



Relationship Approach to Marketing in Service Contexts: The Marketing and Organizational Behavior Interface

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A relationship approach to marketing is described. Marketing in a service context, i.e., concerning both service firms and service operations of manufacturers, is considered especially. The traditional view of marketing as a function for specialists planning and executing a marketing mix may not be altogether true when services are concerned. Instead, marketing can be considered as revolving around relationships, some of which are like single transactions, narrow in scope and not involving much or any social relationship (e.g., marketing soap or breakfast cereals). Other relationships, on the other hand, are broader in scope and may involve even substantial social contacts and be continuous and enduring in nature (e.g., marketing financial or hospitality services). The nature of a relationship marketing strategy is explored. Two interfaces between marketing and organizational behavior, both as business functions and as academic disciplines, which follow from this approach to marketing are discussed, viz., the need for a service culture, and internal marketing. These areas represent a major challenge for marketing and organizational behavior, practitioners and academic alike, to remove traditional borderlines and work together.

Introduction

The purpose of this article is to describe the nature and contents of the marketing function in a service organization and how this function is related to other business functions and academic disciplines, especially to personnel and organizational behavior. The approach is that of what internationally has been called the *Nordic School of Services*, originating in Scandinavia/Northern Europe (see, e.g., Gronroos, 1983; and Gronroos and Gummesson, 1985). The expression *service contexts* implies all types of service activities, irrespective of whether they occur in so-called service firms or in public institutions, not-for-profit organizations, or manufacturers of goods.

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The Traditional Role of Marketing

Traditionally, marketing is viewed as an intermediate function, where the specialists of the marketing department are the only persons who have an impact on the customers' views of the firm and on their buying behavior. Employees in other departments are neither recruited nor trained to think marketing, nor are they supervised so that they would feel any marketing responsibilities. In this approach, the core of marketing is the marketing mix. In many consumer packaged goods situations, this conceptualization of marketing functions sufficiently well. If the product is a preproduced item with no needs for service or other contacts between the firm and its customers, marketing specialists are clearly capable of taking care of the customer relationships. Good market research, packaging, promotion, pricing, and distribution decisions by the marketing specialists lead to good results.

As a general framework, the 4 P's of the marketing mix (introduced by McCarthy [1960] based on Borden's [e.g., 1965] and Culliton's [1948] notions of the marketer as a "mixer of ingredients"), in spite of its pedagogical virtues, is far too simplistic and may easily misguide both academics and practitioners; and it has never been empirically tested (compare Cowell, 1984, Gronroos 1989; Kent, 1986). Particularly in services marketing, and also in industrial marketing, the marketing mix approach frequently does not cover all resources and activities that appear in the customer relationships at various stages of the customer relationship life cycle (see Gronroos, *in press*, 1983, 1989; Gronroos and Gummesson, 1986, Gummesson, 1987a,b, as well as Hakansson, 1982; Hakansson and Snehota, 1976, Kent, 1986, Webster, 1982). Especially during the consumption process, there is a range of contacts between the service firm and its customer, which are outside the traditional marketing function as defined by the P's of the marketing mix (compare Rathmell, 1974). Managing and operating these contacts (e.g., with bank and hotel facilities, automatic teller machines, waiters, air stewardesses, telephone receptionists and bus drivers, R&D people, design engineers, maintenance people, etc.) are the responsibilities of operations and other nonmarketing departments only. However, these buyer-seller interactions or interfaces, or the service encounter, have an immense impact on the future buying behavior of the customers as well as on word of mouth, and, therefore, they should be considered marketing resources and activities. The marketing function is spread throughout the entire organization (Gummesson, 1987a), and the customers take an active part in the production process.

A Relationship Approach to the Buyer-Seller Interface

Far too often, customers are seen in terms of numbers. When someone stops being a customer, there are new potential customers to take the empty place. Customers, individuals, and organizations alike are numbers only. In reality, this is, of course, not true. Every single customer forms a customer relationship with the seller that is broad or narrow in scope, continuous or discrete, short or lasting in nature, which the firm has to develop and maintain. Customer relationships are not just there; they have to be earned. According to an alternative approach to defining marketing, this function is considered to revolve around customer relationships,

where the objectives of the parties involved are met through various kinds of exchanges, which take place in order to establish and maintain such relationships.

Especially long-term relationships with customers are important (Gummesson, 1987b). In services, as in general, short-term relationships, where the customers come and go, are normally more expensive to develop. The marketing budget needed to create an interest in the firm's offerings and make potential customers accept the firm's promises are often very high. As Berry (1983) observes, "clearly, marketing to protect the customer base is becoming exceedingly important to a variety of service industries" (p. 25). This holds true for industrial marketing as well (see Hakansson, 1982; Jackson, 1985). This is not to say that new customers who perhaps make one purchase only would not be desirable, but it means, however, that the emphasis should be on developing and maintaining enduring, long-term customer relationships. Berry (1983) introduced the concept of relationship marketing, as opposed to transaction marketing, to describe such a long-term approach to marketing strategy (see also Crosby et al., 1988; Gummesson, 1987b; Rosenberg and Czepiel, 1984). If close and long-term relationships can be achieved, the possibility is high that this will lead to continuing exchanges requiring, lower marketing costs per customer.

A Relationship Definition of Marketing

The marketing concept as the basic philosophy guiding marketing in practice still holds. The marketing mix approach to transferring this concept to marketing in practice is, however, considered too simplistic and too narrow in scope to be more than partly useful in most service situations. In conclusion to this discussion we formulate a relationship definition of marketing (Gronroos, in press, 1989, also compare Gummesson 1987a,b; Berry, 1983). This definition states that

Marketing is to establish, maintain, enhance and commercialize customer relationships (often but not necessarily always long term relationships) so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfillment of promises.

Furthermore, this definition can be accompanied by the following supplement: The resources of the seller—personnel, technology and systems—have to be used in such a manner that the customer's trust in the resources involved and, thus, in the firm itself is maintained and strengthened. The various resources the customer encounters in the relation may be of any kind and part of any business function. However, these resources and activities cannot be totally predetermined and explicitly categorized in a general definition.

The concept of promises as an integral part of marketing vocabulary has been stressed by the Finnish researcher Calomiris (1986, 1988). In establishing and maintaining customer relationships, the seller gives a set of promises concerning, e.g., goods, services or systems of goods and services, financial solutions, materials administration, transfer of information, social contacts, and a range of future commitments. On the other hand, the buyer gives another set of promises concerning his commitments in the relationship. Then, the promises have to be kept on both sides, if the relationship is expected to be maintained and enhanced for the mutual benefits of the parties involved.

Long-term customer relationships mean that the objective of marketing is mainly to go for enduring relationships with the customers. Of course, in some situations, short-term sales—what sometimes is called transaction marketing—may be profitable (see, e.g., Jackson, 1985). However, generally speaking, the long-term scope is vital to profitable marketing. Thus, commercializing the customer relationships means that the cost-benefit ratio of transactions of goods, services, or systems of goods and services is positive at least in the long run.

Establishing, maintaining and enhancing customer relationships, respectively, implies that the marketing situation is different depending on how far the customer relationships have developed. From the service provider's point of view, 1) establishing a relationship involves giving promises, 2) maintaining a relationship is based on fulfillment of promises, and, finally, 3) enhancing a relationship means that a new set of promises are given with the fulfillment of earlier promises as a prerequisite.

This relationship definition of marketing does not say that the traditional elements of the marketing mix, such as advertising, personal selling, pricing, and conceptualizing of the product, are less important than earlier. However, it demonstrates that so much else may be of importance to marketing than the means of competition of the marketing mix. It is based on how to develop and execute good marketing performance, rather than just on what decisions to make to do marketing.

Implications of the Relationship Approach to Marketing

A distinct difference exists between handling the moments of truth (to use an expression introduced in the service management literature by Normann, 1984) of the buyer-seller interactions as a marketing task and executing traditional marketing activities, such as advertising, personal selling, and sales promotion. Normally, the latter are planned and implemented by marketing and sales specialists. On the other hand, the former tasks are implemented by persons who are specialists in other fields. Moreover, how the moments of truth are carried out is frequently planned and managed by nonmarketing managers and supervisors. To put it bluntly, the moments of truth with their tremendous marketing impacts are frequently both managed and executed by people who neither are aware of their marketing responsibilities nor are interested in customers and marketing.

The employees involved in marketing as nonspecialists have been called "part-time marketers" by Gummeson (1981, 1987a; compare also Gronroos, 1988). They are, of course, specialists in their areas, and they are supposed to remain so. At the same time, however, they will have to learn to perform their tasks in a marketinglike manner so that the customers will want to return, and the customer relationships are strengthened. Hence, they, and their bosses as well, will have to learn to think in terms of marketing and customer impact.

The marketing aspect of the moments of truth is related to interactive processes, and, therefore, this part of marketing is called the Interactive Marketing Function (see, e.g., Gronroos, 1980, 1983). The impact of the "part-time marketers" as well as the customer orientation of systems, technology, and physical resources is paramount to the success of interactive marketing. Hence, the interactive marketing function recognizes that every component—human as well as other—in producing a service, every production resource used and every stage in the service production

and delivery process, should be the concern of marketing as well, and not considered operations or personnel problems only. The marketing consequences of every resource and activity involved in interactive marketing situations have to be acknowledged in the planning process, so that the production resources and operations support and enhance the organization's attempts to develop and maintain relationships with its customers

As Gummeson (in press) observes, "there is extreme interdependence between the traditional departments of a service firm—production, delivery, personnel, administration, finance, etc —and marketing." For example, marketing, personnel, operations, and technological development have to go hand in hand. These functions are linked together by the common objective of providing customers with good service. As Schneider and Rentsch (1987) formulate it, service has to become an "organizational imperative." Here, we shall only focus upon one interrelationship between business functions, the one between marketing and personnel/organizational behavior. Because the marketing impact of the "part-time marketers" is crucial, efforts have to be made to secure service orientation and marketing-oriented attitudes and corresponding skills among the personnel. Next, we are going to discuss, very briefly, two important and interrelated aspects of human resources development that emerge from a service-oriented and relationship-oriented approach to marketing.

The Need for a Service Culture

In a service context a strong and well-established corporate culture, which enhances an appreciation for good service and customer orientation, is extremely important (e.g., Bowen and Schneider, 1988, George and Gronroos, in press, Gronroos, in press, Schneider, 1986). This follows from the nature of services. Normally, service production cannot be standardized as completely as an assembly line, because of the human impact on the buyer-seller interface. Customers and their behavior cannot be standardized and totally predetermined. The situations vary, and, therefore, a distinct service-oriented culture is needed that tells employees how to respond to new, unforeseen and even awkward situations (Schneider, 1986). The culture has a vital impact on how service-oriented its employees are and, thus, how well they act as "part-time marketers" (Bowen and Schneider, 1988).

Internal projects or activities, such as service or marketing training programs, probably have no significant impact on the thinking and behavior of, e.g., employees of firms where goods-oriented standards are regarded highly. Moreover, Schneider and Bowen (1985) have found that when employees identify with the norms and values of an organization, they are less inclined to quit, and, furthermore, customers seem to be more satisfied with the service. In addition to this, "when employee turnover is minimized, service values and norms are more transmitted to newcomers and successive generations of service employees" (Bowen and Schneider, 1988, p. 63).

Developing a service culture is clearly a means of creating and enhancing good interactive marketing performance needed for implementing a relationship marketing strategy. The corporate culture issue is closely linked to another personnel-related issue that has emerged from the research into services marketing. This is internal marketing.

The Need for Internal Marketing

During the past 10 years or so, the concept of internal marketing has emerged first in the literature on services marketing (see, e.g., Berry, 1981; Compton et al., 1987, George et al., 1987, George and Gronroos, in press; Gronroos, 1978, 1981, 1985, see also Eiglier and Langeard, 1976), and then was adopted by the service management literature (see, e.g., Carlzon, 1987, Normann, 1984), and also found to be valuable in industrial marketing (Gronroos and Gummesson, 1985). Heskett (1987) recently touches upon this phenomenon as well observing that "high-performing service companies have gained their status in large measure by turning the strategic service vision inward" (pp. 120-121). An increasing number of firms have recognized the need for internal marketing programs. Maybe the most spectacular internal marketing process is the one implemented by Scandinavian Airline System (SAS) (Carlzon, 1987). Today, internal marketing is considered a prerequisite for successful external marketing (see, e.g., Compton et al., 1987; Gronroos, 1985).

First of all, internal marketing is a management philosophy. Management should create, continuously encourage, and enhance an understanding of and an appreciation for the roles of the employees in the organization. Employees should have holistic views of their jobs. This is illustrated by an anecdote told by Jan Carlzon, president and CEO of SAS, about two stonecutters who were chipping square blocks out of granite. "A visitor to the quarry asked what they were doing. The first stone cutter, looking rather sour, grumbled, 'I'm cutting this damned stone into a block.' The second, who looked pleased with his work, replied proudly, 'I'm on this team that's building a cathedral.'" (Carlzon, 1987, p. 135). (It is interesting to notice that in slightly different words, this anecdote is also told by Michail Gorbachyov in his book on the perestroika in the Soviet Union [Gorbachyov, 1987].)

The focus of internal marketing is on how to get and retain customer-conscious employees. It is also a means of developing and maintaining a service culture, although internal marketing alone is not sufficient (see George and Gronroos, in press, Gronroos, 1989). Goods and services as well as specific external marketing campaigns, new technology, and new systems of functioning have to be marketed to employees before these goods and services are marketed externally. Every organization has an internal market of employees, which first has to be successfully taken care of. Unless this is done properly, the success of the organization's operations on its ultimate, external markets will be jeopardized. To put it in the words of Heskett (1987), "Effective service requires people who understand the idea" (p. 124).

Conclusions

Joint Challenges for Marketing and Organizational Behavior

Clearly, the tasks of developing and maintaining a service culture and of internal marketing offer an important interface between marketing and organizational behavior. Hence, they also offer an arena where marketing practitioners and academics on one hand, and personnel and human resources development people and academics from the field of organizational behavior on the other hand, are challenged to work together.

This, of course, requires that among other things, the traditional borderlines that far too often have become insurmountable walls between marketing and personnel as business functions and as academic disciplines are challenged and, if necessary, torn down

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