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Jose Ruizalba and Khalid Hafeez | University of West London, UK

INTERVIEW

KEEPING PROMISES

Professor Christian Grönroos, from the Hanken School of Economics at Helsinki in Finland, recently selected as a Legend in Marketing, *shares his vision of the future for marketing*

K. Hafeez: **Can you tell us about the Nordic School of Marketing, and its contribution to the field of marketing?**

C. Grönroos: The Nordic School is essentially a brand name that Evert Gummesson decided to use at the second service conference arranged by American Marketing Association in 1982 as a name for our approach to service marketing research. We had attended the first conference in this series in 1980, and realised that both our methodological approach and our way of developing service marketing knowledge differed substantially from the North American approach. The participants listened politely, and said 'interesting', but clearly did not consider it relevant. So we decided that we needed to demonstrate that our approach was not just that of two single researchers, but something bigger than that. At the conference the Nordic School was indeed recognised as something to pay attention to.

Its main contribution, in my view, is that it legitimises an alternative approach to the standard Anglo-Saxon approach to both the scientific research and to the field of service itself. It gives young researchers a platform for their research. The Nordic School was soon recognised as one school of thought in the field, and is growing.

J. Ruizalba: **You have been selected as a *Legend in Marketing* the first one outside the USA. What does it mean to you?**

C. Grönroos: Being selected *Legend in Marketing* means of course a lot. I am extremely honoured to have been selected. It demonstrates that I really have made an impact on research in my field. It also made it possible to publish my scientific work in the English language in a series of eight volumes covering service logic, service marketing, service management, service quality, relationship marketing, marketing communication, marketing theory, and internal marketing. I have also been recognised in my home country in ways I wouldn't otherwise have been. For example, my alma mater, Hanken School of Economics Finland, named a marketing chair Grönroos Professor of Marketing.

J. Ruizalba: **You have published recently an article (2014) in which you analyse the mental footprint of marketing in the boardroom. What do you mean when you say that 'marketing in essentially a mental model'?**

C. Grönroos: This article was written jointly with Tore Strandvik and Maria Holmlund. I was not the lead author. However, we all want to emphasise that as long as marketing is considered a function, making decisions about a set of marketing mix variables and related issues, it will never become a strategic issue for top management and the board. It is important to realise that marketing, instead, is a matter of relating a firm to its customers, and for this the support of most business functions is needed. Hence, being customer-focused is imperative, and this means that marketing basically should be seen as a mental model of customer-focus throughout the organisation.

If promises are not kept successfully, marketing as a process will fail in the end. Customers will be unsatisfied with the quality they get and they will not return

Illustration by **Charlie James**

K. Hafeez: **What are the implications of a 'focus on interaction' rather than 'exchange' in respect of service marketing?**

C. Grönroos: When marketing focuses on exchange, the dominant interest is to make promises, to be able to achieve exchanges (sales), whereas a focus on interaction and interactions with customers moves the interest beyond exchange and making promises, and demonstrates that to be successful, service marketing has to be an integration of promise making and United Kingdom. In consumer goods marketing keeping promises is more straightforward; basically the product takes care of that. In service contexts there are no ready-made products. The service is a process which is reproduced every time a customer is to be serviced. Hence, promise keeping is reproduced every time a customer is serviced.

J. Ruizalba: **How did you become interested in service management and service logic?**

C. Grönroos: Very early in the 1980s in the Nordic School approach we realised that marketing is not a separate function, and that the phrase 'service marketing' is misleading. Instead the term 'service management' came to be used as an abbreviation of market-oriented or customer-focused management in service contexts.

As to service logic, without really realising it from the very beginning, I studied service as a perspective on firms, and in the beginning, only service firms, instead of marketing services as a separate category of products. In the late 1980s goods marketing firms started to approach me about what service marketing really was, and were clearly interested in what service marketing could offer them. Gradually, I realised that it is really about service as a logic. However, before the international discussion of service as a perspective emerged with the introduction of service-dominant logic, I did not use this term and articulate the perspective in a clearly defined way as a logic for business and marketing as I do now.

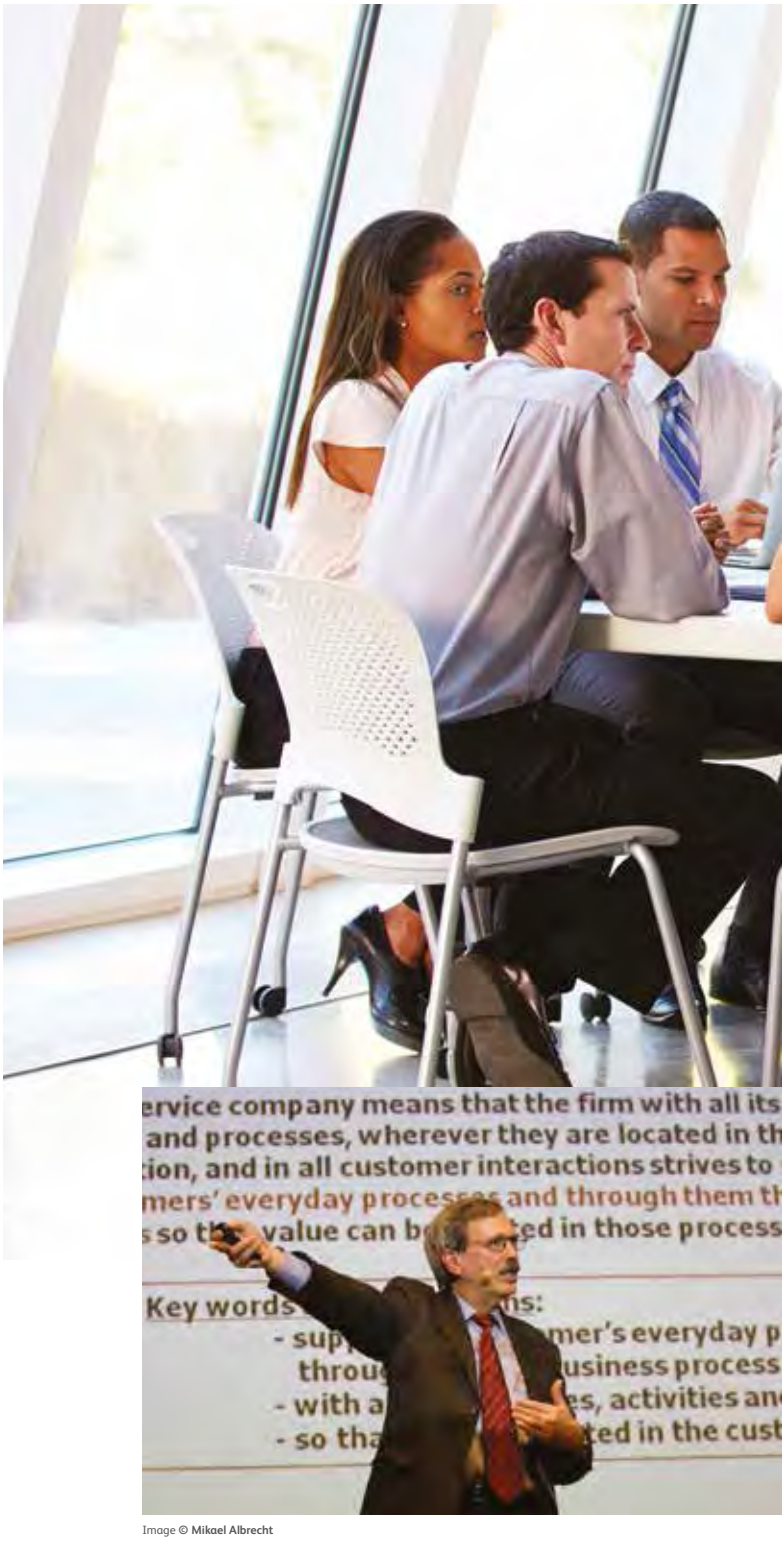
J. Ruizalba: **You coined the term 'interactive marketing', can you explain the importance of keeping the 'promise' to customers and the performance of employees in relation to this concept?**

C. Grönroos: If promises are not kept successfully, marketing as a process will fail in the end. Customers will be dissatisfied with the quality they get and they will not return. In service contexts this process of keeping promises takes place mainly in direct customer-firm interactions. Hence, if these interactions fail, the marketing process fails. Consequently, they are part of marketing, and I introduced the term 'interactive marketing' for this part of the total marketing process. The firm's employees are in a key position in the interactive marketing process. They form the only resource which can listen (and see) and evaluate what they have heard (and seen), and take immediate actions. In service processes where employees are normally not present, they have a central role when something unexpected occurs; for example when there is a failure, or when the customer wants to deviate from the planned path. Hence, employees are always critical to success.

K. Hafeez: **Can you talk through the impact of your work on the 'existing service provision'. How do you see the service industries impacting on economics and the future of global virtual commerce?**

C. Grönroos: Firms have over the years implemented a service perspective, and put growing emphasis on interactive marketing. However, this process has been much slower than I had hoped, and expected. Many service firms are essentially product-oriented firms, emphasising promise making and downplaying or neglecting United Kingdom. Such firms often talk about their service as products, and mentally seem to think that promises made by conventional marketing activities are automatically kept by a pre-produced 'product' which in reality does not exist.

In the future, service will, in my view, be more and more important, both as new service concepts, and as a service-oriented perspective on how to manage a business, regardless of industry.



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J. Ruizalba: **As you say, services will be more important in the future world. In the UK, services account for 80% of the GDP and this percentage has been increasing every year. This has been possible due to many factors. One of these factors has been the huge investment in workforce training. In a recent study from researchers of the Imperial College (Goodgridge, Haskel and Wallis, 2014) it is shown that from 1990 to 2011 the relevant investment has increased from £13.7 billion to £33.6 billion. In your view what role do training and human and organisational capital play in improving the activity of an organisation?**

C. Grönroos: The role of training and of human and organisational capital will be immense in the future. Regardless of how much the importance of technology grows – and it grows – firms must not be overwhelmed by it. The impact of people on firm success will remain important.

J. Ruizalba: **At the University of West London, a key element of our strategic plan is the concept of 'useful knowledge'. In your view what can academics offer to the industry?**

C. Grönroos: In my view, academics should on the one hand offer codified, systematised existing practices, which means that existing practices can be used more effectively and efficiently than before. On the other hand, and perhaps more importantly, academics should develop new ways of thinking, models and instruments to be used by firms in order to make business more effective and efficient.

Academic institutions should offer relevant future-oriented knowledge, without forgetting to create skills that students will need to handle existing tasks. A problem here is that business schools seem to remain in yesterday's world, and let knowledge and models from the industrial era dominate education.

K. Hafeez: **Why are 'moments of truth' essential for the perception of the quality of the service? How does this may impact as a 'turning point' towards companies' service strategy?**

C. Grönroos: The concept of 'moments of truth' was introduced in the service field by Richard Normann. Moments of truth are moments which are critical to a customer's perception of the service. In a service process, there are normally a whole range of such moments. If they are mismanaged, service fails, the service quality is low, and interactive marketing fails. Hence, realising the existence and importance of the many moments of truth in a service process is critical for understanding how to develop and implement a service strategy in a firm.

J. Ruizalba: **According to the Department for Business Innovation and Skills, 99.9% of private sector firms in the UK are SMEs. How can they design a good marketing strategy with low budget?**

C. Grönroos: Basically, marketing is to make a firm relevant to its customers. To that extent it is a matter of organising the way SMEs function, such that they take good care of their customers' practices. Firms do all this, and sometimes outsource some of this. A problem is that, for example, customer information, invoicing, complaints handling, and other processes are developed and managed as operational, administrative, legal or purely financial routines, instead of as service to their customers. Hence, they are perceived as nuisances and additional; unwanted costs and psychological burdens rather than as support to customer processes. I have called such activities 'hidden services', because firms hide them for their customers by managing them as non-service, and thereby causing unnecessary problems for the customers.

By making existing processes and routines customer-focused, and such that they function as service for the customers, interactive marketing functions, and word of mouth through various social media, or in old fashion ways, start to take care of customer acquisition. The need for conventional marketing may still exist, but it will probably demand a smaller budget, which often is important for SMEs.

As long as marketing is considered a function, making decisions about a set of marketing mix variables and related issues, it will never become a strategic issue for top management and the board

K. Hafeez: **How do you see 'value in use' and how can this be implemented by SMEs?**

C. Grönroos: Value in use means that customer value is created, perceived, and determined by the customer. For SMEs, as for any firms, this means that the firms should mentally realise that they do not produce final value, and certainly do not deliver value to their customers. Instead they should realise that the only thing they can do is to facilitate their customers' value creation by supporting the customers' practices (activities and processes) as well as possible with their products, services and hidden services. In that way the customers will feel that the firm is meaningful to them, and they will buy and buy more.

The firm can develop, produce and deliver potential value in use, but not real value. Real value emerges in the customers' processes.

J. Ruizalba: **How would you define 'culture of service'? What are its key elements? And how can it be implemented in firms?**

C. Grönroos: In my view, a culture of service means that everyone in an organisation considers providing customers – internal and external customers – with a good service (or excellent service, if you will) – a dominant norm and a natural way for organisational life. Providing good service requires a customer-focus, and therefore a service culture is both service-focused and customer-focused.

A culture of service does not emerge by itself. It has to be created, and constantly reinforced. And it is easily destroyed by the introduction of a wrong kind of KPI, for example. Installing a service culture demands a service strategy, and a management team that seriously implements such a strategy. Organisational structures, resourcing, training, and everyday management and supervisory behaviour are elements in a process towards installing and maintaining a culture of service.

J. Ruizalba: **What do you understand by 'part-time marketers' and what are its implications?**

C. Grönroos: The part-time marketer term was introduced by Evert Gummesson in the late 1980s to indicate employees in a firm who have a decisive impact on customers' perception of service quality and therefore also on their willingness to continue buying from this firm, but who do not belong to a marketing department or similar of full-time marketers. They have been trained as marketers and appointed for marketing tasks. Part-time marketers have dual responsibilities – they need to perform their duties in a technically good way, but at the same time ,do it in a way which makes the customers satisfied and interested to continue as customers. They seldom have any marketing training and are normally not appointed for this marketing-like part of their duties. However, if part-time marketers fail in making customers satisfied and interested in continuing as customers, interactive marketing fails, and in the end the whole marketing process is unsuccessful.

As Evert Gummesson has pointed out, almost invariably a firm's part-time marketers outnumber the full-time marketers many times over, and on top of that they are present in customer interfaces where a marketing impact is required, and at the exact time when it is needed, whereas the full-time marketers are not. Part-time marketers are instrumental in 'United Kingdom', whereas full-time marketers' duties are mainly restricted to making promises.

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In the future world, service will, in my view, be more and more important, both as new service concepts, and as a service-oriented perspective on how to manage a business, regardless of industry

J. Ruizalba: **What was the best advice that you received in your professional career?**

C. Grönroos: Probably the best piece of advice I have received was when a colleague of mine in the beginning of my doctoral studies told me to drop the topic of a doctoral thesis, which I had written a seminar paper on, and to concentrate on one particular section of that paper. That section was on service marketing.

K. Hafeez: **What advice would you give to a student of a Business School?**

C. Grönroos: Be ambitious, focus on what will be important in the relevant future, but don't forget that much of the existing knowledge is still important in the future. The impact of technology will grow and technology will be used in new ways, which we don't know much about today, but in firms, the culture of the organisation will be exceedingly important for successful implemented business. And customer focus, which also means a service perspective, will increase in importance.

On the other hand, we can never know enough about the future, so be open-minded, such that you see when these thoughts are about to become obsolete, and recognise what new trend is on the horizon.

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