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Christian Grönroos

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## Relationship marketing and service: An update

Christian Grönroos

CERS Centre for Relationship Marketing and Service Management, Hanken School of Economics, Helsinki, Finland

### ABSTRACT

In marketing, service and relationships interrelate. Service is based on relationships between actors, and according to the Nordic school research tradition, relationship marketing cannot be implemented without service. The development of service logic in the literature emphasizes that adopting a service perspective on their business and marketing enables service firms and product manufacturers alike to develop, maintain and enhance relationships with customers. From the customers' point of view, all firms are service firms. "Promise theory" points out that promises made by conventional sales and marketing efforts must be successfully kept. Otherwise marketing will fail. The present article describes connections between service logic and relationship marketing, and between promise making and promise keeping. To implement relationship marketing, deep understanding of service culture and internal marketing as strategic management issues is central. Therefore, integrated management of the marketing and organizational behavior interface is imperative. This warrants cross-functional and inter-disciplinary research and decision-making. Finally, challenges for the organization relating to the implementation of relationship marketing are put forward.

### 关系营销与服务：最新研究

关系营销需要开拓营销方法。承诺理论认为，营销是通过彼此交换并兑现承诺建立的。在传统的营销方法中，例如营销组合与4P模型，产品变量预期会保证大家能遵守许过的诺言。因此，传统营销方法便不会明确考虑守诺。然而，在关系营销中，很少有单一产品。相反，服务顾客的过程就是“产品”。服务顾客就是为了成功维持双方关系，为顾客提供所需的一切，不仅仅是产品本身，还有服务、送货、修理与维护、开具发票、提供信息、回复特殊问题、处理投诉意见、进行服务补救，以及可能出现的许多其他活动。这些活动由雇员通过各种有形和数字化过程实现，如送货货车司机、维修技术员、服务中心人员及其他雇员，从技术意义上看，这些人的主要职责就是完成好任务。然而，雇员完成任务时采用的方法和他们与顾客交流的方式，对加强双方关系具有深刻的影响，使顾客乐意维持这种关系并再次购买，因此也营销成功与否也有深刻的影响。这些雇员是兼职的营销员，但是他们的人数要比全职营销员多，甚至多几倍，那些全职营销员负责公司的外部营销，例如销售、营销沟通和定价。

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### 关键词

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内部营销; 顾客

诺丁学派营销思想认为，营销的最终目标是为了使公司对顾客具有意义。为了达到这点，关系营销采用了三个流程，即价值流程、交际流程、交互流程。价值流程表明了顾客创造的价值。交际流程描述了营销中的承诺环节，包括销售和传统的外部营销活动，以及社交媒体展示和口碑传播。交互过程描述了营销中的兑现诺言环节，包括各种用来维系双方关系的活动和事件。成功的关系营销要求交际过程和交互过程彼此加强，并且这两者要支持顾客的使用与消费，以及创造价值的过程。

由于兼职营销员对成功的关系营销很重要，公司必须确保他们正确了解作为兼职营销员的职责，而且确保他们具有履行职责的技术、意愿和动力。因此，公司的服务氛围和内部营销是必不可少的。服务氛围是一种企业氛围，这种氛围把为内外顾客提供良好的服务作为首要规范，不论是正常情况下，还是意外情况下，都要秉承以顾客为中心的行为。为了创造并维持一种服务文化，内部营销是必须的。内部营销的目的是，确保雇员能认识到自己作为兼职营销员在整个营销过程中的作用，而且知道如何执行这个角色的任务。内部营销是一种战略管理问题，不仅仅是一种策略性的员工培训和告知活动。所以，不断加强服务文化的管理方法和领导，包括员工规划、开发自己的流程和以顾客为中心的例程，都是战略性内部营销的重要方面。

## Introduction

In 1990, I published an article about the central aspect of the relationship approach to marketing in service contexts in the *Journal of Business Research* (Grönroos, 1990). I analyzed the need for a *service culture* in service organizations as well as for *internal marketing* as the management of the marketing and organizational behavior interface. That article was an answer to the call for a service relationship approach to marketing by Leonard Berry, expressed several years earlier at the second special conference on service marketing arranged by the American Marketing Association (Berry, 1983). Inspired by Berry, I defined relationship marketing in the following way: “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” (Grönroos, 1990, p. 5).

Some years later, I added the process of terminating a relationship to this definition (Grönroos, 1997). That definition was considered the most comprehensive relationship marketing definition in the literature (Harker, 1999). This view is probably still the case. Defining marketing in this way is a good operationalization of what in my opinion is the ultimate goal of marketing, namely to make a firm meaningful to its customers (Grönroos, 2015). In service relationship marketing, service culture and internal marketing, the two aspects pinpointed in the 1990 article, emphasize the need for multi-disciplinary research and cross-functional decision-making. This may be a reason for the continued interest in this article. The *purpose* of the present article is to update the status of relationship marketing and service.

## Service culture as a prerequisite for relationship marketing

Service culture can be described as “a culture where an appreciation for good service exists, and where giving good service to internal as well as ultimate, external customers is considered by everyone a natural way of life and one of the most important values” (Grönroos,

2015, p. 448). Any strong culture represents values shared by members of an organization and that provide them with rules for behavior (Davis, 1985). Because service emerges from a need to help or support others, it requires customer-focused orientation by the employees towards the firm's customers. Consequently, service culture implies customer-focused attitudes. If a service culture is to emerge, integrated management of marketing and the human resources in an organization is critical. Service processes can seldom be standardized in the same way as manufacturing. Therefore, what in service and relationship marketing is called interactive marketing (Grönroos, 2015), that is, the marketing effect of the employees' performance in service encounters as so-called part-time marketers (Gummesson, 1991), is normally not directly overseen and guided by supervisory directions and control. Here the role of the culture in the organization is instrumental. A strong service culture guides the service employees' behavior and reactions to the customers' wishes and actions, especially in situations that deviate from normal or expected behavior. A service culture, where providing good service is the dominating norm, makes the employees do the right things from a customer-focused point of view, in normal as well as exceptional situations.

### **Internal marketing as a strategic management issue**

Doing the right thing in any situation requires that the employees have adequate knowledge and skills as well as the motivation and willingness to perform accordingly. Here again the interface between marketing and organizational behavior is critical. Human resource management is often internally oriented in the organization, and pays less attention to the need for an external orientation of the employees in service encounters and the employees' need to be customer focused in firm-customer interfaces. Internal marketing offers an active and marketing-like approach to the management of employees, or people management, with the aim to create the required customer focus and service orientation among them. Originally, the need for internal marketing evolved from the observation that unless a firm first manages to market its services to its employees, it cannot expect to be able to market services to its ultimate customers either. The conclusion is that without successful internal marketing a service culture will not emerge in an organization.

Internal marketing must be understood in a broad enough sense. As I concluded in the 1990 article, "first of all, internal marketing is a management philosophy" (Gronroos, 1990, p. 8). It is a management issue including strategic as well as tactical elements. Training and the development of knowledge and skills to handle situations that may occur in service encounters as well as internal communication of, for example, new products and services, new service procedures, and of external marketing messages to customers are of course important and necessary internal marketing activities. However, they are only tactical elements of an internal marketing process. The employees must also have a holistic understanding of how the organization functions to serve its customers. To ensure the motivation of the employees and their willingness to engage in wanted customer-focused service behavior, management must take strategic actions as well. Such actions form the fundamentals of a service culture. Tactical actions only maintain and reinforce such a culture.

Two strategic elements are especially important in internal marketing, namely engaging the employees in analyzing and planning their tasks in both intra- and inter-functional contexts, and customer-focused leadership (Grönroos, 2015). Such actions add a relational aspect to internal marketing and emphasize its process nature (Ballantyne, 2003). In such planning processes knowledge renewal can take place, and information held by the employees about

customers and their wishes and expectations is made explicit and used in the development of services and service processes and procedures. Otherwise such information can easily remain tacit knowledge among employees, which not only remains unused, but also continuously may irritate the employees and thus counteract the emergence of a service culture. However, for this to work, senior management must give their support for such planning processes and employee initiatives (Ballantyne, 2003). Furthermore, active customer-focused leadership, honoring good service as a leading value and norm in the organization, provides a constant backup and reinforcement of the internal marketing process and a service culture. If this type of management and leadership is lacking, internal marketing will not have lasting effects, and a service culture will not emerge, or last in the organization.

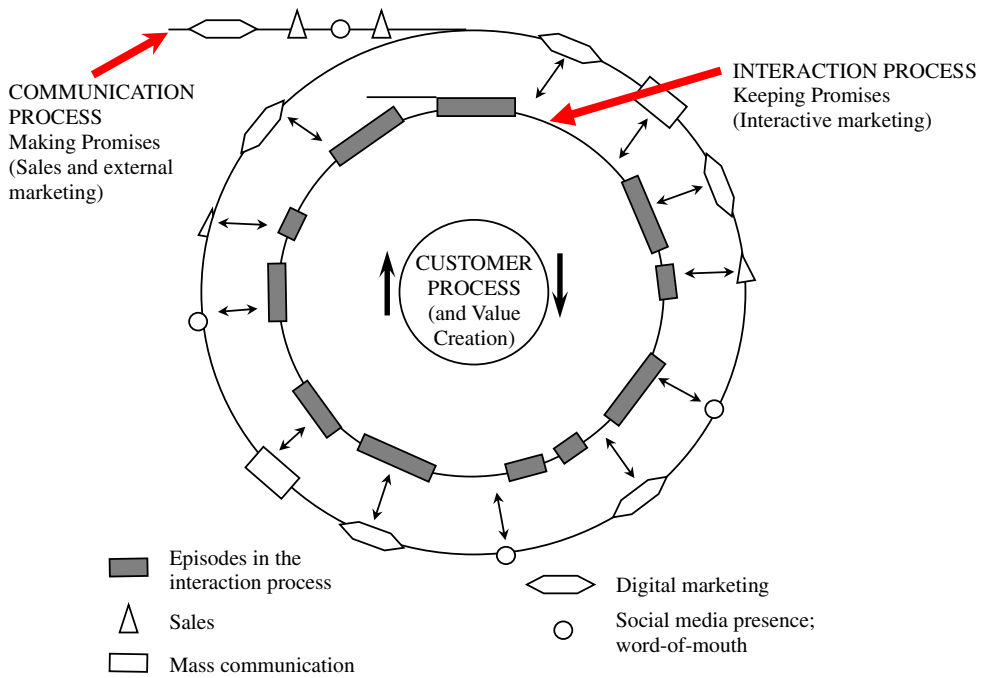
### **Service becomes the norm**

During the last decade, the discussion of service as logic for marketing and business (e.g. Grönroos & Gummerus, 2014; where the main views on a service perspective in the literature are discussed) has emphasized the importance of taking a service perspective on the way firms approach their customers, irrespective of whether the firm by definition is a service firm or a product manufacturer. In this respect, providing service means that a firm, with all the resources and processes provided and in all its customer contacts, supports its customers' everyday processes in a way which enables these customers to achieve their goals in a value-creating manner (Grönroos & Gummerus, 2014). Resources, such as products, service processes, and information, function as means of providing service to the customers. "By providing service, firms make themselves meaningful to their customers" (Grönroos, 2015, p. 1). Of course, the resources used have to be appropriate for the customers, but from a marketing and business point of view, what matter are the service to the customers that these resources enable, and the way in which the firm provides them. In their processes customers use their skills to combine the resources obtained with other available and necessary resources, to produce an outcome valuable to them. Hence, they use such resources as service. Products and services merge, but on the conditions of service, and because of this development, all organizations become service-providing organizations (Grönroos, 2015).

In conclusion, for service firms and product manufacturers alike, a user-service logic exists, which implies that all resources obtained by customers are used as service, to which firms should gear their business and marketing logic. From the firm's point of view, provider service logic means that the firm should strive to support the customers' everyday processes with an integrated offering consisting of its resources and processes instead of only offering and delivering resources separately. In this way, all marketing and business contexts are service contexts, and from the customers' point of view, all firms are service firms. From a relationship marketing perspective, it is obvious that relationships are based on service that supports the customers' processes. However, the scope and content of relationship marketing must not be viewed too narrowly.

### **The broadened scope and content of relationship marketing**

Sales and traditional marketing efforts, such as advertising, sales promotion, and digital marketing, communicate what the firm wants to do for a customer, and sometimes with the customer. In essence, they make promises about the future, provided that the customer



**Figure 1.** A relationship marketing process model. Source: Grönroos (2015, p. 286).

engages in a relationship with the firm. Relationship marketing is often mainly considered relational developments of such activities. However, as promise theory for marketing, developed by Calonijs (2006) already in the 1980s, states, successful marketing requires mutual exchange and fulfillment of promises. Promises made to customers must be kept as well, and in a way which creates value for the customers and makes them willing to continue the relationship. In conventional marketing approaches, such as the marketing mix and the 4P model, the product variable is supposed to be responsible for promise keeping. However, what if a product is but one resource in a bundle of resources and processes which the on-going relationship consists of? Clearly, a product variable and the notion of a conventional marketing mix do not adequately reflect the marketing requirement of relationship management.

Service marketing, particularly in the Nordic school research tradition, offers an alternative, broadened approach to marketing. Based on Rathmell’s observation from the early 1970s (Rathmell, 1974) that for service firms the customer interfaces outside the conventional realms of marketing are bound to have marketing effects on customers, the interactive marketing model was developed in the late 1970s (Grönroos, 2015). According to that model, physical, virtual, and digital interactions and the communication effects of such interactions in service encounters of various sorts function equally much as marketing activities as do conventional marketing efforts. The employees interacting with customers in various capacities, such as repair and maintenance technicians, restaurant waiters, call center personnel, bus drivers, and consultants, are in a central position in the process of keeping promises made to customers. As their main task they have technical duties to take care of, but at the same time, the way they do it and the way they interact and communicate

with customers have a profound influence on the customers' willingness to buy again and continue the relationship. Therefore, on top of their technical duties, they assume the role of part-time marketers (Gummesson, 1991).

According to the Nordic school tradition, relationship marketing is described with three parallel and interconnected processes. Figure 1 illustrates these processes. The innermost circle in the figure depicts the customer's process of creating value from the interactions with the supplying firm's various processes. The better the supplier manages to service the customer's processes and enable the customer's goal achievement, the more value emerges for the customer from the relationship.

In Figure 1, this customer process is not developed in detail. However, the customers' consumption or usage processes, where value emerges, take place in what in customer-dominant logic (CDL) is labeled the customer ecosystem (Heinonen & Strandvik, 2015). In CDL, the customer ecosystem is defined as "a system of actors and elements related to the customer and relevant to a specific service" (Heinonen & Strandvik, 2015, p. 480). Service providers, service firms and product manufacturers alike, other customers, both individuals and organizations, and other actors, such as communities, as well as installed physical and virtual structures, such as office structures and production and administrative processes and routines, are part of the customer ecosystem. The two outer circles represent the supplier's or service provider's different ways of acting and interacting in the customer ecosystem, namely a process of making promises and a process of keeping promises, respectively. The outermost circle, labeled communication process, includes conventional sales and marketing communication elements, such as sales calls and negotiations, advertising, digital marketing, price offers, sales promotion, and social media presence. These efforts aim to make promises to the customer about the future. The second supplier circle illustrates a process of real-world interactions, labeled "interaction process". This process includes the many episodes or interactions that take place between a supplying firm and a customer. Such episodes relate, for example, to the use of products in the customer's processes, and deliveries, repair and maintenance, call centers and information supply, invoicing, complaints handling and service recovery, and many other activities. The episodes in the interaction process aim to keep promises made by actions in the outermost communication circle. Of course, they also include elements of communication, but basically they are real actions, which influence the customer's processes and thereby contribute to the customer's value creation and goal achievement.

The arrows between the two supplier circles indicate that actions in these processes must be integrated, such that overpromising is avoided. If both the communication and interaction circles are not properly included in the firm's marketing process, clearly marketing will be one-sided, concentrating on promise making, but neglecting the fulfillment of promises. In a conventional marketing mix model, marketing fails if the customers do not get satisfied enough with the product. In a customer relationship with a broadened firm–customer interface the many elements of the interaction process are the equivalent of the product in the conventional model. Hence, if a customer is not satisfied with the total impact of the supplier's actions in the interaction process, the relationship weakens and the customer may stop doing business with the supplier altogether. Clearly, marketing has failed. As a conclusion, both actions in the communication process and actions in the interaction process have to be planned and implemented as part of the firm's marketing process.



## Conclusion: marketing challenges

The biggest challenge for firms today is to rethink, first of all, the way they approach their customers, and secondly, the meaning of marketing, and the scope and content of their marketing. The first challenge requires that the firm turns to service logic as the fundamental backbone of its business. Instead of offering products and other resources as such, the firm should offer them in an integrated process as support to its customers' various everyday processes. The ultimate goal is to help the customers achieve their goals.

The second challenge relates to how marketing is understood. In order to make a firm meaningful to its customers, the firm must understand that everything that has an impact on the customers' preferences, satisfaction with the supplying firm and its offerings, and willingness to buy and buy again and continue a relationship is part of the firm's marketing process. Management must accept that the marketing people in the organization do not define the firm's marketing resources and activities. The firm's customers define these resources and activities. This perspective leads to further challenges, for example relating to how to plan and manage marketing, and how to set marketing budgets, in a situation where marketing activities are spread throughout the organization as part of many different functions and departments (Grönroos, 1999). Furthermore, marketing cannot be totally organized in ways that firms are used to. Part-time marketers are all over the organization. Therefore, among the many part-time marketers, marketing can only be instilled as a customer-focused attitude of mind (Grönroos, 1999). Finally, when the marketing process permeates the whole organization, this raises the question of whether marketing is an adequate and useful term to use anymore (Grönroos, 1999). Ultimately, a marketing revolution is needed, and, among other things, this requires that internal marketing indeed is considered a strategic issue by top management, and that a service culture emerges in the organization and is maintained and continuously reinforced.

## Disclosure statement

No potential conflict of interest was reported by the author.

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