

A COMPARATIVE ANALYSIS OF FINANCIAL SERVICE DEVELOPMENT STRATEGIES OF INDIAN AND AUSTRALIAN FIRMS

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ABSTRACT

The extant literature on customer interaction in new service development is robust. Yet, this research base focuses mostly on the new service projects completed in Europe and North America. Lately, the issue of customer interaction is attracting attention in the countries with sizable ethnic minority customers. Therefore, the purpose of this research is to investigate the process of interaction with the ethnic minority customers in developing new financial services. In addition, this is cross-national research, in which we compare the new service development process used in India, an emerging country with sizable ethnic minority population and Australia, a developed country with growing ethnic population. To collect data, we used multiple case study methodology in which we interviewed both service managers and customers of 26 financial service firms in each country. The findings suggest that the minority customers are an important and growing market niche and therefore, a service firm needs to interact with them to obtain key input and information. Our findings inform the managers of the importance of minority customers and the need for new services targeted exclusively at them.

Keywords: New Service Development, customer Interaction, Islamic Finance, India, Australia

INTRODUCTION

To manage competitive and economic threats, many firms rely on regular introduction of new services and therefore the strategy of New Service Development (NSD) is one of the key research topics in the literature (Ostrom et al. 2015; Zhang et al. 2023). This expanding literature notes that new service failure rate is unacceptably high (Carlborg et al. 2014). One of the main causes of failure is that many service firms do not interact with their customers and seek input from them during the NSD process. Although, the literature is rich both regarding customer interaction in new product and service development and new product and service success factors (e.g., von Hippel (1978; Mathing et al. 2004; Alam 2006; 2013; Cui & Wu 2017; Feng et al. 2021; Mishra & Mishra 2023), there are two worthwhile research voids in the extant literature.

First, the literature lacks the understanding of the role of growing number of Muslim customers in developing new services particularly the sharia compliant financial services in many parts of the world. Many markets in both developed and developing countries are diverse culturally containing sizable population of Muslim and other ethnic groups (Oullet 2007; Penalosa & Gilly 1999). Despite the cultural intermingling, the Muslim customers have found to maintain their unique consumption patterns related to halal products (Mostafa 2019) and sharia compliant services (e.g. Alam 2019; Jamal et al. 2012; Jamal 2003). This unique view on ethnic diversity makes the issue of interaction with Muslim customers an important area of inquiry (Alam 2015; Jamal &

Shukor 2014; Pires et al. 2011). However, despite the recent advancement of the literature, relatively little efforts have been expended on studying how a firm interacts with the Muslim customers for NSD (Chaudhry & Crick 2004). The second major gap in the literature pertains to the NSD studies in the emerging and secular markets. Emerging markets have become a force in a global economy that offers great opportunities to discover new perspectives in marketing and NSD (Seth 2011). Similarly, many developed and multicultural countries such as Australia, Canada, U.K and USA have seen the emergence of Muslim customers as a growing market niche for many halal products and sharia compliant financial services (Khan & Bhatti 2008a). Yet, the extant literature has paid little attention to the process of customer interaction in NSD in both emerging markets and developed secular nations (Alam & Seifzadeh 2020; Chang & Taylor 2016; Yuliansyah et al. 2021; Dzogbenuku et al. 2022; Zhang et al. 2023).

Anecdotal evidence notes that the marketing of services to the Muslim minority group has become an important managerial issue in many multicultural countries (Khan & Bhatti 2008b). Particularly, Australia has taken some steps to promote marketing of sharia compliant services to its Muslim customers (Khan & Bhatti 2008a). In the same vein, the emerging country of India has been touting the introduction of Islamic financial services for several decades for its large Muslim population (Alam 2019). Yet, to the best of our knowledge, no study has investigated the comparative process of customer interaction in developing new services for the Muslim customers in emerging and developed nations. Following from the preceding discussions, the objective of this research is to propose a process of customer interaction in developing new business to business financial services for the Muslim customers in India and Australia. The selection of these two countries was motivated by the fact that Muslims are the largest religious minority groups in both countries and their population is growing sharply.

Against this backdrop, our research sheds light on an overlooked and under-researched question: how do Muslim customers participate in NSD process in the emerging market of India and the developed nation of Australia? We chose financial services for this research because financial services have been the focus of intense scrutiny in the literature due to increasing deregulation and technological advancements (Alam 2013; Lyons et al. 2007). Business to Business (B2B) transactions in service industries are proliferating, yet most studies in the literature relate to business to customer services (Homburg et al. 2014). Therefore, we choose B2B services for this research.

The rest of the article is organized as follow. First, we review the literature to assess the strength of Muslim customers both in India and Australia and discuss the need for new financial services for them. Next, we review the literature related to NSD and customer interaction. Third, we present the methodology used in this research. Fourth, we discuss the implications for the literature, practitioners, and policy makers. We conclude the article with a discussion of research limitations and future research directions.

REVIEW OF LITERATURE

The objective of this article is to bridge the two key perspectives in the extant international business, international marketing, and service innovation literature: on one side, we acknowledge the importance of new service development and service innovation. On the other side, we build on and integrate Islamic marketing and marketing to minority customers. To achieve this above objective, we examined the following literature.

Growing Financial Services Needs for Muslim Customers in India

Recognizing the importance of minority customers globally, several articles have been published that relate mostly to the Muslim customers in Europe (e.g., Bulmer & Solomons 2010; Maliepaard, et. al 2010). However, the emergence of multi-ethnic societies with influential minority groups is not just the European, but a global trend (Grinstein & Nisan 2009). Being a multireligious, multilingual and multiethnic country with a booming economy, India is at the center of this trend (Holtbrugge & Friedman 2016). Yet, the scholars have not paid much attention to the importance of Muslim customers in this emerging and multicultural country. Muslims are the second largest religious group after the majority Hindu community and thus the largest minority in India. The Muslims, which is over 160 million, constitute about 13.4 percent of the total population. However, despite their number and a strong political clout, the socio-economic condition of this largest Muslim minority is rather poor (Bagsiraj 2003). An extensive study of the economic, social and educational conditions of the minorities in India by the prime ministerial committee headed by Justice Rajinder Sachar reported the extremely low level of penetration of banking and financial services among the Muslims (Sachar Committee Report 2006). According to a recent Reserve Bank of India's (RBI) report, the public sector banks have failed to properly serve the need of the Muslim customers.

Realizing the negative consequences of marginalization of the Muslim customers, the RBI has started to take some measures to remove the barriers in credit flow to the Muslim customers (Hammond 2012). Two key barriers to the low penetration of banking services among the Muslim customers are the lack of education among the community and the failure of both public and private sector banks to offer the products that suit their needs (Sachar Committee Report 2006). Thus, this phenomenon of regulatory issues offers an opportunity to many financial institutions to explore this market niche further. Also, in a recent study, Alam and Seifzadeh (2020) have stressed the need to advance the Islamic finance literature by obtaining a deeper and more comprehensive knowledge of the Muslim customers in various parts of the world.

Financial Service Sector of India

Like other emerging markets, India is having a disruptive impact on businesses and marketing (Seth 2011; Bello et. al 2016). India's GDP is expanding by more than 8% per year, and the country is now the 4th largest economy in the world. Financial service firms have been quick to take advantage of the corresponding surge in demand for financial services, which is growing by more than 40% annually. However, many firms are rather slow in entering the niche and new market, such as marketing to Muslim customers due to the regulatory issues and inherent risks involved in such an endeavor. This leads to a pertinent question, why should financial service firms care about entering into the niche market of Islamic finance in a developing country? The answer to this question can be gleaned from several reports and studies about the growth in India's financial service sector suggesting that the large and growing population of Muslim customers in India has created the needs for new services (Price Waterhouse, Cooper 2007; Jain 2013; Dariyoush & Nazima 2016). In fact, the growth in Islamic banking and finance is a global phenomenon (Chaudhury & Bhatti 2017). Therefore, scholars have argued to develop this growing market niche more aggressively (Basov & Bhatti 2016).

Given the growth rate in the financial service sector and the need for the large capital requirement, India has the potential to become the largest market for Islamic finance worldwide. With this phenomenon in mind, recently a panel of economists recommended the introduction of interest-free banking in India, and the RBI on principle gave approval for developing new financial services exclusively for the minority group. These developments point towards the initial steps the

Indian policy makers have adopted in allowing the banks to offer sharia compliant services for the Muslim customers to further boost country's financial service sector. If the banks are searching for new ways to grow, reaching the Muslim customers should be a priority for them. They should assess the appeal of Indian financial service sector and investigate the possibility of developing new financial services for the Muslim customers. In summary, industry trends, changing citizen expectations and government mandates that promote the provision of financial services to an underserved segment of the population present a worthwhile opportunity (Sutton & Jenkins 2007) that service firms can explore by developing new services.

Growing Financial Services Needs for Muslim Customers in Australia

Australia's future is inextricably linked with Asia (Thakur 2013). As a result, both government and business sectors have urged Australian firms to be highly innovative and to develop collaborative relationships with firms in the Asian region (Li et. al., 2022). One important area of opportunity is Islamic finance which has become a global phenomenon, with regional Islamic financial hubs developing across the ASEAN region. After the global financial crisis, both federal and state governments in Australia have shown increased interest in developing the Islamic financial service sector. As a result, Islamic finance has become a growing market niche in Australia. Indeed, the demand for Islamic finance is growing due to Australia's geo-political location in ASEAN region and its growing young Muslim population driven partly by spurring migration (Bhatti et al. 2022). According to a recent census there are more than one million Muslims in Australia who are eager to be part of financial inclusion (Bhatti et. al. 2022). Based on the last three censuses, Australian Muslim population is growing by 3.2% annually: the highest among all faith. In addition, 85% of Australian Muslims are below the age of 50, creating enormous growth potential for Islamic finance. According to a recent survey, 80% of the Australian Muslim and almost 16% non-Muslims showed their willingness to adopt Islamic finance if offered (Bhatti et. al. 2022). In conclusion, Australia has emerged as a key market for Islamic financial services.

Customer Interaction in New Service Development Process

NSD process involves a structured process model as reported in several studies (Bowers 1989; Scheuing & Johnson 1989; Alam & Perry 2002). The development stages in one of these models are strategic planning, idea generation, idea screening, business analysis, formation of cross-functional team, product design and process/system design, personnel training, product testing and pilot run, test marketing, and commercialization. This NSD model also suggests that customers' input into the new services should be obtained throughout the development process. However, challenging the applicability of the above model in the current era of technological advancement and social media, Alam (2014) proposed a much simplified and improved model containing only four phases of NSD: initiation phase, comprehension phase, corroboration phase and execution phase. He claims that these four phases are the better representation of NSD process because they consider the influence of social media, digital technologies and the influence of emerging markets and their consumers on the marketability of the new services. This latest NSD model also considers the role of customers in NSD more seriously by identifying various customer activities in the four phases of the NSD model. Consequently, in this research, we use this model to analyse the customer interaction process.

Another stream of the investigation in NSD area pertains to the success factors of new service that suggest that the new service failure rate is very high (Storey & Hughes, 2013; Storey et al. 2016) and customer interaction in NSD is a key success factor (e.g., Storey & Easingwood 1993). Also, there has been a growing recognition among the scholars and practitioners that customer interaction during new product or service development represents a source of competitive advantage (Yoo et al. 2012; Cui & Wu 2017). Therefore, several empirical studies have investigated the benefits of customer interaction in both new product and service development and reported that customer input might lead to high-quality innovations (e.g., Alam 2002; 2006; Gruner & Homburg 2000). As buyers of current and future new services, the customers may contribute to all the stages of NSD, from idea generation to commercialization. For instance, Gruner & Homburg (2000) studied customer interaction in tangible product development and reported that customer interaction during the early stages of a development process significantly influenced the performance of new products. Therefore, they argued for intense interaction between customers and managers during the innovation process. Likewise in the case of NSD, Alam (2002) suggested that the intensity of service producer-customer interactions during the idea generation stage should be higher than all other stages. He also noted that customer interaction results in important benefits such as reduced cycle time, superior services, and customer education. Extending his research on customer interaction, Alam (2006) further reports that customer interaction during the fuzzy front end, i.e., the first three stages of idea generation, idea screening, and concept development are more important than other later stages. Moving on to the issue of customer interaction in emerging markets, Chang & Taylor (2016) found that in the emerging markets many firms do not interact with their customers and thereby miss a significant opportunity of developing successful new products and services. They assert the need for more research on customer interaction in emerging countries.

Although, there is an increasing attention on the benefits of customer interaction, there is evidence that many customers are unable to provide input that are workable (Christensen 1997; Christensen & Bower 1996). Scholars claim that many customers lack creative ideas and are unable to clearly articulate their needs (Frankie et. al 2009) and therefore they question the value of customer interaction during NSD process (Chatterjee & Fabrizio 2014; Heirati et. al 2016). Hoyer et al (2010) have also argued that reconciling customers' preferences and a firm's objectives and interests is another key challenge in customer interaction. Despite the above debate, scholars claim that customer interaction helps firms to understand what customers appreciate most because customers' needs are sticky and transferring them to firms is rather complex (e.g., Perks et. al 2012). In conclusion, the above literature base points to three key research issues that are the focus of this research: (1) What is the process of customer interactions? (2) What is the overall approach to customer interaction? and (3) What risks are involved in customer interaction during NSD.

RESEARCH METHODOLOGY

Given the relatively nascent state of the Islamic finance and Muslim customer literature pertaining to India and Australia, our research is exploratory. In line with our exploratory research question, we adopt a multiple case study approach. Consistent with the iterative logic of multiple case approach, we study several cases of the development process of new sharia compliant services targeted at the Muslim customers employed by the financial institutions in India and Australia. Several authors such as Bonoma (1985), Eisenhardt (1989), Yin (2002) and Miles et al. (2014) have suggested the use of multiple case studies as opposed to a single case for new knowledge and theory development. Leonard-Barton (1990) argues the use of multiple case studies to augment the external validity of the research. We modelled our research method after

the qualitative research design proposed by Pettigrew (1990) and used in several qualitative studies published in the prestigious *Journal of Marketing* (e.g., Colm et al. 2020; Narayandas & Rangan 2004; Gebhardt et al. 2006; Tuli et al. 2007; Viswanathan et al. 2010; Coviello & Joseph 2012 and Kravets & Sandikci 2014). We conducted these case studies in Mumbai in India and Melbourne in Australia. Using a theoretical sampling method, we selected the respondents who had intimate knowledge of the phenomenon under study. This method of sampling has successfully been used in recent studies (e.g., Johnson & Sohi 2016). We selected only 26 financial service firms and studied one NSD project in each firm in each country, India and Australia. These firms were selected because they were in the process of developing new services for the Muslim customers.

Following a set of initial interviews for the screening purpose, in-depth interviews were carried out with 52 bank managers at their offices located in various parts of Mumbai and 52 banks managers located in various parts of Melbourne, Australia (i.e., two respondents in each firm). The sample configuration was consistent with the sample size recommended for qualitative research (McCracken 1988). The informants were directly involved in planning and design of the NSD process and therefore had significant knowledge of subject matter. Using an interview protocol, we structured the interviews around the following questions: (1) why did you interact with the Muslim customers for your NSD projects? (2) at what of the four phases of NSD did you interact with the Muslim customers and why? (3) how did you select the Muslim customers for interaction? (4) how would you describe your overall process and methods of interaction and customer selections, and so on. We also asked several follow up and probe questions to avoid “active listening” (McCracken 1988). In addition to the insights into these questions, the discussions surfaced several problems and issues related to the customer interaction and suggested ways to address them. Therefore, we also offered the respondents several opportunities to touch on other aspects they considered important. On average, interviews lasted 120 minutes. All the interviews were recorded and transcribed.

For further data triangulation, we reviewed several documents and archival records to identify why, when and which type of Muslim customers were involved in NSD. These documents included office memo, brochures, meeting minutes, NSD checklists, etc. related to the NSD initiatives in the respective firms. The case study database contained 490 pages of interview transcripts and 230 pages of archival records and documents. The analysis of the data was interpretive and involved reading the transcripts, observational notes and archival documents to gain insights into how customers interacted with the managers. We used different levels of coding and an iterative back and forth process between the emerging themes and categories, literature and archival records to make sense of data and emerging themes related to customer interaction. We used the Nvivo 9 qualitative software to identify the emerging themes in the qualitative data. The themes that emerged from the data were grouped into several categories. The purpose of the theme categorization was to look for commonalities and distinct patterns in data. The Nvivo software also allowed us to examine relevant “quotations” from different respondents. After the completion of data analysis, we sent the data reports to the participating firms for respondent validation. Most of the respondents returned the data reports with minor modifications.

RESULTS AND GENERAL DISCUSSION

To the best of our knowledge, this study is the first to investigate the roles of Muslim customers in in NSD in India and Australia comparatively. In this light, our analysis provides key contributions with various implications for extant literature and practice. By drawing on interviews with managers both from India and Australia, company documents and field notes, we develop

following three key constructs related to NSD and interaction with the Muslim customers. We did cross case analysis to identify emerging themes in data (Miles et. al 2014). The data patterns that emerged from this analysis are summarized in Table 1.

Process of Customer Interaction at Four NSD Phases

The findings suggest that Indian managers are unaware of the “formal NSD process”. A manager described the problem this way:

“We don’t have a prescribed process of NSD in our firm. Our process is rather unstructured, yet there is an awareness of the formal process among our marketing folks which we are willing to adopt.” In contrast, most Australian managers reported using the structured process for developing new services for the Muslim customers.

During the research, several Indian respondents reported that a large number of their Muslim customers routinely (a) do not invest in mutual and employee pension funds with a debt component, (b) do not buy shares and stocks of the companies involved in alcoholic products, (c) donate the interest earned on their business and other accounts to the charity, and (c) use zero interest current account instead of high yielding and interest bearing accounts. These phenomena buttress the argument that many Muslim entrepreneurs and business owners are in fact creating their own methods to satisfy their needs for various financial services. Thus, the service managers need to be more proactive in collaborating with the Muslim customers to gain an understanding of their needs and mind-set. The importance of Muslim customers in NSD becomes clearer from these comments by one of the respondents: *“We have been thinking about Muslim customers for a long time. Changes in the Reserve Bank (RBI) ruling and continuous growth in that segment of the market led us into that direction. I am glad our firm finally chose that path.”* In addition, many Indian managers reported that their Muslim customers had no clue about their needs for sharia compliant services and relied solely on the managers to provide them the details and support for their needs. To understand customers’ needs and mind-set, the managers interact with the customers at various levels and stages of the NSD. Yet, they put more emphasis on the early phase of the process because idea generation and idea screening are the key activities. The initiation phase contains the key process of gaining an in-depth understanding of the needs of the Muslim minority customers that are vastly different from the other mainstream majority customers. Therefore, service managers interact with the Muslim minority customers more intensely at an early stage of the NSD process as noted by a respondent: *Good ideas are the keys to successful innovations. We try to get new service ideas from our customers as early as possible and develop them further with their input throughout the process.”*

Research Issues	India	Australia
Process of Customer Interaction	Muslim customers create their own methods to satisfy their needs. Ask them for the exact service makeup	Collaboration with the Muslim customer is a key strategy to gain insight in customer needs.
	Managers are unaware of the stepwise process of NSD, yet a structured process containing 4 phases of initiation, comprehension, corroboration and execution is needed	Managers are aware of the stepwise process, and they routinely use the process
	Interaction with customers during all the 4 phases of NSD is not important. Only initial stages are critical	Interaction with customers during all the 4 phases of NSD is important.

	Idea generation is the key activity in NSD. Major focus on idea generation is needed	Concept development and test marketing are the key activities in NSD
Customer Interaction Approaches	Social media is widely used for interaction	Social media is not widely used. Face-to-face interviews and team meetings are important
	Retreat is not widely used for idea generation	Conducting innovation retreats, summits and mini conferences to uncover customers' latent needs
	Front line employees are not involved in the interaction process	The amount of communication and informal interactions among the front-line employees and the Muslim customers should be higher
	The managers don't focus on long term relationship. Short term and ad hoc process are more important	Developing a close and long-term relationship with customers is important.
	Holding periodic progress update meetings to remain up to date on new developments and emerging trends in regard to sharia compliant services.	Using customer interaction strategy to educate customers about the new services or to develop a long-term relationship.
Risks in Customer Interaction	By listening to Muslim customers closely is very important. Not worried about customized service due to large customer base	Listening to customers too closely may create a risk of over-customization of new services
	Locating appropriate Muslim customers for interaction is very easy, if managers provide incentive	Locating appropriate Muslim customers for interaction is rather challenging
	Customers cooperated and willingly provided input. Customers also contacted the firms requesting new services for solving their problems	Customers may be disinclined to cooperate because of the conflicting objectives and intents of managers versus customers.
	Some Muslim customers may need extra motivation for their cooperation.	Muslim customers wanted incentive for their input

In contrast, in many Australian cases, the later stages were more important for customer interaction because the firms needed to obtain key information about the new services potential, viability, and other marketing information before the final launch of the new services. In addition, the intensity of interaction was low at the two middle phases of NSD including comprehension and corroboration phases as noted by one of the Australian respondents: *“All the stages of NSD are important, yet we focus more on the initial phases of the process because you can really pick the winning and losing ideas right at the beginning. Don't wait till end.”*

The data from Australian firms also suggest that Muslim customers can perform a number of activities and provide valuable inputs into various phases of the NSD process that may include describing the needs, problems and possible solutions, evaluating existing services by suggesting likes and dislikes, identifying gaps in the market, providing a new service wish list, jointly developing service blue prints, participating in a simulated service delivery processes, participating in mock service delivery process, providing feedback on various aspects of the marketing plan of the new services, examining the overall sale-ability of a new service, adopting the service as a trial and providing word of mouth communications to other potential users. The product manager of an Australian firm clearly articulated his preference for interaction this way: *“We were skeptical about the value this project of customer interaction will bring to us. But contrary to our belief the customers provided very valuable and deep insight into their needs and the solutions we could*

offer via new products.” The data from Indian firms also suggest that although motivation and incentives are major issues in customer interactions, many customers freely provide input and are willing to work with the service firms as commented by one customer respondent: *“I will help the company with whatever I can as long as the resulting new services solve my problems. I have worked with several other companies in the past to help them. It was a good experience”*.

Customer Interaction Approaches

During the research, we found support for several customer interaction methods and approaches reported in the literature (e.g., Alam 2002; Mathing et al. 2004): observations, management retreat, focus group, brainstorming, in-depth interviews, and team meetings. Essentially, there are six customer interaction approaches that are particularly critical to developing an effective interaction process: (1) conducting several initial face-to-face interviews with the Muslim customers and team meetings during the initiation phase of the NSD process (2) conducting innovation retreats, summits and mini-conferences for new service concept development that may uncover customers' latent or unspoken needs, (3) increasing the amount of communication and informal interactions among the front-line employees/bank officers and the Muslim customers. This also underscores the need for managers to foster a culture of idea hunting amongst front-line employees of their respective firms, (4) developing a close relationship with customers who are experts and innovative, (5) holding periodic progress update meetings to remain up to date on new developments and emerging needs. While the initial meeting sets the stage in building trust and establishing a close relationship, continual efforts to increase communications serve to reinforce and expand these behaviors that are so crucial to effective NSD, and (6) using customer interaction strategy to educate customers about the new services or to develop a long-term relationship. The service managers may use any or all these approaches to interact with the customer for their NSD projects as noted by an Australian respondent: *“There are so many ways you can solicit customer information. There is no one size fits all approach. It all depends on what works for you. We tried several approaches, and each provided rich information.”*

Risks Involved in Interaction with Muslim Customers

Many respondents both from India and Australia noted several the risks associated with developing new services based on the input obtained from the Muslim customers yet their perception of the severity of risks varied widely. First, listening to customers too closely may create a risk of over-customization of new services as noted by many Australian respondents. To avoid this risk, the emerging trends in the marketplace as a whole need to be weighed against individual customer suggestions. Thus, the new service concepts must be tested with the larger group of customers that are representative of the Muslim population. Second, locating appropriate Muslim customers for interaction is another major problem because an intimate knowledge of the market and customer contacts is necessary. Third, customers may be disinclined to cooperate because of the conflicting objectives and intents of managers versus customers as shown in this comment by an Australian respondent: *“Indeed it was very challenging to get the Muslim customer cooperation, but we could convince them about the mutual benefits of a new services and innovations. Overall, they were happy to cooperate”*. To overcome some of the problems noted above, several Indian firms reported offering incentives to the Muslim customers for their input in the form of lower interest rate and other promotional giveaways. Managers can also solve the above problems by selecting the customers with whom their firm has a close relationship. Indeed, a long-term and close relationship

is important because the customers are required to act as development partners and co-developers of new services as confirmed by a respondent: *“We could clearly see the difference in attitude and behavior between the two groups of Muslim customers; one group known to us very well and other group not known to us that much”*.

In conclusion, the findings discussed above and summarized in Table 1 overwhelmingly point to the importance of customer interaction and manager-customer relationship as summarized in this comment by an Australian respondent: *“We would continue maintaining the relationship with the customers for future projects. It is just the beginning. We are very hopeful that our Muslim customers will be a great source of new service ideas”*.

RESEARCH IMPLICATIONS

Our study addresses several key issues: (1) the importance and role of Muslim customers in two multicultural secular countries of India and Australia, and (2) the process of interaction with the Muslim customers in NSD process used by the financial service firms in those two countries. Based on the analysis of these research issues, we offer following implications for marketing scholars, practitioners and policy makers. By doing so, our study makes two key contributions. First, we respond to the call for more research on emerging market such as India by both scholars and practitioners (e.g., Banerjee et al. 2015; Seth 2011) and on new service development (e.g., Papastathopoulou & Hultink 2012). Second, much literature on Muslim customers in Australia is conceptual and/or anecdotal. Moreover, the underlying mechanism of how a service firm interacts with the Muslim customers in both developed and developing nations remains largely unknown. To the best of our knowledge, this is the first study that has applied the customer interaction in NSD theory and knowledge to the interaction process of Muslim customers in India and Australia and thus addressed the above research gap.

Many service firms face uncertainty with NSD, especially sharia compliant services for the Muslim customers. Most of the uncertainties can be alleviated by using a formal and structured 4-phase NSD model proposed by Alam (2014). Despite the use of a formal NSD model there may be questions on the ultimate shape and make of the new services. These questions can be answered by involving Muslim customers and integrating their needs into the new services. The customers can help crystallize service concepts and critically evaluate the overall service delivery blueprints and final offerings that are relevant to their needs. Muslim customers can perform several activities during NSD. Service managers can use this detail of customer activities as a checklist of the customer interaction activities for their projects. Interaction with Muslim customers offers two additional advantages: (1) customer interaction is a way of developing a relationship with the customers because Muslim customers respond more favorably to products and services targeted exclusively at them, (2) customer interaction may also dispel the perception of exclusion and marginalization of the minority customers, a problem experienced by the Muslims and other Muslim minorities in many parts of the world (Knight et al. 2009; Wilson & Liu 2011). Therefore, we have proposed a systematic process to search and involve Muslim customers in NSD that the service firms can apply in their service innovation programs. As the Muslim customers' number and purchasing power grow, they will demand that the firms be responsive to their needs for sharia compliant financial services. Firms that can successfully develop new services exclusively for the Muslim will create a win-win situation for their businesses and their customers. Our findings should interest both Australian and Indian policy makers as well. They should further liberalize the regulatory process and encourage the service firms to develop new services exclusively for the Muslim customers. This will open the door for better inclusion of the economically weak and

downtrodden minority population. Our findings have implications for other parts of the world with the sizable Muslim population as well because the growth in Muslim customers is the global phenomenon.

In conclusion, both our findings and the extant literature inform managers of the importance of Muslim customers and the need for new services targeted exclusively at them. Ignoring the needs of Muslim customers and marginalizing the Muslim groups can prove costly for many firms because Muslim are an important and growing market niche (Basov & Bhatti 2016; Pires et al. 2011; Pires & Stenton 2015; Penaloza 2018). Thus, to achieve growth and prosperity a firm must target this growing niche more aggressively. Our research is an initial attempt in that direction.

LIMITATIONS AND FUTURE DIRECTIONS

There are several limitations of our study that point to opportunities for further research. First, our data are obtained from practices of purposefully chosen service firms in only two countries Australia and India. The decision to choose two nations, one developing and one developed was motivated by the desire to have variability of information influenced by macroeconomic conditions across nations. An avenue for further research is to replicate this study in other developed and developing countries containing sizable Muslim population. Second, regarding generalizability of our results, although, both Australia and India represent unique cases in which religion and economy are interrelated, we believe that the findings of this research can be generalized to other countries with similar socioeconomic backgrounds. Third, this research has focused only on one type of service, i.e., Sharia compliant financial services, which makes it difficult to apply our results directly to other industries. Therefore, further studies of NSD across different service categories is another avenue for further research. Fourth, this study takes the perspective of B2B market, further research could investigate the topic of customer interaction in business to consumer market setting. Fifth, as with any qualitative inquiry, this study is limited in its capability to support empirical generalization. Large scale quantitative studies should try to test the validity of the findings reported in this article. Finally, the cross-sectional nature of our study does not provide same insight into the dynamic process of customer interaction and NSD as a longitudinal design would. Future research could use a longitudinal research design to further advance the understanding of this key research issue.

Author Contribution Statement

Both the authors have significantly contributed to the development and the writing of this article.

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The authors declare no conflict of interest.

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