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Models of Service Marketing

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A Study on the Marketing Functions of

Project Workers in Knowledge-Intensive Companies

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Sammanfattning:

Titel:	Models of Service Marketing – a Study on the Marketing Functions of Nine Project Workers in Knowledge-Intensive Companies
Seminariedatum:	2005-06-03
Kurs:	FEK, 582 Kandidatuppsats, 10 poäng
Författare:	Marie-Luise Guzzoni
Handledare:	Nadja Sörgärde
Fem nyckelord:	Project worker, service marketing models, internal marketing, interactive marketing, external marketing
Syfte:	Min uppsats syfte är att ifrågasätta modellen service marketing triangel och föreslå ett alternativt sätt att betrakta service marketing.
Metod:	Jag har använt mig av en kvalitativ metod och har gjort en djup utformning av min studie. Jag har gjort en fallstudie av nio projektarbetare i olika företag. Information har samlats in genom intervjuer, litteratur, artiklar, hemsidor, mm. Den primära och sekundära informationen har analyserats med hjälp av teorin om service marketing.
Teoretiska perspektiv:	Teorier som används i denna uppsats är teorin om service marketing med en central modell som tas som utgångspunkt. Dessutom spelar teorin om relationsmarknadsföring och företagets kultur en viktig roll.
Empiri:	Empirin är uppdelat i tre delar och presenteras tillsammans med dess analys. Den består av intervjuernas resultat.
Slutsatser:	I löpet av mina intervjuer och dess analys blev det snabbt klart att det finns en skillnad mellan teorin om service marketing och det jag hade funnit ut i min empiri. Denna lycka fyllas i de tre del-argument och förenas i slutsatsen med skapandet av en ny modell. Denna modell är representativ för situationen av de projektarbetare i min studie och ger idéer för vidare forskning.

Abstract:

Title:	Models of Service Marketing – a Study on the Marekting Functions of Nine Projekt Workers in Knowledge-Intensive Companies
Seminar date:	2005-06-03
Course:	Bachelor thesis in business administration, 10 Swedish Credits (15 ECTS)
Author:	Marie-Luise Guzzoni
Advisor:	Nadja Sörgärde
Key words:	Project worker, service marketing models, internal marketing, interactive marketing, external marketing
Purpose:	The purpose of my study is to question the model service marketing triangle and propose an alternative way of looking at service marketing.
Methodology:	This thesis is based on a deep, qualitative study. In the research of the material an abductive approach has been used. The primary information sources are interviews with project workers, which are being analyzed together with the theoretical background in part argumentations in the course of the thesis. In the last chapter they are unified.
Theoretical Perspectives:	The theory about service marketing, with a central model as a starting point, together with the theory about relationship marketing and organizational culture build the theoretical frame of reference of this study.
Empirical foundation:	The empirical foundation is based on the interviews with the project workers and is divided up into three part argumentations, together with the analysis and the respective part of the theories.
Conclusions:	In the course of the interviews and their analysis it has become clear that there exists an anomaly between the theory and this study's results. This is being explained by a final model which has been developed throughout this study. It explains the marketing functions of the project workers and gives incentives for viewing the situation from a new perspective.

Preface

The study in hand is a bachelor thesis within the field knowledge-intensive companies and –professions at the business school, Lund University.

First of all I would like to thank the nine interviewees for their help and time. I appreciate their efforts and cooperativeness.

I especially want to thank my coordinator, Nadja Sörgärgde, who was always there to help and give creative tips, incentives and criticism. Without her this thesis would not be what it is.

Finally I want to thank Trine Bø-Pedersen, a good Norwegian ☺ friend, who took her time, read my thesis, corrected it and discussed it with me, which was of great advantage for my thesis' progress.

I even want to thank my laptop for it never let me in the lurch and with whom I spent a whole lot of hours during these last weeks.

Finally I wish You a nice reading and hope you will enjoy my work.

Lund, 2005-06-05

Marie-Luise Guzzoni

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1. Introduction

In this chapter I give a comprehensive background of the purpose with my study. Thereafter follows a discussion of the problem, which finally leads to the problem formulation. I conclude the chapter with an outline of the thesis' remaining parts.

1.1 Background of the thesis

When Theodore Levitt wrote his famous article "Marketing Myopia"[1] the business world was changing from an industrial economy to a service economy, companies started thinking in customer-oriented terms instead of in product-oriented as they did before[2]. Because of growing competition, stagnation in mature markets and globalization, companies had to become more and more service oriented in order to survive on the market place[3].

Today, we find ourselves in a similar situation, but within another trend: we are part of a movement often called post-industrial, service and knowledge economy[4] or information society[5]. This is indicated by an easing number of academics, education and competence as only tool for competition on the market place and about two third of the BNP deriving from the service sector[6].

1.1.1 Knowledge-intensive companies

Since the 1980s a new category of companies, selling *knowledge*, has arisen[7]. Among others are consultancy firms, training organizations, and head-hunting companies[8]. Training organizations are companies who are intermediaries between those who have the knowledge and those who need it, providing further training, coaching, sometimes consulting and similar services to other companies and

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[1] Levitt, Theodore, *Marketing Myopia*, 1975

[2] Normann, Richard, *Service Management – ledning och strategi I tjänsteproduktionen*, 2000

[3] Levitt, Theodore, *Marketing Myopia*, 1975

[4] Zeithaml, Valerie A. and Bitner, Mary Jo, *Services Marketing*, 1996

[5] Hedlund, Gunnar and Nonaka, Ikujiro, *Models of Knowledge Management in the West and Japan*, Stockholm, 1991

[6] Zeithaml, Valerie A. and Bitner, Mary Jo, *Services Marketing*, 1996

[7] Alvesson, Mats, *Management of Knowledge-Intensive Companies*, 1995

[8] Karl Erik Sveiby, *Kunskaps Ledning*, 1991

organizations[9]. This is the sector of knowledge-intensive service companies that is relevant for my study.

The most significant characteristics of these knowledge-intensive service companies are a qualified knowledge-base, solving of complex, mostly not-standardized problems and they are strongly depending on the creative individual[10]. Further specialties of knowledge-intensive service companies are that they are characterised by a huge degree of autonomy of the single members and no hierarchical structure, ad hoc-like organizational forms, as Alvesson calls them[11].

I am going to concentrate in my study on knowledge workers in international consultancy and training companies of small till middle size. The reasons for focusing on this group are their interesting and highly non-standardized jobs and assignments.

1.1.2 The marketing of knowledge-intensive companies

The marketing function's situation in service firms is different from the one in traditional companies. The marketing does not take place in a single department any longer, but it is split up in several functions and dispersed over the whole organization[12]. Behind this special and relatively new situation stands the theorists' idea that all the employees are involved in marketing and conscious of their functions as marketers[13].

My theoretical background is service marketing, but I do not take it upon me to include the whole theory of service marketing, which is a huge wide theory. The basis of my analysis are the three marketing functions Grönroos differentiates in his service marketing theory and visualizes with the help of the central model *service marketing triangle[14]*. This model with Grönroos' idea of where the marketing functions reside and how they should be implemented will be questioned and analyzed in the course of my thesis.

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[9] Interview with Erik E. of my nine interviewees, 18.4.2005

[10] Ahrnell, Britt-Marie and Nicou, Monica, *Kunskapsföretagets Marknadsföring*, 1989 ; Sveiby, Karl-Erik, *Kunskapsföretaget*, Kristianstad, 1989

[11] Alvesson, Mats, *Kunskapsarbete och Kunskapsföretag*, Kristianstad, 2004

[12] Alvesson, Mats, *Kunskapsarbete och Kunskapsföretag*, Kristianstad, 2004

[13] Alvesson, Mats, *Kunskapsarbete och Kunskapsföretag*, Kristianstad, 2004; Grönroos, Christian, *Service Management and Marketing*, 2000

[14] Grönroos, Christian, *Relationship Marketing Logic*, Asia-Australia Marketing Journal, 4(1), 1996, p.10 in Grönroos, C., *Service Management and Marketing*, 2000

I will give a broad outline of the model here, for the reader's better understanding.

FIRM

Internal
marketing

External
marketing

EMPLOYEES

Interactive
marketing

CUSTOMERS
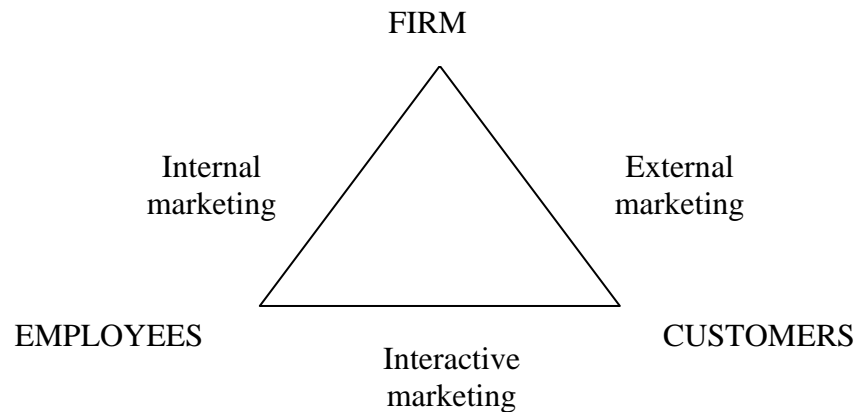
Figure 1.1 The Service Marketing Triangle

This model[15] shows the three marketing functions important for service firms and how they are divided between the different actors. What they are about can be read in more detail in the following chapters.

These three marketing functions are internal marketing, interactive marketing and external marketing[16].

According to Grönroos the internal marketing has to be managed by the company's leadership, the interactive marketing happens between the employees and the clients and the external marketing is what takes place between the company's management and the clients[17].

For the service marketing in knowledge-intensive companies, parts of some other theories, which are related to service marketing theory, are also important: relationship marketing[18] and corporate culture[19].

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[15] Grönroos, Christian, *Relationship Marketing Logic*, Asia-Australia Marketing Journal, 4(1), 1996, p.10 in Grönroos, C., *Service Management and Marketing*, 2000
[16] Ibid
[17] Grönroos, Christian, *Service Management and Marketing*, 2000
[18] Gummesson, Evert, *Relationsmarknadsföring : från 4 P till 30 R*, Malmö, 2002
[19] Alvesson, Mats, *Understanding Organizational Culture*, London, 2002

1.2 Problem discussion

There are many different voices in academic circles claiming that there is no real need of a separate marketing department anymore[20]. They want every member in the organization to be part of the marketing-functions[21]. This does not mean, though, that traditional marketing is totally superfluous, it has only become one of several marketing functions. And it points to the theorists' idea of every employee being conscious of his marketing function within the organization and in interaction with the clients[22].

Sveiby, among others, states that many knowledge-intensive companies often do not care much about their marketing strategy since the classical marketing theories are not applicable in their traditional form any longer and they are not sufficient for effective marketing[23]. The classical marketing mix: product, price, promotion and place have to be changed and re-interpreted completely[24].

According to Sveiby[25] and others[26], this means that the product is no product any longer, but a service with several special characteristics. The price is often difficult to assess for services of knowledge-intensive companies. Production and consumption happen simultaneously with the involvement of the client. Promotion is not as easy anymore because of the intangibility of services and the place is also very difficult to assess since the selling of the service takes mostly place together with the client, thus the project worker has to be where the client is.

> "(…) knowledge-intensive firms are quite often characterized by rapid growth and success (…)"[27]

This quotation points to the fact that the business was mostly running by itself and calculated marketing seemed unnecessary, or was not thought of at all[28]. But as competition rises on a national and global level the need of a re-definition of

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[20] Grönroos, Christian, *Service Management and Marketing*, 2000; Sveiby, Karl-Erik, *Kunskapsföretaget,* 1986

[21] Grönroos, Christian, *Service Management and Marketing*, 2000; Zeithaml, Valerie A. and Bitner, Mary Jo, *Services Marketing*, 1996; Normann, Richard, *Service Management*, 2000

[22] Ibid

[23] Sveiby, Karl-Erik, *Kunskapsflödet,* 1995

[24] Ahrnell, Britt-Marie and Nicou, Monica, *Kunskapsföretagets Marknadsföring*, 1989

[25] Sveiby, Karl-Erik, *Kunskapsflödet,* 1995

[26] Ahrnell, Britt-Marie and Nicou, Monica, *Kunskapsföretagets Marknadsföring*, 1989; Grönroos, Christian, *Service Management and Marketing*, 2000; Gummesson, Evert, *Relationsmarknadsföring : från 4 P till 30 R*, Malmö, 2002

[27] Alvesson, Mats, *Management of Knowledge-Intensive Companies*, 1995, page 10

[28] Sveiby, Karl-Erik, *Kunskapsföretaget,* 1986

marketing-strategy seems to be needed. This became clearer in the course of my empirical research. And this is also what the authors claim for: the need of a marketing attitude of mind of every employee, reflected in Grönroos' model[29].

But none of the interviewees considered themselves as executing a part of the marketing functions.

> "Marketing? Well, we have no marketing in the traditional sense, so, I guess, we have no marketing at all (…)." Erik E.

There is not only the external, traditional marketing. Also the internal and interactive marketing are not in the minds of the interviewees.

I found out in the course of my nine interviews that this, what the authors claim for, the dispersed marketing and the involved persons being conscious of it, is not the case with those persons I interviewed. They do not see themselves as marketers. Why is this so? Do they have a bad education? Are they not able to realize the importance of marketing which they should bear? Are the companies too small to consider marketing? Is it possible to have no marketing at all as many of the interviewees postponed?

There seems to be a gap between the need of marketing and its non-existence which has to be researched. And this is what I did. The answers to these questions will be analysed and discussed in the following chapters.

1.3 Purpose with my study

The purpose of my study is to question the model service marketing triangle and propose an alternative way of looking at service marketing.

1.5 Disposition

1. Introduction
In the thesis' first part I introduce the reader to the field of study I research in my thesis.

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[29] Grönroos, Christian, *Service Management and Marketing*, 2000; Normann, Richard, *Service Management*, 2000

2. Methodology

The methodological approach in order to confront the problem is being treated in this chapter. It is even presented how the collection of the material has been conducted. The approach's trustworthiness, possible criticisms and possible other approaches are being dealt with.

3. The Service Marketing Triangle

A short overview over the theory of service marketing based on the model of the service marketing triangle is given in this chapter. The chapter is concluded with the theorists' claim for the project workers conscious role as marketers.

4. Internal Marketing

The theory of the first fundamental marketing function, the internal marketing is being explained in this chapter, followed by the presentation and analysis of the empirical results. The chapter is concluded with my proposal for a new way of visualizing the internal marketing function.

5. Interactive Marketing

This chapter is built up like the previous. It starts with an introduction in the theory of interactive marketing and concludes with a presentation and analysis of the empirical results relevant for this area.

6. External Marketing

The same order in this part about the last marketing function: the external marketing. First the theoretical background, followed by the empirical findings, their interpretation and analysis.

7. Conclusion - The Service Marketing Circle

In this chapter the results of the analysis of the previous three chapters will be integrated to one final argumentation for my purpose. Feedback to the purpose is given and proposals for further research.

In the introduction I have given comprehensive background information, followed by the discussion of the problem which resulted in my problem formulation, my purpose. In the next chapter I will argument for the way I approached my research and discuss possible other methodologies.

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2. Methodology / Research Approach

In this chapter of the thesis I argue for the methodology of this study in the lights of a qualitative, "non-objectivistic" research study. I also explain how I collected the material from the primary and the secondary sources. I am critical to the sources I used and discuss the thesis' trustworthiness.

2.1 General approach

In my research, I used a mixture of the *deductive* and the *inductive method*: the *abductive method*. I started with reading quite a lot of theory, academic articles[30], books[31], former thesis and papers on knowledge work, its ambiguity[32], management consulting, the changing role of marketing, as for example the article *The Role of Marketing Past, Present and Future* written by Tim Denison and Malcom McDonald[33]. Thus I started with the *deductive method* which takes theory as a starting point and then observes the reality in order to see whether the theory works in these cases[34]. The theories which were important for my study were the areas of marketing with a focus on service marketing and the theory about knowledge-intensive companies and professions.

After I got my interview appointments I could start with the empirical research. When I had conducted my interviews and detected several findings I went back to the theoretic world and found theories which seemed to be interesting to analyse in the lights of my empirical findings. This would be an *inductive approach*: to start

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[30] Levitt, Theodore, *Marketing Myopia*, Marketing Classics, A Selection of Influential Articles, 1990; Christopher, Martin, *From Brand Values to Customer Value*, Journal of Marketing Practice, Vol. 2 No. 1, 1996; Denison, Tim and McDonald, Malcom, *The Role of Marketing Past, Present and Future*, Journal of Marketing Practice, Vol. 1 No. 1, 1995; Grant, Sir Alistar, Marketing, *The Need to Contribute to Overall Business Effectivenss*, Journal of Marketing Practice, Vol. 2 No.3, 1996

[31] Clark, Timothy, (1995), *Managing Consultants: Consultancy as a Management of Impressions*, Open University Press, Buckingham; James O'Shea and Charles Madigan, Dangerous *Company, The Consulting Powerhouses and the Business They Save and Ruin*, London, 1999; Robert M. Grant, Contemporary *Strategy Analysis*, 2002; Gummesson, Evert, *Models of professional service marketing*, Stockholm, Malmö, 1979; Gummesson, Evert, *Relationsmarknadsföring : från 4 P till 30 R*, Malmö, 2002; Ahrnell, Britt-Marie, *Kunskapsföretagets marknadsföring : att utveckla kundrelationer, kvalitet och kompetens*, Malmö, 1996; Lovelock, Christopher H., *Services marketing : people, technology, strategy,* 2000; Alvesson, M., *Understanding Organizational Culture*, London, 2002; Enis, Ben M., *Marketing principles : the management process*, 1974; Sveiby, Karl Erik, *Kunskapsföretaget : seklets viktigaste ledarutmaning?*, Malmö, 1986; and others

[32] Alvesson, Mats, *Knwoledge Work: Ambiguity, Image and Identity*, Human Relations, 2001

[33] Denison, Tim and McDonald, Malcom, *The Role of Markting Past, Present and Future, Journal of Marketing Practice*, Vol. 1 No. 1, 1995

[34] Bryman and Hall, *Business Research Methods*, 2003

with observations or findings and first then look at the theories. As I followed neither the one nor the other consequently, I swung between these two, which is called *abductive approach*.[35]

This is also reflected in my purpose: I am working on the assumption that there are three different marketing functions, which is the theorists' basic idea in the service marketing theory. But when considering the embodiment of these functions in the project workers' jobs I take the empirical findings as a starting point, and question the theory.

The aim of the interviews was to get a deeper understanding of the interviewees' job and their views of certain issues. That's why I conducted, if possible, personal interviews in order to get deep, profound *qualitative* information.

Qualitative research builds on peoples' intentions, actions, and their interpretations[36]. In this case it means that I used open questions in my interviews and let the interviewees talk freely in order to be able to read between the lines later, which means that I evaluated and interpreted the answers subjectively. And this is exactly what qualitative research is about: interpreting empirical findings with one's own glasses of knowledge[37].

2.2 Subjects of examination

The subjects of examination are nine project workers in different companies and organizations. Thus I write from their perspective. I begin with the discussion about the chosen interviewees and in the next step I present their professional background.

The employees I chose as my subjects of research are project workers. A *project worker* is an employee or a partner in a knowledge-intensive company or organization. They organize or take part in offered programmes or projects. They play the most crucial role in the organization since the personnel in these companies are their products, their core and their most important asset. This is a definition I myself use for my thesis, but the statements about the personnel as the most

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[35] Bryman and Hall, *Business Research Methods*, 2003
[36] Ibid
[37] Ibid

important asset is in accordance with Alvesson[38], Løwendahl[39] and many other authors[40].

2.2.1 The interviewees

Most important are the persons I interviewed. They are my subjects of examination. They are all project workers in highly knowledge-intensive companies. Their professional background might have some influence on the way in which they work or on their relationship to the client, which could be considered critically, but as the outcomes of my interviews showed are there no such great differences.

2.2.2 The companies

My focus lies not on the whole company per-se. I want to research are the project workers and their situation in these kinds of companies. This means that where they come from is only background information and my main attention goes for the persons' jobs in the lights of different marketing functions and their embodiment in the jobs.

The five companies are all highly knowledge-intensive companies, and come from two related industries: consulting and training companies. All the companies I chose to examine are of a small- till middle-size. They are from Sweden, Norway and Germany and all of them operate on an international basis. The question might arise why I did not choose all companies in Sweden or Norway or Germany. The answer is that I was curious about seeing whether there are country-specific differences, which appeared not to be so. If it had become clear through the interviews that there are significant differences I would have changed my approach slightly in order to include these in my thesis.

I chose these small- till middle-sized companies intentionally because in my opinion the individual member in such a company has much more freedom and also more possibilities to influence the processes in the company which is of huge relevance for my field of study. And that is of course highly relevant for my study. This is of such a great importance because automatically the project workers

[38] Alvesson, Mats, *Kunskapsarbete och Kunskapsföretag*, Kristiansstad, 2004
[39] Løwendahl, Bente R., *Strategic Management or Professional Service Firms*, Copenhagen, 2000
[40] Grönroos, Christian*, Service Management and Marketing*, 2000; Zeithaml, Valerie A. and Bitner, Mary Jo, *Services Marketing*, 1996; Normann, Richard, *Service Management*, 2000

function as marketers gets more weight. If the outcome of my research should be that the project workers conduct no marketing at all a change of this situation would have much more importance since ever individual can influence so much in a small organization.

As one of the project workers asked for staying anonymous, I chose to leave them all anonym and gave them fictitious names.

2.3 Information sources

2.3.1 Oral sources

The nine interviews I conducted are the basis of my research. They helped me understand the existence of the three marketing functions, as proposed by service marketing theory, but that there is also a gap between the theory and the practice concerning the embodiment of these functions in the organization, which I want to analyze in this thesis and find a possible solution.

Interview guide

I wanted to be open for different possible answers, so I compiled my interview guide, which can be found in Appendix A, with various open questions of the field I was interested in. I left room for the interviewees' own perspectives.

I am conscious of the fact that there is always a gap between what the interviewee tells me and how I understand it. But it is my assignment to understand what the interviewees say through my knowledge glasses, which is the basic sense of my qualitative study.

The interviews

The persons I interviewed are all project workers in knowledge-intensive companies. I chose to interview them and not managers or secretaries. They are the crucial actors, the centre of the marketing functions and the companies' most important asset[41]. That is the reason why I chose them as my subjects of research.

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[41] Grönroos, Christian, *Service Management and Marketing*, 2000; Alvesson, Mats, *Management of knowledge-intensive companies*, Berlin, New York, 1995

Before I met the interviewees I sent them the interview guide, so that the interviewees had a chance of to prepare themselves and know what the interview would be about. An advantage of this is that the interviewee has time to think about the questions and answers before we meet. A possible disadvantage might be that he is prepared to sensitive questions and can think about how to talk round this subject. But as my interview guide does not consist of concrete questions the interviewees were prepared, but did not know exactly what I was going to ask them.

The interviews themselves were often more like vivid conversations; I did seldom follow the sequence of my questions and areas of interest. I let the interviewees guide the flow of information and intervened by asking deeper questions when the interviewees touched upon issues of interest for my research or when the interviewees talked about another important issue. My aim was to get rich, detailed answers. The interviews took seldom less than one hour, rather one and a half, once even two hours.

Thus, I conducted semi-structured interviewing[42]. I had several fairly precise areas I wanted to know more about. These are among others the company's organization, the interviewee's assignments, the culture in the company, the existence of planned marketing and their attitude towards marketing, which was of the main interest, communication within the organization and with the clients and some others.

Personal or by telephone?

Because of geographical distance I could not conduct all interviews personally, which is of course not only favourable. But it was not possible differently. The personal impression of the interviewee, the way he answers and the impression of the office are missing.

On the other hand a telephone interview needs not only be negative since for example the *interview-effect*, the influence of the interviewer on the interviewee, is not as strong as with a personal meeting[43].

Whenever possible I tape-recorded, transcribed and then translated the interviews. Additionally I noted the most important points the interviewee mentioned during the interview, also in order to be able to refer to this later in the conversation. I often did not transcribe everything the interviewees said because it would simply

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[42] Bryman and Hall, *Business Research Methods*, 2003
[43] Arbnor, Ingemann and Bjerke, Björn, *Företagsekonomisk matodlära*, 1994, page 243

have been impossible and far too time consuming, as the interviews lasted never less than one hour. But I kept the tapes so that I could listen to important passages again.

Possible critics for the oral sources could be that I chose several different companies and the answer is that the company is irrelevant for this study. For sure the company an interviewee works in has no little influence on him. But as the results from the interviews did not vary too much, very little in my fields of interest, this critic becomes powerless.

That I did not always have the possibility to interview the project workers personally is not the best solution, but looking at my results I can say that the telephone interviews very at least as insightful and informative as the personal interviews.

2.3.2 Written sources - theoretical background

As secondary data I used both, student literature and other specialized literature which totally or partly covers different perspectives of my field of research. Furthermore I used former thesis and the internet to get informed about my topic. I even studied how to structure an interview, how to ask the right questions and how to lead the conversation in the case of semi-structured interviews[44].

Furthermore I studied how to analyze and work with the collected material[45] and finally how to write a paper[46]. In order to get relevant information about the current situation I searched for scientific articles[47] and earlier studies[48] which are about or touch upon my topic.

The role of the theoretical background chosen for this thesis has as well been a basis for the interviews as also a tool to question existing theory. It is difficult to say whether there was first the theory or first the empirical foundation. Partly the

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[44] Andersson, Bengt-Erik, *Som Man Frågar Får Man Svar*, 1994
[45] Alvesson, Mats and Sköldberg, Kaj, *Tolkning och Reflektion*, Lund, 1994; Bryman and Hall, *Business Research Methods*, 2003
[46] Rienecker, Lotte and Jørgensen, Peter Stray, *Att skriva en bra uppsats*, Malmö, 2000
[47] Levitt, Theodore, *Marketing Myopia*, Marketing Classics, 1990; Christopher, Martin, *From Brand Values to Customer Value*, Journal of Marketing Practice, Vol. 2 No. 1, 1996; Denison, Tim and McDonald, Malcom, *The Role of Marketing Past, Present and Future*, Journal of Marketing Practice, Vol. 1 No. 1, 1995; Grant, Sir Alistar, Marketing: *The Need to Contribute to Overall Business Effectivenss*, Journal of Marketing Practice, Vol. 2 No.3, 1996
[48] Gummesson, Evert, *Models of Professional Service Marketing*, 1979; Alvesson, Mats, *Knowledge Work: Ambiguity, Image and Identity*, Human Relations, 2001

theory was a basis for the development of my purpose, partly the results from the interviews. How the disposition is set up derives partly from what has been found out in the interviews, that there are these three marketing functions and partly from what I read about service marketing.

2.4 Criteria for evaluating this qualitative research

There are several possible ways of evaluating a qualitative study. One has to be careful when applying the classical concept of *reliability* and *validity* since they originally assess the quality of a quantitative research. Especially validity is often used evaluating a measurement, which is not at all the aim of a qualitative research.[49] In my research I do not measure *how many* project leaders have the same answers to some questions, but my purpose is to find out *how* they answer.

A solution might be to adapt the concepts of reliability and validity to the special characteristics of qualitative research or to use different criteria, which are, for example, *trustworthiness* and *authenticity*[50].

Trustworthiness is made up of four criteria: credibility, transparency, dependability and confirm ability. These different criteria parallel to internal and external reliability and validity. I have chosen to refer to these alternative criteria for my qualitative study, suggested by Guba and Lincoln[51].

Guba and Lincoln criticize furthermore the concept of reliability and validity because they "(…) presuppose that one single absolute account of social reality is feasible. (…)"[52]. Their view is that there can absolutely be more than one account[53]. Which in my eyes suits quite well to my method since I also follow the assumption that there is not one perfect view of the world, but that actually every individual follows its own realities and interprets the world through its own glasses.

In the following part I argue for the trustworthiness in my study. I do not go into authenticy any deeper since it is about "(…) a wider set of issues concerning the wider political impact of research. (…)"[54] which is of no greater importance for my study.

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[49] Bryman and Hall, *Business Research Methods*, Oxford, 2003
[50] Ibid
[51] Guba and Lincoln (1994) in Bryman and Hall, *Business Research Methods*, Oxford, 2003
[52] Bryman and Hall, *Business Research Methods*, Oxford, 2003, page 288
[53] Ibid
[54] Bryman and Hall, *Business Research Methods*, Oxford, 2003, page 289

2.4.1 Trustworthiness

The four criteria of trustworthiness are presented here with relevance to this study:

Credibility: this is the most important criterion for trustworthiness, which parallels internal validity. You as the reader and maybe evaluator of my study should be able to believe in what I find out, discuss and argue for[55]. To achieve this I am as honest as possible by revealing every step I made and by highlighting critically every choice I made and every conclusion I drew. Furthermore I let those whom I interviewed confirm what I wrote which is also called *respondent validation*[56].

Transferability: Transferability parallels external validity. As I only study a small group of individuals who have certain characteristics in common, I can go into depth rather than breadth. According to Guba and Lincoln[57] transferability can be achieved through a rich deep study which can then be the base for others making judgements about the transferability. They call this for *thick description*[58]. In my study I try to get as profound information as possible. I concentrate on the marketing functions of project workers and the embodiment of these functions in the project workers' job.

Dependability: as a parallel to reliability Guba and Lincoln suggest dependability which implies some kind of auditing approach. I should keep records of all phases of my research so that others can control all procedures and follow my line of analysis. As far as this is possible this is what I did.

Confirmability: Confirmability parallels objectivity and means that the researcher should try not to get influenced by personal values and opinions[59]. This is what I do; I try to be critical to certain concepts, models, and theories and especially to myself. But as this is a qualitative study with an interpretation of the empirical results through the authors' knowledge glasses it gets influenced by this view of knowledge.

In this chapter I presented the way and the means of approach in my study. The next chapter will be about the model, which is the starting point of my discussion. The service marketing triangle.

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[55] Bryman and Hall, *Business Research Methods*, Oxford, 2003, page 288
[56] Ibid
[57] Guba and Lincoln, 1994, in Bryman and Hall, *Business Research Methods*, Oxford, 2003
[58] Ibid, page 289
[59] Guba and Lincoln, 1994, in Bryman and Hall, *Business Research Methods*, Oxford, 2003

3. The Service Marketing Triangle

The theory that serves as a basis and which is questioned and exploded in the next chapters will be presented here. An overview over the different functions and their relation will be given. The chapter will be concluded with the theorists' idea of the implementation of service marketing in the organization.

To understand the complex role of marketing in service companies I would like to use a central model from Grönroos, which many other authors like Kotler[60] and Zeithaml[61] also refer to and which suits perfectly well to my study. This model is the *service marketing triangle*[62].

FIRM

Internal
marketing

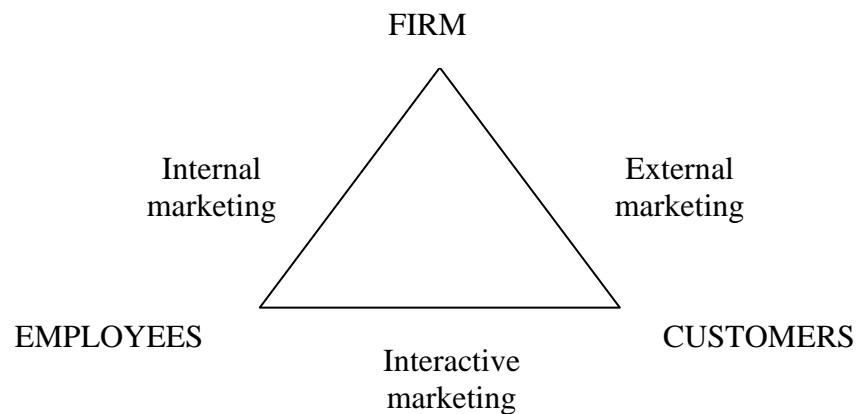External
marketing

EMPLOYEES

CUSTOMERS

Interactive
marketing

Figure 3.1 The Service Marketing Triangle

In order to give a better understanding of the model to the reader, I first explain Grönroos' model[63] in a few words and then I will go into the different functions in more detail in the next chapters. With the help of my empirical results I will analyze every single marketing function immediately after I presented the theoretical background. All the three following chapters are part of my argumentation and analysis which I will unite in the seventh chapter.

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[60] Kotler, Philipp and Armstrong, Gary, *Marketing: an introduction*, Upper Saddle River, 2005
[61] Quinn, James Brian in Zeithaml, Valerie A. and Bitner, Mary Jo, *Services Marketing*, 1996
[62] Grönroos, Christian, *Relationship Marketing Logic*, Asia-Australia Marketing Journal, 4(1), 1996, p.10 in Grönroos, C., *Service Management and Marketing*, 2000
[63] Grönroos, Christian, *Relationship Marketing Logic*, Asia-Australia Marketing Journal, 4(1), 1996, p.10 in Grönroos, C., *Service Management and Marketing*, 2000, page 55

The *firm* is the management including full-time marketers and salespeople who give promises to the customers and have to enable the promise through continuous development and internal marketing with their employees[64]. This *internal marketing* is a prerequisite for external and interactive marketing and can be reached through attractive and stimulating places of work, together with good internal communication[65].

The *employees* are those working in close contact to the customers, also called part-time marketers by Gummesson[66]. They are the ones who conduct the *interactive marketing*[67]. In this study the employees play the most important role and are in this study represented by the nine project workers that have been interviewed.

The *customer*, called client in this study, is exposed to the *external marketing*, which parallels marketing communication and the traditional function of marketing. It is aiming to inform and to survey it[68].

These are the different functions of marketing, which are the basis of my analysis.

This model suits in two ways well into my research: it clarifies that there are, in comparison to the marketing of products, several different functions of marketing[69]. Secondly, in my context, the single project workers should actually be or function as part-time marketers, as Gummesson[70] calls them.

Altogether, Grönroos claims for the existence of marketing as a philosophy, an attitude of mind, as a way of organizing the various functions and processes of a firm and finally as a set of tools and techniques[71]. What I want to clarify with this is that there are several marketing functions in service firms, not only traditional marketing and this has direct impact on the employees, the project workers, in these firms.

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[64] Grönroos, C., *Service Management and Marketing*, 2000
[65] Quinn, James Brian in Zeithaml, Valerie A. and Bitner, Mary Jo, *Services Marketing*, 1996
[66] Gummesson, Evert, *The part-time marketer*, Forskningsrapport / Högskolan i Karlstad, 90:3, (1999)
[67] Grönroos, C., *Service Management and Marketing*, 2000
[68] Alvesson, Mats, *Management of knowledge-intensive companies*, Berlin, New York, 1995
[69] Grönroos, C., *Service Management and Marketing*, 2000
[70] Gummesson, Evert, *The part-time marketer*, Forskningsrapport / Högskolan i Karlstad, 90:3, (1999)
[71] Grönroos, C*., Service Management and Marketing. Managing the Moments of Truth in Service Competition*, Lexington, 1990, page 235

Let us now turn to how the theory thinks about the embodiment of these functions in the organization and where there is a gap between this research's empirical findings and the theory of service marketing.

If we look at the *implementation of the marketing functions* in the organization, many different voices besides Grönroos claim for dispersed marketing, as shown in the triangle, some even go as far as asking for the total closing down of the marketing department. This is also what Christer Ugander thinks, quoted in Ahrnell's *Kunskapsföretagets Marknadsföring (1989)*:

> "Sometimes I get the question 'How big is your marketing department?'. My answer: I have none. This is some kind of bottom-up philosophy, which is dictated by the need to be totally adapted to the market." Christer Ugander, Europachef at Cap Gemini in 1989[72]

How this concept of the marketing function being split up and spread over the whole organization should look like in the industry is explained very clearly by Grönroos[73], Gummesson[74] and some other authors[75]. They ask for all the members in an organization being conscious of their marketing functions[76]. And additionally, Gummesson proposes the existence of part-time marketers, who are specialists in their own professional areas but simultaneously also have to perform traditional marketing tasks[77]. This would imply for the project workers in this study, that they have to get trained as marketers and conduct marketing as a part of their jobs besides their assignments as project workers. How this looks like in reality will be turned to later on.

The authors base their ideas about the embodiment of the marketing in the organization on the explicit assumptions that all these different employees incorporating the roles of marketers are aware of their function and even get trained and motivated by the management in conducting it consciously[78]. Grönroos calls

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[72] Ugander, Christer in Ahrnell, Britt-Marie, *Kunskapsföretagets Marknadsföring*; original version: "Ibland får jag frågan 'hur stor marknadsavdelning har du?' Mitt svar blir: ingen. Det är ett slags botten upp-filosofi, som dikteras av kravet på oss att vara totalt marknadsanpassade." Christer Ugander, Europachef på Cap Gemini i 1989 .

[73] Grönroos, C., *Service Management and Marketing*, 2000

[74] Gummesson, Evert, *The part-time marketer*, Forskningsrapport / Högskolan i Karlstad, 90:3, 1999

[75] Zeithaml, Valarie A. and Bitner, Mary Jo, *Services Marketing*, 1996; Lovelock, Christopher H., *Services marketing: people, technology, strategy*, 2000 ; Alvesson, Mats, *Management of knowledge-intensive companies*, Berlin, New York, 1995

[76] Ibid

[77] Gummesson, Evert, *The New Marketing – Developing long-term Interactive Relationships*, Long range planning, 4, (1987)

[78] Grönroos, Christian, *Service Management and Marketing*,2000; Lovelock, Christopher H., *Services marketing: people, technology, strategy*, 2000 ; Gummesson, Evert, *The part-time*

this *marketing attitude*[79]. He claims that "(…) it (the marketing attitude) has to be understood and accepted by everyone, (…) marketing should, first of all, be an attitude of mind. (…)"[80]. This is also what Sveiby emphasizes in his book *Kunskapsledning – 101 råd till ledare I kunskapsintensiva organisationer*. He asks for the explicit training of all employees and for making them aware of their inherent marketing function[81]. This implies that they take a hierarchy in the organization as a starting point with the managers who are responsible for the marketing functions of the single project workers. Furthermore it implies that the involved persons are actively aware of their marketing functions.

This is the point of my purpose, to show that this is not necessarily the case in practice. That there is no explicit marketing consciousness and that therefore the triangle has to be transformed to something else in order to be applicable for my empirical results. How this something else looks like will become clearer in the course of my argumentation.

With an overall understanding of the model the service marketing triangle and the theorists' idea of its implication in practice we can now turn to analyze in more detail the three functions, starting with internal marketing in the next chapter.

marketer, Forskningsrapport / Högskolan i Karlstad, 90:3, 1999 ; Zeithaml, Valarie A. and Bitner, Mary Jo, *Services Marketing*, 1996

[79] Grönroos, Christian, *Service Management and Marketing*, 2000,

[80] Grönroos, Christian, *Service Management and Marketing*, 2000

[81] Sveiby, Karl Erik, *Kunskapsledning – 101 råd till ledare i kunskapsintensiva organisationer*, 1991

4. Internal Marketing

In this first part of my argumentation for a new form of service marketing in my cases the relations inside the company will be treated. First I present what the theory proposes how internal marketing should look like and then I will explode it and develop a new way of looking at internal marketing.
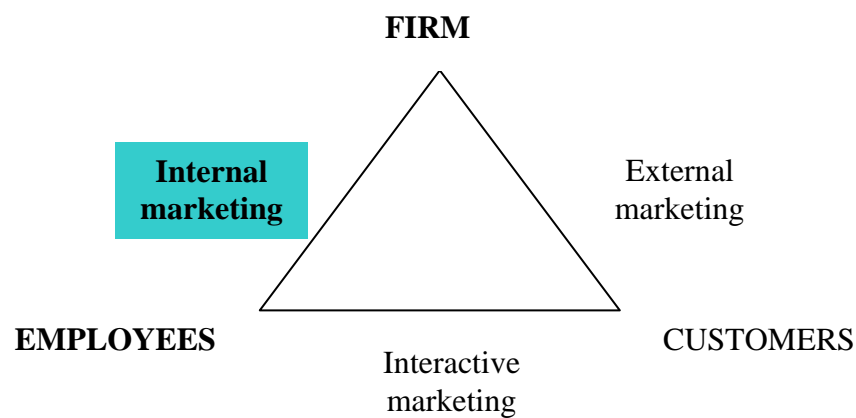
4.1 Internal marketing in theory

Figure 4.1 Internal Marketing in the Service Marketing Triangle

The internal marketing function is the basic prerequisite that the project workers should fulfil in order to be effective in their work. According to Grönroos the meaning of internal marketing is that the management in a hierarchical *organization* has to develop, from the top, motivated and customer-conscious employees[82]. It refers to all those planned and unplanned activities the firm carries out to train, motivate and reward its employees so that they are able and willing to deliver the promise which the external marketing function communicates to the customers[83]. The authors pronounce the need of training the personnel and making them aware of their basic marketing philosophy in order to fulfil this internal marketing: "(…) internally, continuous training of the employees is important (…)"[84], as example.

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[82] Grönroos, Christian, *Internal Marketing – An Integral Part of Marketing*, 2001
[83] Zeithaml, Valarie A. and Bitner, Mary Jo, *Services Marketing*, 1996
[84] Grönroos, Christian, *Strategic Management and Marketing in the Service Sector*, Lund, 1991, page 96

Besides the specific and planned training of the employees, unplanned activities are crucial for internal marketing to work[85]. What this means is that these are factors that are not necessarily based on any planned or conscious articulation or strategy. As there are no planned internal marketing activities at all in which my interviewees take part in their organization the unplanned factors will be examined in more detail in the following lines.

The *culture* within the organization influences the personnel indirectly. To understand the concept of culture, it follows a very comprehensive definition from Grönroos:

> "(…) corporate culture can be defined as the pattern of shared values and beliefs that give the members of an organization meaning, and provide them with the rules for behaviour in the organization. Culture represents values that can be thought of as residing deep in the organization. It is not easy to see, but it is always present. (…)"[86]

Normann sustains this argumentation with his reasoning that in internal marketing it is important that all members of the organization stand behind the organization's *core idea*[87], how he calls it. His argument is that it is this core idea which the personnel will sell to the customers and therefore it needs general acceptance[88]. Summarizing, this means that the personnel have to be motivated, and live the organizations philosophy, its core idea. A positive atmosphere in the organization creates satisfaction and this internal satisfaction will then lead logically to a better interactive marketing, which is, how I think, the core of internal marketing.

Another aspect for the internal marketing function to work is that effective *internal communication* is needed.

> "(…) A major cause of poor perceived service is the gap between what a firm promises about a service and what it actually delivers. (…)" [89].

I understand this in such a way that coordination and *internal communication* between the several employees or partners is required, which often takes place in form of several meetings and project newsletters. The other aspect of internal communication is that it helps to keep the culture alive. Lovelock describes it the following way:

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[85] Grönroos, Christian, *Strategic Management and Marketing in the Service Sector*, Lund, 1991
[86] Ibid, page 356
[87] Normann, Richard, *Service Management*, 2000, page 194
[88] Ibid
[89] Zeithaml, Valarie A. and Bitner, Mary Jo, *Services Marketing*, 1996

> "(…) Internal communications (…) play a vital role in maintaining and nurturing a corporate culture (…)."[90]

This implies that internal marketing is especially important to achieve productive and harmonious working relationships among project workers and other colleagues as a basis for delivering good service to the clients.

4.2 Internal marketing in my study – empirical findings

Organization

The theory takes a top-down structure in the organization as a starting point. In the course of my interviews I found out that the organizational structure is in its bases very similar within all the nine cases, but not at all like proposed in the theory.

> "In our company all members are equal, we are partners who altogether control and guide the company with the help of partner meetings. All important questions are developed jointly in the partner meetings, and everyone is free to do his job alone." Moritz M.

> "We have no hierarchy in our organization; all the partners are on the same level and have the same rights and duties." Lasse L.

> "Our organization is rather informal; all partners have the same position." Anna A.

The organizational form in these companies is a flat one. There is no hierarchy as assumed in the service marketing triangle. I understand that this implies a lot of freedom and flexibility to the single partners but on the other side also more responsibility lying on their shoulders, which is sustained by the next quotations:

> "Everything happens on a voluntary basis, people help if they have time and feel committed, which can be both: frustrating and positive." Emil E.

> "Our whole concept is based on interrelation; we have a very flexible structure, which leaves a lot of freedom to all members, as we only have a few full-time workers." Trine T.

What can be concluded from these quotations is, in my eyes, that the main characteristics of their organizational form are freedom, flexibility, equality, interrelation. In the majority of the cases is one of many equal partners.

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[90] Lovelock, Christopher, *Services Marketing, People, Technology, Strategy*, 2000, page 286

With the non-existence of a structured, hierarchical organizational form comes the need of something else which ties the personnel and the members of these organizations together. This leads us directly to the next topic about corporate culture.

Culture

Corporate culture, which is referred to as a system of company-intern values, rules and norms, behavioural patterns, the atmosphere, symbols and much more, is of great importance for the project workers in my eyes, which I sustain through several quotations:

> "The most striking characteristics of our company are its warmth and friendliness. It always creates an atmosphere that encourages all our colleagues and participants to listen to each other, share ideas, argue and discuss how to develop in stimulating and exciting ways. (...)" Erik E.

As I see this, the corporate culture in this company, where Erik E. works, is a basis of shared values which determine what people in the organization think and appreciate. The external focus is that the client feels this warmth and friendliness which of course only has positive effects on the working atmosphere and the client's satisfaction.

> "I would say it is difficult to describe our culture because it is something that exists, but cannot be grasped, it is there, implicit, it is very strong, with norms and values such as deep relations, honesty and closeness." Anna A.

> "We have a learning culture, which is not instrumental, everybody contributes to it in our company, and this is our competitive advantage." Julius J.

How I understand these quotations is that the interviewees' and the companies' strength is their corporate culture because it resides inside every individual and in the group of members. It is not something that is imposed from above, but some kind of soul inherent in every individual member which gives the organization its aura. This is so important because service providers have to have and develop positive attitudes towards giving service.

> "I would like to state, that we have very strong unwritten values in our company. We try to live these values by always informing each other, helping whenever necessary and building working teams." Moritz M.

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Moritz talks about the company's culture when mentioning *unwritten values*. He stresses the importance of communication and interaction within the company in order to keep these values alive. This is the link to the next topic within internal marketing I would like to present.

Internal communication

I start with a quotation from one of my interviewees:

> "Knowledge development and experience exchange are very important parts of our business. We accomplish this at our different meetings and conferences for our network and through our brochures, papers and joint development projects." Björn B.

The transfer of knowledge and in general communication means *interaction* between the partners. In a more general sense, the personnel play the most important role in the organization. I understand what this interviewee said about the communication in his company in such a way that the knowledge the different members have is mainly spread through personal contact, called generic strategy, not through written media as an intranet, for example. This is also important for a new member which is not part of the existing culture in the company or at least has not breathed its air yet. This new member will become part of that culture through the different *meetings and conferences*, the personal contact to the other members of the organization.

Besides this generic strategy, internal communication is kept up with the help of meetings, newsletters and reports.

> "(…) one of the three in our headquarter sends out weekly newsletters and the CEO informs through headquarter newsletters. But mainly our communication is based on personal meetings, formal and informal, as many of us also spend their free-time together." Marika M.

This quotation from Marika highlights the strong focus on personal relations between the single members in a company. What I see as central here, is that there are written forms of communication, but mainly the knowledge-transfer happens through personal contacts.

We understand now how important communication, corporate culture and the organizational form are for the internal marketing function. Instead of an organized hierarchy the project workers I interviewed are tied together through common values and thorough personal contacts and communication.

But all these actions and processes happen unplanned and without any strategic marketing background, in my cases. These elements do not have the aim of creating a profound basis for the interactive marketing, and in order to be in line with the external marketing.

4.3 Internal marketing – conclusions for my analysis

What I want to clarify with these empirical findings and their interpretation is that internal marketing cannot be understood totally from the perspective we had in the theoretical part. The existence of the marketing function *internal marketing* becomes clear and how it is embodied will be analyzed in more detail in the following.

In the theory internal marketing takes place between the firm and the employees, who are, in my case, the project workers. Internal marketing is connected to some kind of hierarchy; it is steered and imposed from above, from the management to the employees.

Considering the flat, flexible organizational structure this concept cannot be applied on my findings. All members in the organizations are equal, which means that internal marketing is not top-down but that it is embodied between and within the group of members in the organizations. There is no hierarchy, internal marketing has no strategy, it is unplanned and expressed through the interaction between the employees. To explain more clearly: internal marketing exists, but it resides silently in the individual and in the group

This implies that the corners *FIRM* and *EMPLOYEES* can be considered as one. They are on the same level and are connected through several bonds. The single project worker is part of a group of members in the organization who are all related through common values, which reside in the culture of the organization. These values, unwritten norms and rules are the links that tie the project workers to the organization and their colleagues. All these characteristics have in common that they exist, but the project workers are unconscious of the fact that they make up the internal marketing. As the organizational structure is rather loose this is the bond that ties all the members together.

There is no planned internal marketing, the project workers are not aware of their function as internal marketers when living the culture, passing it on to new

members, communicating with other members and living the company's values. It is hidden, but still it exists. The basis for an internal marketing as the authors of service marketing theory demand it reside inside the individual project workers. But it resides not only in the individuals, also in the interaction between the members. Communication demands two sides and the same with culture. The culture is embodied in the individual project worker but simultaneously it is described as the company's soul, which is inherent in the whole organization.

After this line of analysis and argumentation I would like to introduce a new way of looking at internal marketing in the form of a model. We have to think in a circle when visualizing the internal marketing, not in a hierarchical order like in the triangle.
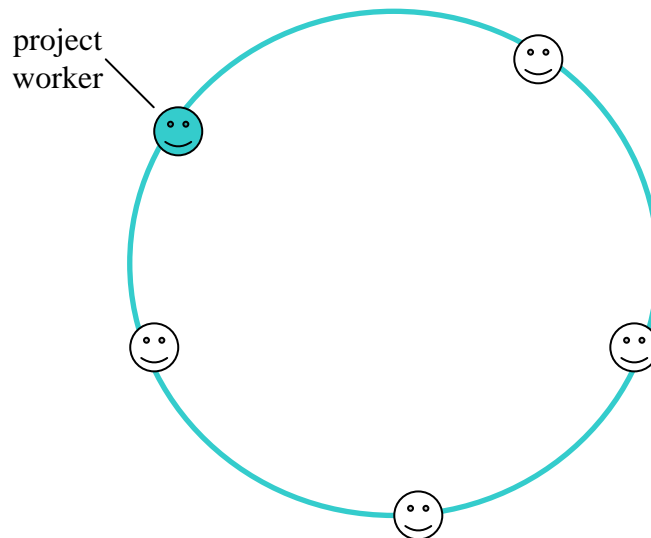

Figure 4.2 How Internal Marketing Looks Like in Practice

I chose a circle since it symbolizes the equality between the members in the organization, its flat structure and the notion that the firm and the employees are understood to be one. Furthermore it highlights that the single project worker is a part of one big group, connected through several bonds. These are their communication and their unique organizational culture. If the employees, the project workers, are satisfied with their job, this satisfaction radiates on the client's satisfaction.

This is the basis for an effective internal marketing, which has been presented and analysed in this chapter. And here a second party comes into consideration: the client. Let us now turn to the interactive marketing part.

5. Interactive Marketing

In this chapter about interactive marketing a theoretical background is given first, based on the theory of service marketing. Then I will analyze and argument with help of my empirical findings that the implementation of this theory cannot be applied in practice as proposed by the authors.

5.1 Interactive marketing in theory

FIRM

Internal marketing

External marketing

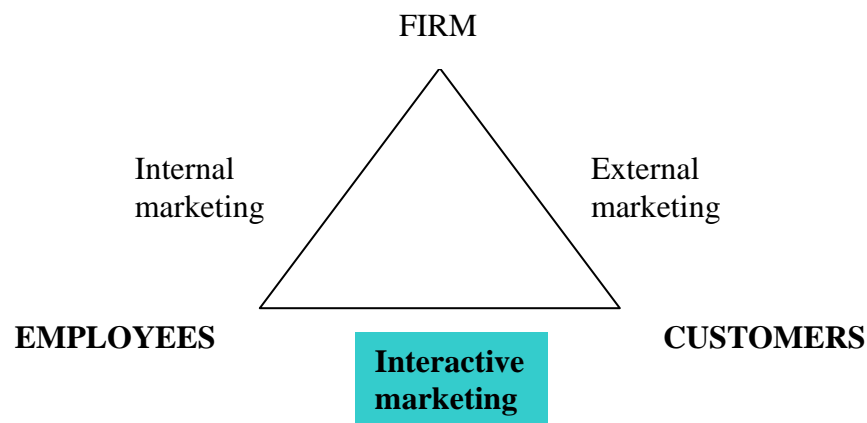EMPLOYEES

Interactive marketing

CUSTOMERS

Figure 5.1 Interactive marketing in the service marketing triangle

After the empirical research had been conducted I decided that it would be best to divide up the interactive marketing into three phases, which merge into one another. The first phase begins with a first contact, goes over to the project-phase and ends in after-sales, which hopefully leads to new first contacts. This division is the basis for the analysis of the interactive marketing.

All three phases interactive marketing are overlapping with the theory of relationship management and marketing. The core idea of both is the importance of face-to-face contact between client and project worker and the aim of building networks of relations for maintaining and creating possible future assignments[91].

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[91] Alvesson, Mats, *Kunskapsarbete och Kunskapsföretag*, Liber, Malmö, 2000, page 30; Grönroos, Christian, *Relationship Marketing, interaction, dialogue and value*, Helsingfors, 1997; Zeithaml, Valarie A. and Bitner, Mary Jo, *Services Marketing*, 1996; Normann, Richard, *Servic Management*, 2000; Gummesson, Evert, *Relationsmarknadsföring : från 4 P till 30 R*, Malmö, 2002

Thus, the building of relations, networks of relations is crucial for the success of project workers and their companies.

In the second phase the actual service delivery[92] takes place, this is where the project is conducted and the project worker is in contact with the client all the time. In order to strengthen the relation to the client after the delivery, relationship marketing is needed[93]. Positive results of successful interactive marketing are long-term relations, networks of contacts and positive word-of-mouth[94]. I can apply this in such a way, that this explicit result of interactive marketing is pronounced by the authors as an outcome every member of the company has to work at, and that is not what I found out in the course of my empirical research.

Word-of-mouth is comments or recommendations that former clients make about their service experiences to others[95]. This is a powerful tool of indirect marketing, much more effective than advertising and promotion, which is direct marketing[96]. Closing the circle again, this implies that word-of-mouth results often from loyal clients who make recommendations which triggers new first contacts and maybe also new projects with existing clients.

> "Positive word-of-mouth can act as a powerful and highly credible selling agent."[97]

All the time, *social relations* play a vital role, which underlines the central role of the service personnel[98], here the project workers. Here again, effective communication, planned and unplanned, is central for this study. Planned communication is information for the client, education about what is going to be delivered and communication with existing clients in order to reinforce loyalty and secure repeat sales[99]. Unplanned communication can be anything that "(…) employees say, how they say it, how they behave, how (…) physical resources look like (…)"[100].

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[92] Grönroos, Christian, *Relationship Marketing, interaction, dialogue and value*, Helsingfors, 1997
[93] Zeithaml, Valarie A. and Bitner, Mary Jo, *Services Marketing*, 1996 page 40
[94] Ibid
[95] Grönroos, Christian, *Relationship Marketing, interaction, dialogue and value*, Helsingfors, 1997
[96] Lovelock, Christopher, *Services Marketing, People, Technology, Strategy*, 2000
[97] Ibid, page 298
[98] Ibid, page 293
[99] Ibid
[100] Grönroos, Christian, *Service Management and Marketing*, 2000, page 264

This implies that *symbols*[101] play an important role in the context of unplanned communication between client and project worker. What this means is that they help to make the intangible service more tangible.

5.2 Interactive marketing in my study – empirical findings

Here I am going to present all the findings that circle around the relationship between the interviewed project workers and the clients.

How to attract clients and first contacts and keep an existing relation alive

On the question how the interviewees get in contact with their potential clients the majority of the answers were similar to the following:

> "We take part in many activities, are members in sports-clubs, give guest-lectures at universities where we appear in our company's name, are members in different associations, for example knowledge-associations like the Norske Dataförening which creates many new contacts and possibilities." Erik E.

When we talked about different activities the project workers take part in and offer the clients, two other interviewees answered like this:

> "We invite to activities we think are funny, we invite those we worked together with earlier and those who might be potential new clients, everybody is actually free to come. Such activities are for example readings of books, and lectures on interesting, not necessarily subject-related topics." Trine T.

> "Many clients become more and more demanding. They are not satisfied with our lunch-seminars and lectures anymore. What they want is excitement and action. So we change our offerings to event-evenings, afternoons or whole days." Lasse L.

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[101] Dubois, Bernard, *Understanding the Customer*, Harlow, 2000; Armbrüster, Thomas, *Rationality and Ist Symbols: Signalling Effects and Subjectification in Manegement Consulting*, Journal of Management Studies 41:8, December 2004; Quinn, James Brian in Zeithaml, Valerie A. and Bitner, Mary Jo, *Services Marketing*, 1996; Grönroos, Christian, *Services Management and Marketing*, 2000, page 74; : *Intangibility, its marketing implications and how to provide tangible clues:* Intangibility is the most basic difference between services and goods. Services are processes or actions; they cannot be seen, felt or touched. The implications are that services cannot be inventoried, so fluctuations in demand are quite difficult to manage, furthermore service providers should try to provide *tangible clues* to make the service less intangible for the customer before he purchases it. Grönroos defines these tangibles as all aspects of an organization's facilities, equipment and material and also the appearance of service employees. This is what Thomas Armbrüster takes up in his article where he writes about the importance of the personnel selection in the context of quality symbolization.

All the interviewees call this generally their activities they offer or take part in, they say they have no special strategy nor did one of them think of this being some kind of *marketing communications*. These offers and activities appear to them to be necessary but there exist no explicit strategy behind them, at least not following the empirical findings.

In my eyes, such a strategy, resulting from traditional marketing, could be the segmentation of the market following the clients' needs and demands, their branches and many others.

I initially said these activities have the purpose to catch *new* clients, which is not the whole truth since many *former* clients are invited as well in order to build stronger relations, remind them that the company exists and has a lot of help to offer.

So, this chapter's end moulds in its beginning: the last part is about how to hold a client. What happens after the project has the aim of creating new first contacts, triggering positive word-of-mouth and creating loyalty with existing clients.

> "We invite to several activities, whose aim is, among others, to build initial relations
> and sympathy in a natural, informal environment." Moritz M.

This quotation underlines what I was discussed above and leads us to the next phase: the project-phase, where the project worker is in closer contact with the clients and/or organizes the projects.

Interrelation throughout the project-phase

The length of the project-phases varies, but still all interviewees emphasized the same aspects of the relation between the project members. But none of them would have counted the different elements of the relation as *relationship* or *interactive marketing*. Here follow some examples of how such a relationship looks like in the cases of my interviewees:

> "I would guess that the satisfaction of a client after a project derives to at least 90%
> from the relation between the involved persons and only 10% from the competence of
> the project-workers." Julius J.

This interviewee sees clearly how important the *interhuman factor* in his work is, which is the foundation of good relationship marketing. The same idea has also another interviewee:

> "Most important is that the relation between buyer and seller is good, the little rest is competence, but not more! This is the big difference from the production of goods and services." Björn B.

A consequence is that this interhuman factor is especially important when recruiting new partners, project workers. This became very obvious in one interview:

> "When considering to take up a new member we do not interview, but test the person that way that we invite him or her to some activity or meeting to see how well he suits into our organization." Anna A.

What this interviewee wants to point to is, as I understand it, is that the potential new member suits well into the organizational climate he will also be able to interact with the other members and especially with the clients, which is crucial since the personnel is the only *product* these organizations can offer. This argument is sustained by the following quotation:

> "We develop simultaneously as we produce." Emil E.

We are the project workers; in the broadest sense the products that the clients *rent*. What Emil wants to say, in my eyes, is that the he, as a project worker develops the marketing, the relationship throughout the project and the production of whatever kind of services. And as this production happens in interaction with the client it means that the client also takes part in the production process.

Summarizing here, a quotation of an interviewee, Moritz, who mentioned many crucial points that I presented in this paragraph:

> "Relations are the most important aspect of our business! Everything is based on them: the first contact, the cooperation, the result of the project as well as successive projects with the same client or with new clients through recommendation." Moritz M.

It has become clear that the interactive management and marketing is the central concept in the project workers job and that it relies a lot on *intangible elements* like sympathy and trust.

But still there are elements that can be influenced consciously from the project workers, or, the company's side. Let us have a look on the following quotation:

> "We always try to have some sort of similarity in style: how we appear in the internet, in our hand-outs, how we dress and in the interior design of our office." Trine T.

This interviewee is talking about *symbols* and how to give the clients tangible clues, which are very important because of the intangible nature of the offered service. But, this interviewee was the only one who was actively conscious of the importance of these symbols and included them in their strategy. None of the others mentioned the importance of these tangible clues, even when I asked for them.

Furthermore there is another aspect of the interaction throughout the course of the project. It is the *interactive character* of the relation between client and project-worker. This means, as I will underline with the help of the following to quotations that not only the project-worker gives, but he also takes. Both parts learn from each other in a mutual exchange of knowledge and through their process of interaction.

> "The aim of our projects is to *exchange* knowledge and experience." Anna A.

> "Our core competence is our *learning* culture. We deliver own knowledge, create new knowledge, learn continuously and adapt to new situations." Lasse L.

Both interviewees point to their ability to learn throughout the process of interaction in the course of a project which is useful for both parties and for future clients.

And what happens after the realization of the project? What do the project workers do in order to keep the contact and what background relevance does this have for marketing? The empirical findings relevant for this area are presented in the next part of the empirical findings in interactive marketing.

"Post-sales"

Even more important than the reward the project workers get from their projects are the relations, which are a real measure of success. The aim is to build a *network of relations*. These networks can consist of very different components:

> "Every single member in our company has own networks of contacts, for example former colleagues, friends, acquaintances from clubs and associations. This is a very valuable asset the member brings in the company." Lasse L.

These networks consist not only of former clients but also of the project workers friends, acquaintances and former clients. They all help in spreading the company's reputation.

> "A good reference is the best selling one can make." Trine T.

> "Earlier participants are the best sellers." Björn B.

> "Most clients come to us because of effective, positive word-of-mouth." Marika M.

And here, the circle closes again, as written in the first part of the interactive marketing. New first contacts often come about through former contacts. What I understand in these last three quotations is that the participants are very well aware of the importance of creating networks, but they are not aware of the fact that these are outcome of an effective, however unconscious, relationship marketing influenced by all the different factors that I have named in the presentation of my empirical findings until now.

5.3 Interactive marketing – conclusions for my analysis

As there is no distinction between the firm and the employees, the position and the role of the client have to be reconsidered in my research. The client is no longer at the lower right angle of the service marketing triangle.

Theory claims for the project workers' conscious conduction of interactive or relationship marketing. But as I already found out and interpreted in my empirical findings are the majority of the interviewees not consciously aware of their marketing function as interactive marketers.

Their marketing communication happens through personal contact, symbols, promises, discussion, and representation of the company. Tangible clues they provide in the contact with the client are they themselves, their clothes, their style, the office's interior, the webpage, the working material and other.

Because of the simultaneity of production and consumption[102] the client is involved in the process; the client becomes thus part of the interactive marketing. As no project is like the other the interhuman factor plays a major role and it is not only the project worker who has to carry out the function of interactive marketing; it is the project worker together with the client.
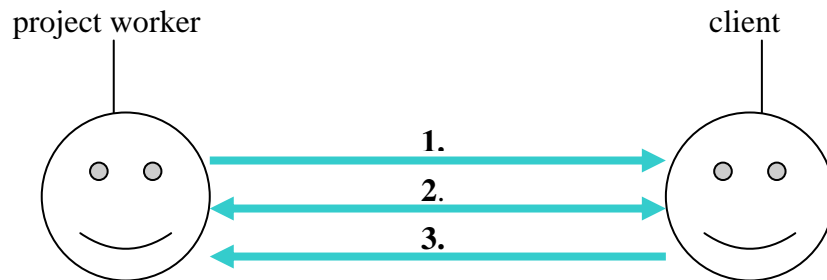

Figure 5.2 The process of interaction between the project worker and the client

To visualize the different phases of interaction between the project worker and the client I chose to use this form. The two faces are the project worker and the client. The first arrow symbolizes how the client is being attracted. It is the first contact between the client and the company, or, in my case, the project worker. This first contact includes all the activities and offerings I wrote about above when presenting and analysing my empirical findings.

The second arrow stands for the interaction phase in which the project is conducted. It is built on a mutual learning and creation of a problem solution.

Aims of the interactive marketing are positive word-of-mouth and building networks with loyal clients, which is visualized by the third arrow, where the client gives something back to the project worker. This is, as I mentioned before the real reward of a successful project: a loyal client and good references!

All interviewees were aware of the need of a positive word-of-mouth, but none of them were conscious that this is the outcome of their interactive, indirectly and internal marketing.

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[102] Quinn, James Brian in Zeithaml, Valerie A. and Bitner, Mary Jo, *Services Marketing*, 1996, page 21: *Simultaneous Production and Consumption:* In contrary to goods, which are produced first and then sold and consumed, services are mostly sold first and then produced and consumed at the same time. A logic consequence is that mass-production is impossible. The outcome and the quality of the provided service as well as the customer satisfaction depend a lot on what happens throughout the *process* of service delivery and consumption. Some implications are that a lot depends on the interaction between the service providers, in my case the project-workers, and the clients, furthermore decentralization does not result in economies of scale, therefore service firms often have quite a decentralized structure.

I have until now analysed and argued for the first two marketing functions, and how they look like in my case, compared to the service marketing theory. The last function: the external marketing is missing and will therefore be presented now.

6. External Marketing

In this last part of my argumentation for the thesis' purpose the right side of the triangle, the external marketing will be treated. First from the theory's point of view and afterwards from my point of view.
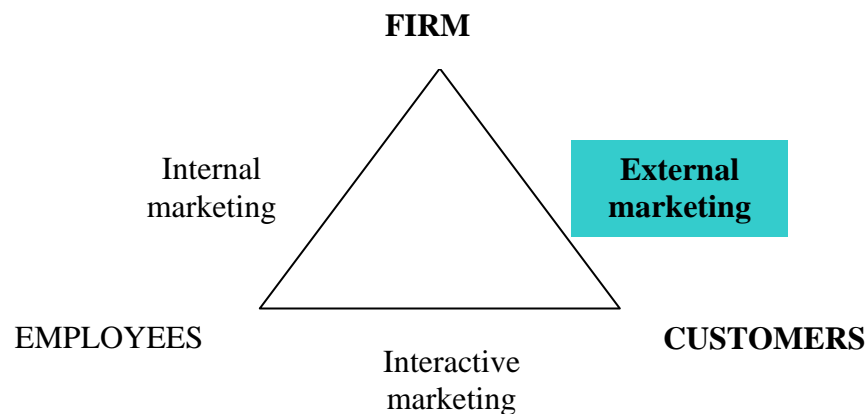
6.1 External marketing in theory

Figure 6.1 External marketing in the service marketing trianlge

"Anything that communicates to the customer before service delivery can be viewed as part of this external marketing function."[103]

Marketing communication happens between the firm and its customers. Tools of this external marketing are mass communication, brochures, sales and web sites[104].

Additionally to this marketing communication between the firm and the customers mentioned in the quotation traditional marketing in the sense of market research is needed[105].

Traditional marketing is originally based on the idea that the seller is not the marketer[106]. It considers market research and product development for an effective strategy making[107].

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[103] Zeithaml, Valarie A. and Bitner, Mary Jo, *Services Marketing*, 1996, page 23
[104] Grönroos, Christian, *Service Management and Marketing*, 2000, page 267
[105] Ibid, page 267
[106] Kotler, Philipp and Armstrong, Gary, *Marketing: an introduction*, Upper Saddle River, 2005
[107] Ahrnell, Britt-Marie and Nicou, Monica, *Kunskapsföretagets Marknadsföring*,1989

The *classical role of the marketer* is to analyze the market and provide supporting documents for the decision takers and strategy makers in the organization[108]. The traditional marketer sits in a separate department with an often very poor integration with other departments and not being very accepted by management and sales personnel[109]. This role belongs to the past. Several authors claim for someone in the organization who takes part in the other interaction processes and simultaneously cares about the analysis of the market, the competitors, the customers and the own company's strengths, weaknesses, opportunities and threats[110]. But, they admit that this role has been neglected by many professional service companies although this role is part of the model[111]. Still it has to be conducted by someone who has at least a little expertise in the field of market research and analysis, which follows from the argumentation above.

So, basically, external marketing is about planned marketing communication, but the theorists do also ask for someone in the organization who cares about traditional marketing.

6.2 External marketing in my study – empirical findings

For this last marketing function it is difficult to find a completely common pattern for all the interviewees. But it was found out that there are three forms of external marketing: planned marketing communication, unplanned marketing communication and a trend towards traditional marketing, which all have in common. How this looks like and why it is like this becomes clearer in the following lines of quotations and interpretations.

Here, a connection can be made to the first phase of the interactive marketing. Part of those activities conducted by the firms before a project assignment can be seen as *unplanned marketing communication*, as I call it. It means that the company appears on the market, but not addressing directly potential clients, as would be through advertisement, but through other activities:

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[108] Kotler, Philipp and Armstrong, Gary, *Marketing: an introduction*, Upper Saddle River, 2005
[109] Denison, Tim and McDonald, Malcom, *The Role of Marketing Past, Present and Future*, Journal of Marketing Practice, Vol.1 No.1, 1995, page 65
[110] Løwendahl, Bente R., *Strategic Management or Professional Service Firms*, Copenhagen, 2000; Alvesson, Mats, *Kunskapsarbete och Kunskapsföretag*, Malmö, 2000; Kotler, Philipp and Armstrong, Gary, *Marketing: an introduction*, Upper Saddle River, 2005
[111] Løwendahl, Bente R., *Strategic Management or Professional Service Firms*, Copenhagen, 2000; Alvesson, Mats, *Kunskapsarbete och Kunskapsföretag*, Malmö, 2000

> "We give seminars and lectures to create new contacts. Additionally we do quite a lot
> of sponsoring work." Lasse L.

I understand my interviewee this way that he hopes to create people's attention through indirect communication to the audience. This shall help to possibly create some kind of top-of-mind awareness. So, if the company who took notice of the indirect communication needs help the company that first comes into mind is the one whose indirect marketing it remembers positively.

Another interviewee pronounced that his company communicated through their job advertisements how well their business was running and that it is a positive sign if a company searches for further employees since this is an indicator that it is growing:

> "Sometimes we recruit new partners for our company in the newspapers which sets a
> signal to our environment: it signals those reading the newspaper that we are healthy
> and that it is nice to work here." Moritz M.

This would be another form of unplanned marketing communication since it communicates something to the clients before an assignment. It gives both, potential new employees and others who read the job advertisement, the promise that this company is doing well, that they are expanding and that they are open for new members.

Then there are also, but very few and only on a small scale, interviewees who conduct consciously and actively *planned marketing communication* in the form of advertisements.

> "Every project leader is responsible for the marketing of his projects and programmes.
> What he does is to write about what he leads and organizes and this is going to appear
> in the brochure about our company." Erik E.

What this interviewee means with the term marketing is, as he himself explains in the second sentence, only marketing communication. He does not conduct researches on the market to analyze the demand for his programme. In another company this function is centralized, only one person cares about the planned marketing communication.

> "In our annual meeting we set a yearly budget. A part will be spent on promotion
> campaigns and website changes. The responsibility for this rotates between the
> partners from year to year." Julius J.

I got this answer from an interviewee when asking for the marketing activities, whether there was someone who cares about marketing. As we see in the answer, marketing is for them simply and *only marketing communication*. They have no deeper strategy lying behind their marketing communication like a profound market research to find out about customers needs, segments they want to address or strategies of their competitors, which would be the part of traditional marketing.

But this is gradually changing. In quasi all the interviews the interviewees admitted that there were *changes* going on, not well planned yet, but changes heading towards a better market research, which is a better traditional marketing.

> "(…) we do not actively look on the market to find out about different forces on the market (...) I think this will change gradually (…)." Emil E.

Another interviewee admitted that there were changes going on focusing a better understanding of the market dynamics and forces:

> "No, we do not have someone who keeps actively an eye on the market, but we keep changing our strategy." Lasse L.

Causes for this change are stronger competition, rising purchasing power, global competition and a generally unfavourable economic situation at the moment.

> "Our philosophy from the beginning was non-selling; we had no marketing and no sales-functions." Trine T.

> "Our market is very sensitive for the general economic development and we can do very little about it." Anna A.

This quotation from Anna can understood in such a way, that she actually talks about the special characteristic of services that cannot be kept in stock and therefore the service provider cannot easily prepare for economic ups and downs. The role of marketing in this case is to try to anticipate the future with *traditional marketing techniques* like scenario analysis and other forecasting methods which help to be at least a little better prepared to possible changes.

I did not get these answers about the changes going on by directly asking for this kind of marketing, but this is what I crystallized out in the course of the discussions.

6.3 External marketing – conclusions for my analysis

According to the service marketing triangle, external marketing takes place between the firm and the clients. But, as we have already found out, the firm and its employees can be seen as one group in my study. Furthermore external marketing consists in theory of two components. As I found out in the course of my interviews they are three: unplanned marketing communication, planned marketing communication and traditional marketin

Traditional marketing does, in the majority of the cases, not exist at all. This has vaguely also been mentioned by the theorists, that the sober conduction of this traditional marketing function has been neglected by many service firms. Still, it is included in the service marketing triangle. Thus the author contradicts himself.

Planned and unplanned marketing communication have partly already been treated in the previous chapter. Unplanned marketing communication is what the firm or the project worker does, to attract new and former clients in order to get a first contact. It is thus part of the first arrow in the model of interactive marketing, figure 5.2. Planned marketing communication, as well as traditional marketing in the form of market research is about to get more attention in all the firms.

Unlike the other marketing functions, traditional marketing and planned marketing communication cannot happen unplanned or unconscious. This means that they really do not exist, in most of my cases. Therefore I chose to visualize these two parts of external marketing the following way.

Figure 6.2 The changing focus of external marketing in the organizations

External marketing, except to unplanned marketing communication, which is now part of the interactive marketing, is not yet totally an active marketing function anchored in the organization, but it is about to get more attention. That is why I chose to visualize it with an arriving arrow. It shall symbolize to the reader the growing importance for the companies.

This development is inevitable if the companies want to survive the forces on the market and the arrow clarifies the process of thoughts going on in the organization about its implementation which has not yet reached conversion into reality.

Up to now, I have analyzed and clarified how the three marketing functions look like in the case of my study. These three parts will now be combined and presented in the conclusions.

7. Conclusions - The Service Marketing Circle

The three part argumentations of the previous chapters will be composed to a comprehensive whole in this chapter. Furthermore a feedback to the purpose will be given and ideas for further studies will be presented and argued for.

7.1 The Service Marketing Circle

The three marketing functions internal, interactive and external marketing were used as a starting point. It was shown with the help of the study's empirical results that these three functions really exist and how they are interrelated. A summarizing overview over the whole situation of the project workers in my case will be given in this chapter.

It has also become clear that these three functions do not reside in the organization as proposed by theory, by the service marketing triangle. Step for step the model has been decomposed and exploited. Simultaneously a new way of visualization of the marketing functions has been developed, following the results of the interviews with the nine project workers.

It has become clear, that the imperfection lies not within the project workers competence. Neither does it lie within an inability to realize the importance of marketing. The answer is that internal and interactive marketing exist, but those who conduct them are not conscious of doing so.

Internal marketing lies within the culture and the company's core idea, which are lived by the project workers. It is inherent in the company's flat organization, the communication between the project workers and their interaction. Internal marketing is the necessary basis for effective interactive marketing, which can be found in the networks of relations, kept alive through several activities, invitations and communication. Furthermore the interactive marketing is inherent in the interaction between the project worker and the client during the project phase, in the symbols, the tangible clues and finally in the loyalty and word-of-mouth of former clients.

External marketing is, as I analyzed in the last chapter about to enter the marketing circle of this study. External marketing in my study is made up of the two

components planned marketing communication and traditional marketing. The unplanned marketing communication, as discussed earlier, is part of the interaction between the project worker and the client.

Combining these three results of the study's analysis we get a new model, which explains the embodiment of the marketing functions in this case.
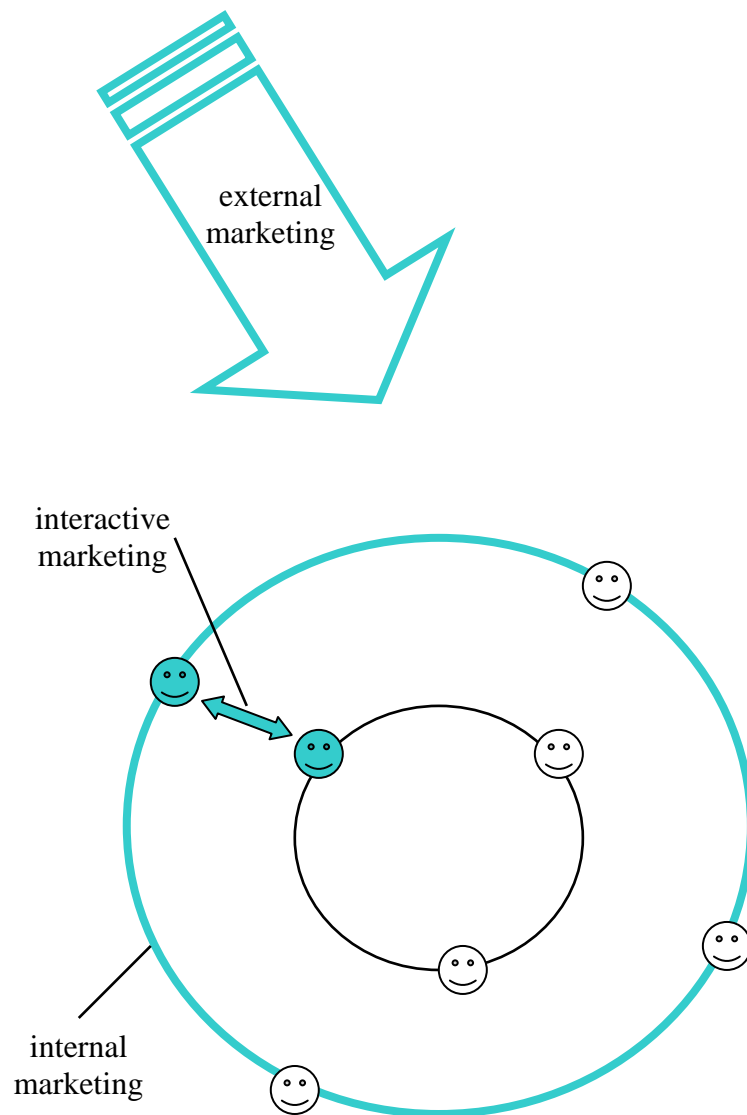

Figure 7.1 From the Service Marketing Triangle to the Service Marketing Circle

This is how my final model looks like. The internal marketing is the outer circle with the different faces which represent the single project workers and members of the organization besides the interviewed project worker, brought out by the blue colour.

The second marketing function, the interactive marketing is somewhat simplified from the part-model I presented in chapter six. The purpose is not to create too much confusion for the reader. I decided to depict the client on a circle as well, which shall symbolize the network of relations. Of course, in one project there are often more project workers working together, sometimes even together with several clients. Furthermore the client should, as found out in the empirical research, always be in the centre.

And finally the external marketing arrow, heading towards the service marketing circle, waiting for its implementation.

7.2 What means the result within the analysis?

In this study a new model has been created on the basis of the empirical results, as promised in my purpose I questioned the existing model and created a substitute. It raises now the question what this model and its implications mean within the analysis. Is the model only applicable for the researched objects or can it also be applied by others? This depends a lot on the richness of its contents.

Generally I would like to say that *those who can profit* from this study are all those persons interested in marketing. As well theorists as practitioners can get a new perspective on service marketing with the help of this final model.

Since this is, as I already explained in the methodological chapter, a qualitative study, it will not be argued for the general applicability of the final model. It is up to the interested reader to take this study as a starting point and make judgments about its transferability.

Several characteristics of the companies my project workers are part of can probably also be found at other small till middle-sized knowledge-intensive companies. Thus the model is build upon several factors these kinds of companies have in common. These are for example the large degree of autonomy of the single members, especially the project workers and that there exists no hierarchical structure. Considering these common foundation stones this study can also be seen in the lights of a new perspective of service marketing for such small till middle-sized knowledge-intensive companies and their project workers.

Following this argumentation it can be thought of as a help when considering where to implement the external marketing function and how to create more awareness for

the different marketing functions among the project workers. For example whether to hire in a new person with special marketing skills for the external marketing or whether to conduct further training seminars for all the companies' members in service marketing in general. But as mentioned before, I do not take it upon me to proclaim that this model alone helps to find answers to these questions, I rather want to say that it might help to start a process of thoughts from a new perspective.

7.3 Reflection, stimulated thoughts and suggestions for further studies

I came to ask myself several questions which could be answered in further studies as I was reflecting about the model and the different marketing functions. I was wondering what kind of knowledge we are actually dealing with considering the marketing functions of the project workers. They are, unconsciously, internal and interactive marketers. Can this be seen as tacit or implicit knowledge or would some new form of knowledge have to be formulated? These thoughts have been stimulated by this thesis' model.

As well as the thoughts about the marketing studies at universities. Considering the growing industry of services and knowledge-intensive industries I wonder whether the traditional marketing lectures would not need to be re-defined and maybe broadened. There are courses like service management and marketing and knowledge management, at least at Lund's University, but maybe it will be necessary to unite these courses? And considering the need of all the personnel having a marketing attitude of mind, it would maybe be necessary to consider marketing thoughts like customer-orientation in other business lectures as well?

Altogether it can be concluded, that the whole field of marketing contains a lot of interesting areas of research, especially considering the situation of knowledge-intensive service firms. They find themselves in an environment of rising competition today which calls for a strategic understanding of this environment and a little more foresight as well.

I hope you as a reader enjoyed to follow my line of thoughts and would be happy if I have contributed in some way to the understanding of marketing or at least triggered off some thoughts. Thank you!

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Interviews:

I conducted nine in-depth interviews with project workers at different knowledge-intensive companies. I leave them anonymous as one of the interviewees wished so. Though, I gave the interviewees fictitious names:

Emil E., 2005-04-22
Anna A., 2005-04-19
Erik E., 2005-04-22
Moritz M., 2005-04-20
Marika M., 2005-04-19
Lasse L., 2005-04-25
Trine T., 2005-04-18
Björn B., 2005-04-21
Julius J., 2005-04-26

Internet sources:

Homepages of the companies.

Appendix A:

Interview Guide:

The Company

General about the company

Your job and personal background

Organization

Corporate Culture

Marketing
Marketing communications: customer education as an aim?
Market research? Following strategy?
Campaigns
Net of relations (actually more sales aspect)

Communication (within the organization)
Intranet?
Meetings
Newsletter?

Employees/ Partners

Recruitment – what criteria?

Further training? Seminars?

Guiding principles for the employees? (Connection to culture)

Clients

Who are your clients?

Do the clients come to you? Or do you contact the clients?

General: client contact and communication?

How do you inform the client about what you will do before the project? (Customer education + problems with uncertainty about what is going to be delivered)

What happens after the project? Satisfaction? Word-of-mouth? Loyalty? Further assignments? Recommendation?

Generally: equilibrium between capacity and demand? Depends on what?

Finally: knowledge-intensive company – would you call yourself like that? Why? What criteria?

Theories (for myself, not part of the questions)

Marketer is not salesman (Kotler)

Opinion Leaders

Competition? Core competence? What do you say? Necessary?

Service marketing triangle – classical in service marketing