the research has to be continuously repeated.

The following model shows how repeated research has to be done to ensure permanent customer satisfaction and loyalty:

IMPROVEMENT PROCESS FOR SERVICE INNOVATIONS



Own model 6: Improvement process for service innovations

The market research of an existing service has to take current as well as potential customers into consideration. The company learns from its current customers about necessary improvements, and from potential customers about their needs and wants. The company also has to stay in constant dialogue with its partners in order to keep mutual understanding and be able to adapt the service together with the partners to customers' needs and wants. The competitors have to be observed continuously in order to get information about changes in the market. In some particular situations cooperation with the competitors can be possible as well.

Constant satisfaction gained through market research (that leads via customer orientation and fulfillment of customer expectations to high customer value), will increase the amount of purchases of the service innovation. The increased amount of purchases leads to increased profitability and better overall performance of the company. This means, *the company has brought its innovation successfully to the market.*

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Appendices

5.4 Interview guide: Easypark's management

5.4.1 *Innovation*

- What is your product / offer? (one sentence / main aspect)
- Did you consider that you try to sell a technical service innovation?
 - If yes, in which ways?
 - If not, why?
- What kind of preparations do you have to make before you enter a market?
 - What do you do when you enter a new city?
 - What contacts do you take?
 - How do you try to convince the city?
 - Do you do market research?
 - If yes, when do you start it?
- Do you think trust is important to sell successfully to the cities and then to the customers?
 - If yes, how is Easypark in your opinion trying to build this trust?
 - If not, why do you think it is not important?
 - What else do you think can be done to build trust?

5.4.2 *Consumer behavior*

- Who is the average consumer customer of Easypark?
- How is your marketing adapted to consumers?
- Do you think you should try to approach a certain group of people first to sell Easypark's service?
- How do you think consumers react to flyers, telemarketing, radio ads,...?

5.4.3 *Branding*

- Does Easypark want to have a certain image?
 - If yes, what kind of image?
 - If yes, how is Easypark trying to create this image (implementation of the image)?
- Do you think it is important to create a brand name that people recognize?
- What approaches do you think are best to create a brand name?
- Does Easypark have a specific mission and vision?

5.4.4 Service marketing

- How do you get contact information of potential customers?
- What marketing and marketing strategies do you use?
- Do you consider consumer and business customer segments differently?
 - Within each segment, do you make differences between e.g. men / women or age groups?
 - If yes, why and how?
- When EP does mailing e.g. via Statoil, how does it work?

5.4.5 General questions

- What do you personally think is the best aspect about Easypark?
- Where do you think Easypark's offer could be improved, and how?
- Do you know whether Easypark has direct competitors in Göteborg / Copenhagen?
 - If yes, who are the competitors?
 - If yes, do you have knowledge about the competitor's performance, and the advantages and disadvantages in comparison to Easypark?
- How do the traffic wardens check that the parking is paid (mobile, scanner)?
 - How does the system work indoors where a mobile (also scanner) network doesn't exist?
 - How are these problems solved?
- How much is the service fee for each parking in Göteborg / Copenhagen?
- Do the flyers on the cars have / had always some kind of special offer?
- Do you always have the offer with free trial periods on your website (i.e. in general)?
- How about the deal with P-Bolaget in Göteborg?
 - Did Easypark talk to them already?
 - Why does it take so long to get a contract (what is the problem)?
 - When will the deal be fixed and how will it look like?
- What were the reasons for Göteborg municipality to refuse the big signs on the parking meters?
- Have these questions made to think / do you want to say something else?

5.5 Web-based survey guide: Current customers (translation)Question 1:

- Age

Answer options (choose one of the following)

- 18-25
- 26-35
- 36-50
- 50+

Question 2:

- Gender

Answer options (choose one of the following)

- Male
- Female

Question 3:

- How long have you been using Easypark?

Answer options (choose one of the following)

- 0-3 months
- 4-6 months
- 7-12 months
- 1-1.5 years
- 1.5-2 years
- More than two years

Question 4:

- How did you get to know Easypark?

Answer options (choose one of the following)

- Signs on the parking meters
- Ordinary mail
- Email
- Flyer on your car
- From a personal contact
- Advertisement on TV
- Advertisement in radio
- Advertisement in newspaper
- Phone call from Easypark
- Face-to-face by Easypark
- Do not know / cannot remember
- Other _____

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Question 5:

- If you got to know Easypark via an advertising campaign (flyer on the car, advertisement in the radio...), what kind of offer was part of the campaign?

Answer options (choose one of the following)

- One month without monthly fee
- Two months without monthly fee
- Do not know / cannot remember
- Other _____

Question 6:

- Did you decide to try Easypark because you had the option to test the service without registration / paying a monthly fee?

Answer options (choose one of the following)

- Yes
- No
- Do not know / cannot remember

Question 7:

- Did the free trial period convince you to continue as a regular customer of Easypark?

Answer options (choose one of the following)

- Yes
- No
- Do not know / cannot remember

Question 8:

- What were the main reasons for you to decide to try Easypark?

Answer options (choose all that apply)

- To save money
- To save time
- To be more flexible / easier payment
- Interesting idea
- Recommendation by a personal contact
- Other _____

Question 9:

- What do you think is the best aspect about Easypark?

Answer options (choose one of the following)

- Saving money
- Saving time

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- Being more flexible
- Not getting parking tickets
- Other _____

Question 10:

- What could be improved by Easypark?

Answer options (choose all that apply)

- Everything is good the way it is
- Explaining better how customers have to use the system
- Cheaper service
- More parking places where Easypark could be used
- Other _____

Question 11:

- What are your associations when you hear the name Easypark?

Answer options (open-ended text box)

- _____

Question 12:

- Did you get fined since you started using Easypark?

Answer options (choose one of the following)

- Yes
- No
- Do not know / cannot remember

Question 13:

- If you answered yes to the previous question, please give the reasons for getting fined

Answer options (choose all that apply)

- I forgot to call to Easypark in order to start parking
- I accidentally gave the wrong code of the parking area
- I forgot to lengthen the parking time
- I parked in an area where parking is forbidden
- I parked on the wrong side of the street according to the parking signs
- I parked longer than the maximum parking time in the area
- Do not know / cannot remember
- Other _____

Question 14:

- What kind of person are you when you buy something?

Answer options (choose all that apply)

- I like to be the one testing new solutions first
- I try to make my life easier

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- I like to try new offers and innovations
- I like to be up-to-date with technical developments
- I like to have information about offers
- I believe companies just develop innovations to make more money
- I try to save as much money as possible
- I am not interested in technique
- I am irritated by all the advertising
- I only buy things recommended by others
- I am not interested in being always the first testing new things
- None of the above

Question 15:

- How would you like to get information from Easypark (news, offers, system changes...)?

Answer options (choose all that apply)

- Ordinary mail
- Flyer
- Face-to-face
- Email
- SMS
- Advertisement in TV
- Advertisement in radio
- Advertisement in newspapers
- Phone call from Easypark
- Other _____

Question 16:

- Do you use some other ways to pay parking?

Answer options (choose one of the following)

- Yes
- No

Question 17:

- If you answered yes to the previous question, please state

Answer options (open-ended text box)

- Which methods: _____

Answer options (open-ended text box)

- The reason to use other methods: _____

5.6 Web-based survey guide: Potential customers (translation)

Question 1:

- Age

Answer options (choose one of the following)

- 18-25
- 26-35
- 36-50
- 50+

Question 2:

- Gender

Answer options (choose one of the following)

- Male
- Female

Question 3:

- How do you pay your parking fees?

Answer options (choose one of the following)

- Coins
- Card
- P-Dosa
- Other _____

Question 4:

- Why have you chosen this method of paying?

Answer options (choose one of the following)

- The only one I know
- The easiest one (fastest, cheapest...)
- I trust it most
- Other _____

Question 5:

- Are you satisfied with the way you pay?

Answer options (choose one of the following)

- Yes
- No

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Question 6:

- What makes you satisfied / dissatisfied when paying with this method?

Answer options (choose one of the following)

- It is easy
- It is fast
- It is reliable
- It is slow, but the only possibility
- It is annoying, but I do not know other options
- Other _____

Question 7:

- What is the most important aspect for you when paying parking?

Answer options (choose one of the following)

- That I do not get fined
- That it is cheap
- That it is easy
- That it is fast
- Flexibility
- Other _____

Question 8:

- Do you pay attention to the price when you choose the place of parking?

Answer options (choose one of the following)

- Yes
- No

Question 9:

- What would make you consider another method of paying parking?

Answer options (choose one of the following)

- I am completely satisfied with the method I use
- If I could save money
- If I could save time
- If it would make my life easier
- More flexibility
- If I could be more sure that I do not get fined
- Other _____

Appendices

Question 10:

- If there would be a better solution for you, how would you like to get information about it?

Answer options (choose all that apply)

- Sign on the parking meter
- Ordinary mail
- Email
- Flyer on the car
- Advertisement on TV
- Advertisement in radio
- Advertisement in newspapers
- Do not know
- Other _____

Question 11:

- Are there ways of approaching you with information which you definitely do not like?

Answer options (choose all that apply)

- Ordinary mail
- Email
- Flyer on the car
- Advertisement on TV
- Advertisement in radio
- Advertisement in newspapers
- Face-to-face
- Telemarketing / phone call
- SMS
- Do not know
- Other _____

Question 12:

- What means trust for you (regarding business life, e.g. purchasing)?

Answer options (choose all that apply)

- The company does not promise more than it keeps
- High price
- The quality of the product / service is good
- The company behaves in an ethically correct way
- The company treats me well (friendly, respectful...)
- The quality of the product / service meets the price

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- Other _____

Question 13:

- What makes you trust?

Answer options (choose all that apply)

- If I know the person recommending the product / service
- If I know the brand name of the company or the offer
- If I had positive experiences with the company or the offer before
- If I know people already using the offer and being satisfied with it
- If the advertising is convincing and explanations are easy to understand
- Other _____

Question 14:

- How important is trust for you regarding a purchase?

Answer options (choose one of the following)

- Not important
- Slightly important
- Quite important
- Very important

Question 15:

- Are you aware of alternative methods of paying parking?

Answer options (choose one of the following)

- Yes
- No

Question 16:

- If you are aware of alternative methods, please state them

Answer options (open-ended text box)

- Which methods: _____

Question 17:

- If you know about alternative methods, how did you get to know about them?

Answer options (choose one of the following)

- Personal contact

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- At work
- Internet website
- Ordinary mail
- Sign on the parking meter
- Flyer on the car
- Face-to-face
- Email
- SMS
- Advertisement in TV
- Advertisement in radio
- Advertisement in newspapers
- Do not know / cannot remember
- Other _____

New page in the surveyQuestion 18:

- Have you ever heard of mobile parking? (if not, please continue with question 25)

Answer options (choose one of the following)

- Yes
- No

Question 19:

- If you can remember companies which offer mobile parking, please state their names

Answer options (open-ended text box)

- Names: _____

Question 20:

- Since you know about mobile parking, why do you not use it?

Answer options (choose one of the following)

- I do not know any company offering mobile parking in Göteborg
- I do not think I would save money
- I do not think I would save time
- I do not park that much
- I do not understand this system
- It is not possible to park everywhere
- I do not trust in the companies offering it
- I do not care, I do not think it would make my life easier
- It costs too much effort to get information
- Other _____

Question 21:

- If you already use a service, which one? And why did you choose this particularly service?

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Answer options (open-ended text box)

- Name of the service / company: _____

Answer options (open-ended text box)

- The reason for choosing this service: _____

Question 22:

- Are you satisfied or dissatisfied with the service you chose? Why?

Answer options (open-ended text box)

- The reason for being satisfied / dissatisfied: _____

New page in the survey

Question 23:

- Have you heard of / do you know Easypark?

Answer options (choose one of the following)

- Yes
- No

Question 24:

- If you heard about Easypark, from where did you get the information?

Answer options (open-ended text box)

- Information source: _____

Question 25:

- How much money do you pay approximately for parking each month?

Answer options (open-ended text box)

- Amount of money: _____

Question 26:

- Do you have a mobile phone?

Answer options (choose one of the following)

- Yes
- No

Question 27:

- If yes, which functions do you use?

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Answer options (choose one of the following)

- Telephone conversation
- SMS
- Email
- Internet
- WAP
- Chat

New page in the survey

Question 28:

Easypark is a company offering mobile parking in Göteborg and many other cities in Sweden and Europe. If you are interested in getting more information, please look at Easypark's website: <http://www.easypark.se>

If you want to be contacted by Easypark in order to get more information, please state your contact information. This is naturally voluntarily.

Answer options (open-ended text box)

- Contact data: _____