Conceptualising communications strategy from a relational perspective

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ABSTRACT

The present article introduces a new framework for managing customer-perceived value through communication processes between a buyer and a seller of a service firm. Recognizing the importance and benefits of successful communications with customers as a fundamental issue in managing relationships is of key importance for the service firm. It is argued that communications strategy has to be placed as an initial part of the decision making rather than first developing a strategy and then communicating it. This article argues that communication management needs to be one of the first issues considered in developing any kind of relationship strategy as customers' considerations of value take place through communications. This is especially the case within service industries where the product is the communication. This paper presents a new tri-modal communication process of how communication strategy can be created to better meet the different relational stages of service firms' customers.

INTRODUCTION

Over recent years, the applied practice of communications has forced academics and practitioners to question the basic thinking behind communication strategies in order to address new market realities. In these new market realities, communication has become an asset through which companies capitalize value. The characteristics of these new market realities include several changes that are affecting the communication strategies either directly or indirectly. First, the interactive marketplace with complex consumer relationships and new transactional and information technologies are changing customers' behaviour. Today's customers are empowered to participate in a two-way communication and have more capabilities and demands in their transactions and relationships with companies. Second, global competition and complex international consumer profiles put forth the need for more integrated communication processes that address both external and internal communication strategies to align the corporate voice and drive performance.

The emergence of relationship marketing has introduced a need for new holistic communication process models that present the buyer and the seller perspectives as co-equivalents within a reciprocal communication system (Lindberg-Repo 2001). It is

argued in this article that all communication discussions of service firms should be grounded in this thinking.

BACKGROUND

How is value built in service organisations? Increasingly, the strategic role of communication is becoming a managerial priority in service firms as it effects value creation. The post-modern customer is equally empowered to take part in communication activities before and after the service through technological advancements. Customers are also more demanding than ever and ready to switch to another service provider if the relationship is not enhanced through continuous value creation. Hence, new knowledge is needed that will provide the basis for conceptual renewal and increased understanding for the relationship communication process. This article develops a new strategic framework for capitalising value through customer service communications. It posits that value creation needs to be decoded in today's service communications from both the company and the customer perspectives in order to ensure the strategic enhancement of relationships that lead to an improved connectedness between the parties. This thinking requires a profound understanding of what is the means of communication and how they can be managed.

What are the critical factors we need to consider when talking about service communications from a relationship perspective? Creating a contact is not enough – a relationship perspective on service communications promotes the enhancement of the relationship after the service encounter is over. A deeper connectedness between the parties is required in order to strengthen the relationship. According to Lindberg-Repo (2001), this deeper connectedness is created only if the communication system between the parties is efficient enough to transfer the sharing of meaning with the interrelated participants in a way that creates a dialogue through which the goals of both participants can be accomplished in a reciprocal way.

Limitations of previous conceptualisations

This article argues that traditional marketing communication models have only limited use in current market realities. The traditional models were based on linear communication models in which marketers delivered communication to customers in terms of the company that created the messages. Duncan and Moriarty (1997) were the

first to introduce a model that emphasised the importance of the customer view and pointed out that not only the planned communication such as media advertising affects the customer's perceptions. They suggested that the customer integrates communication through four sources when developing a relationship with the company. This communication takes place through brand contacts that are, for the service firms, the most important point of contact. Grönroos and Lindberg-Repo (1998) built upon this and integrated the customer view more strongly to the holistic interactivity between the buyer and the seller, and explained how the relationship communication was formed through an interaction zone that consisted of several acts, episodes and sequences of contacts. However, while these two preliminary frameworks paved the way to several other frameworks, they were both limited regarding the utilisation of feedback for the enhancement and maintenance of the relationship and, more importantly, for the mutual value creation. The framework introduced in this article addresses these limitations.

LITERATURE REVIEW

Until now, the service communications aspects have been looked at from the contact management perspective (Grönroos 1990), from the service encounter perspective (Zeithaml and Bitner 1996; Gummesson 1995, 1998, 1999), from managing the customer expectations (Berry and Parasuraman 1991), from the complaint handling perspective (Miller, Craighead and Karwan 1997), or service recovery perspective (Hart, Heskett, James, Sasser and Earl 1990). However, recent research acknowledges that value is built increasingly through the holistic communications process in today's service organisations (Duncan and Moriarty 1997; Berry 2000; Grönroos and Lindberg-Repo 1998; Grönroos 2000). This article posits that value in the service context is capitalised by widening the understanding of communications processes *from managing expectations to managing relationship communication processes in the service context.* This requires that communication management needs to be positioned in the strategic planning of the service firms.

According to Lindberg-Repo (2001), service communications are seen as a means that supports the process of generating value and transferring value between the relational parts on an on-going basis. From the relationship perspective, a relationship develops between a customer and an organisation when there are benefits to both from one or

more exchanges (Bhattacharya and Bolton 2000). A definition presented by Grönroos (2000) states that the relationship marketing is the process of identifying and establishing, maintaining and enhancing the relationships with customers and other stakeholders at a profit so that the objectives of all parties are met.

The communication aspects are increasingly becoming a managerial priority in service firms in the new economy (Margetta 1999). With the emergence of a relationship marketing paradigm, more and more service firms are emphasising the fact that repeat customers are a vital asset of service companies (Miller et. al. 1997). For service businesses, strong customer relationships are particularly important, and, for the relationship to remain, consumers must experience relational benefits (Gwinner et al. 1998). Hence, the role and consequences of service communications have to be seen in the new light if they are to support the holistic value generation process in the service context.

On the other hand, in the minds of the customers, service interactions are a memorable source of different service experiences through which they not just receive information, but also form their perceptions and image of the service provider (Grönroos 2000). Various studies indicate, that for example, an unresolved service failure between the company and the customer may lead to negative word-of-mouth communications (Richins 1983; Grönroos 1990; Lindberg-Repo 1999), or into a fading relationship phase, or, in the worst case, to the dissolution of the relationship (Roos 1999). In the case of an unresolved service complaint process, the service communications become most harmful for the service organisations as the upset customer may tell an average of 10-20 people about their dissatisfying service experiences (Tax and Brown 1998).

The concept of 'moments of truth' (Carlzon 1987; Grönroos 1990) addresses entirely the communication acts that enable the value generation between the service firm and the consumer. In this sense, value generation is closely integrated with service communications. The marketer and the consumer are regarded as equal participants and hence it is assumed that the communication processes facilitate the creation of value for both participants

In sum, it is of utmost significance for the service firm to reinvent its communications processes to better meet the requirements of post-modern customers (Lindberg-Repo 2001). The assumptions on which service organisations communication management

have been built and are being currently managed, are increasingly affected by the changes in the environment, i.e. information technology (Schultz and Barnes 1999), globalisation (Doyle 2000) and the empowered role of the customer (Grönroos 2000; Lindberg-Repo 2001). These changes in service companies' environmental context have had great impact on communications as they have challenged marketing views based on existing assumptions. According to Drucker (1994), assumptions on which organisations have been built and managed are affected by the changes in the environment and, as a result, the old assumptions no longer fit reality. Consequently, service firms in the new economy, can no longer create competitive advantage by only taking care of their customers contact management during service encounters. To be able to create competitive advantage, service firms need to consider the new assumption that through on-going communications, customer considerations of value are transferred during the course of the relationship in the service context.

THE RELATIONSHIP VIEW ON SERVICE COMMUNICATIONS

One of the most important things the service company must do to build and enhance relationships is to have a communication strategy that influences the parties understanding of each other's attitudes and behaviour. Varey and Lewis (2000) argue that the conception of communication is particularly significant in the service encounter, since service quality and satisfaction are examples of joint action in practice.

According to Duncan and Moriarty (1997), Grönroos and Lindberg-Repo (1998), there are several factors that need to be considered when expanding the scope on service communications from a relationship perspective.

Firstly, this thinking argues that the consumer is connected with the communication system with the marketer through different sources of brand messages (Duncan and Moriarty 1997; Grönroos and Lindberg-Repo 1998). The relationship process evolves through various two-way interactions and affectscustomer's relationship perceptions and experience if he or she has actively participated in this process.

As referred to in the limitations, we conceptualise the brand message source according to a classification introduced by Duncan and Moriarty (1997) and consider four distinctive sources in the relational context: planned messages, service messages, product messages, and unplanned messages. This conceptualisation includes the

primary sources of brand-related information the consumer is exposed to in the relationship development process, and all the participation in the two-way interaction through consumption experiences. These four sources of brand messages form a communications-based brand contact between marketer and consumer.

Besides the service-related messages that take place during the service consumption, the consumer's awareness for the service company is generated continuously through all the four sources of brand messages in the course of the relationship. Not surprisingly, according to Duncan and Moriarty (1997), a significant feature in contact management is the consistency principle. Maintaining strategic consistency between all the sources of brand messages is the core of all communication, which ensures the integration of all messages accordingly. In other words, the consumer's experiences are actualised in reality if the company does what it has promised (Grönroos and Lindberg-Repo 1998). Figure 1 illustrates the consumer's and firm communication linkages through the fours sources of brand messages.

Figure 1. Sources of brand messages in a relationship context
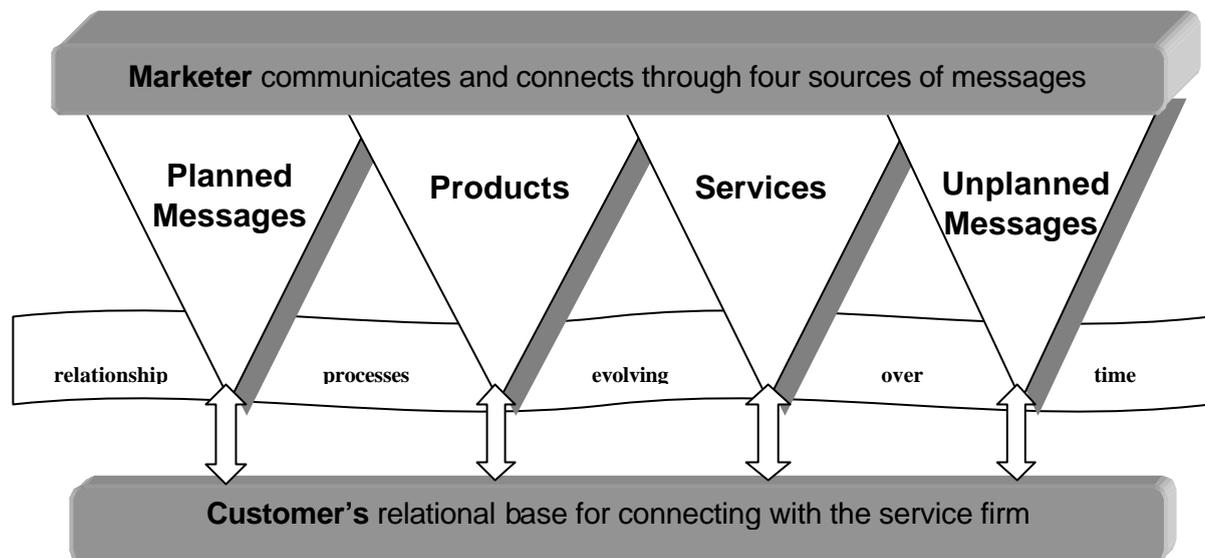
In the figure above, the four sources of brand messages are illustrated. The distinctive sources of communication build an integrated image in the mind of the consumer. Consistency among the message areas is strongly emphasised as a relevant issue because a consumer would, during the long-term relationship, be exposed to them all.

For example, a consumer would create an image through a brand contact with an airline that may start from an advertising campaign and proceed to a purchase in the service office. During the consumption process, the product features of the aircraft would be involved in the experience. Furthermore, any unplanned messages such as media stories, news-related messages and word-of-mouth would add to this overall experience with the brand. In other words, the consumer is, in the relationship process, involved and exposed to several communication areas in connection with the service company.

**A broadened view on communication processes in the service context**

From the customer's perspective, the service company delivers its most credible and trustworthy message at the service encounter. At this moment, when the customer and company interaction takes place, all the promises the service firm has delivered are being received and evaluated as reliable or non-reliable. However, it is argued that creating a contact is not enough for building a long-term relationship. A relationship perspective on service communications promotes the enhancement of the relationship in the form of creating a stronger connection after the service encounter is over with the service provider. It is argued that for a stronger relationship to be possible, deeper connectedness between the parties is required in order to strengthen the relationship.

A holistic communication framework based on the evolving process

The new framework introduced by Lindberg-Repo (2001) brings out new and dynamic aspects of the communication process that are applicable in the service communications thinking. It is based on the assumption that the relationship between the buyer and the seller evolves through several phases reflecting the building, enhancing and maintaining of the relationship over time. The relationship process between the marketer and the consumer reflects different dynamics depending on the stage of the relationship and the amount of two-way interactivity between the relational parts. There exists mutual dependence among the parts or units of the relational system (Pace and Faules 1994). In the present study, relationship communications is seen as a linking process that connects the communicative parts the relationship is grounded in the value building process through *planned communications, contact and connectedness*. Figure 2 illustrates the process of communications between the buyer and seller from a more holistic relationship perspective.

The connection between all communications processes as well as their ability to effect a shared understanding between the marketer and the participant is considered of utmost importance for the connection between the parties and the future of the relationship (Wayland and Cole 1997).

Figure 2. The relationship communication process (Lindberg-Repo 2001)

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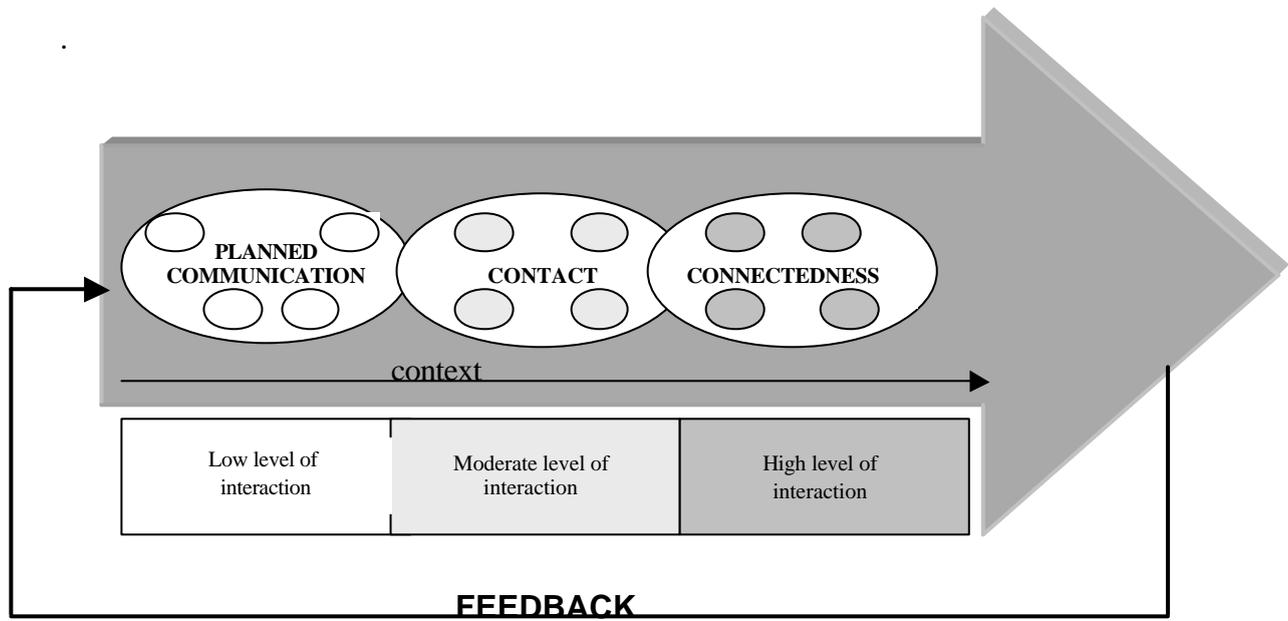
The new thinking behind the tri-modal conceptualisation of communication processes, *planned communication, contact and connectedness,* lies in its ability to increase service firms' understanding of communications on each customer's individual stage of the relationship process. This new conceptualisation provides a more comprehensive understanding of the communication processes that affects the service firms' strategies to manage their long-term relationships in a reciprocal way.

The process of planned communication

Planned communication has the highest level of planned messages such as advertising, sales promotion, events, sponsorships and PR releases as characterised by Duncan and Moriarty (1997). These forms of communication are very traditional and they focus on making the promises of what the brand or company will do. With planned communication messages, the level of interactivity is low. The degree of customer participation in this part of the brand building is non-existent as the process is strictly controlled by the marketer.

The process of contact creation

Contact creation is seen as the ability to create a link to the other participants, to respond to him or her and, based upon the received information, to address one another for a second time. Contact is seen as a prerequisite for making the relationship stronger through communications that include two-way interaction.

Connectedness

Connectedness can also be seen as a consequence of communications and contact creation. However, it is not the sum of them. Connectedness has more distinctive structural features. Through connectedness, participants in a relationship can reach an increased understanding and shared meaning, and thereby be jointly involved in value creation. Connectedness is most effectively reached through a dialogue that entails the flow and improvement of understanding between the parties.

MANAGERIAL IMPLICATIONS

This paper draws upon three distinctive empirical studies conducted in North America and Finland through the years 1998-2002. These studies provide the base for the development, testing and application of the framework. Two of these studies had a strong emphasis on service communication, namely the one conducted at Finnair (the leading Finnish airline), and one at Hugo Boss store. This study showed the applicability of the model as a strategic tool to be used also in other service firms. The findings of the Finnair study showed that contact creation is concerned with satisfying the mutual needs of the participants by creating shared understanding and value as an outcome of this process. The Hugo Boss research showed that the intensified contact stage through two-way interaction processes is the stage where the customer in his or her part starts co-creating connectedness.

From the marketplace perspective, the interactive nature of market realities enables equal participation in the interaction process and creates new functions for the role of the customer as a participant through communications in the value generation process. For example, through web contact, customers are empowered to participate in the communication processes and to give feedback to the service firm. In this sense, the communication process is the way to build a common realm of understanding by engaging in contact creation.

Future research

No research findings arrive fully born and this presented framework is no exception when it comes to acknowledging limitations. However, the purpose with this introduction is to provide a starting point for forthcoming research that can be based on the presented model. It is our wish that the new theoretical perspectives and insights should be combined in services marketing research and with different relational structures in the future. Only in this way can the framework be developed to meet its full potential.

DISCUSSION AND CONCLUSION

In conclusion, customers' relationships with service firms are managerially relevant intangible assets through which companies capitalize value. Besides the increased academic interest in communication issues, service communication enjoys high managerial relevance. Through two-way communication, firms are also able to, besides building, enhancing and maintaining customer relationships, recapture the value of fading relationships. For example, disappointed customers whose relationships have developed into a service recovery case may be reconnected through increased understanding of the communication processes.

The purpose of this paper was to put forth a new conceptualisation of communication for service firms as seen from the relational perspective. It introduced a broadened model of communication that views the service firm and the consumer as parts of the same relationship communications system and provides new strategic tools to be used in the service communications process. It has been argued previously that relationship communications constitute an integrated effort to create value in the relationship in the service context. Hence, for service firms who seek relational benefits, communications form the assets through which value is generated as the relationship develops and becomes stronger through increased connectedness between the participants.

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