

Chapter 5

Customer Service in Digital Era and Role of Internal Markets

ABSTRACT

Enterprises require focusing on managing relationships in internal markets because internal marketing activities play a critical role in creating an organizational climate that supports customer relationship management strategies. The main objective of this chapter is to identify requirements for creating customer-centric culture in organizations. Customer service can cause the success or failure of a company; hence, the role of internal market in service profit chain cannot be ignored. After explaining the significance of the service profit chain for the company, the chapter continues with clarifying the role of customer experience management in creating customer retention. In this chapter, creating customer-keeping culture, getting 360 degrees of customer insight, using big data and predictive analysis, engaging customers through social media, and managing experience across multi-channels are explained as requirements for achieving excellence in customer service experience. This chapter ends up with discussing the characteristics of customer service in the digital era and key business trends about the future of customer service.

INTRODUCTION

The broad perspective of relationship marketing is not only limited with the management of standard buyer and seller relationships but also includes management of relationships with the parties that are involved in the value creation process (e.g. suppliers, internal markets, non-governmental organizations and influence and referral parties). Attracting, enhancing and maintaining long-term and profitable relationships with customers can be possible by delivering superior value and experi-

ence to the customers. Therefore, management of relationships with the parties that are involved in the value creation process is critical for the achievement of customer satisfaction and retention. Managing relationships in internal markets also contributes to the value creation because internal marketing activities play a critical role in creating an organizational climate that is compatible with the relationship marketing philosophy (Ballantyne, 2000; 2003). Marketing culture, internal marketing and business strategy built on customer experience and service are seen as the prerequisite

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of implementing relationship marketing (Bennett & Durkin, 2002). The employee-customer interaction has an impact on satisfaction with the customer service; therefore it is important to ensure that employees have the traits of customer service orientation. The main objective of internal marketing is to hire, train and motivate able employees who want to serve customers well in order to maintain customer satisfaction (Kotler, 2000). Internal marketing activities include the creation of a customer oriented internal environment in which all functions of the organization proactively communicate, understand and inform each other to serve customers effectively (Gilmore & Carson, 1995). Delivering consistently higher quality customer service and achieving a loyal customer base are possible by maintaining a base of loyal and stable employees (Sisodia & Wolfe, 2000) because findings of the research indicate that employee's job performance is directly tied to their level of commitment to the organization (Payne & Frow, 2006). At this point, internal marketing is becoming important. Therefore, firms must train their employees in order to teach them how to interact with customers.

CREATING RELATIONSHIP MARKETING CULTURE IN INTERNAL MARKETS

The focus of internal marketing is to get and retain customer conscious employees (Grönroos, 1990). Organizational culture significantly affects employees' eagerness to serve customers (Bellou, 2007). Thus, as Bellou (2007) indicates, it is important to establish a culture that allows employee involvement, facilitative management styles, and decentralized decision-making. The organizational culture has to reward customer orientation practices; especially promoting the customer service orientation practices among front-line employees is essential.

Inter-functional cooperation is needed in all forms of value creation. Motivated and customer conscious employee at all levels of the firm can be possible by improving the open two way communications and coordinating tasks between the front line and support staff. When the various parts of an organization act without cohesion, this will constrain the performance of employees and front line employee (Ballantyne, 2000). Thus firms that want to create high customer value by adopting relationship marketing strategies must create an internal environment where all functions of the organization proactively communicate, understand and inform each other.

Bennett and Durkin (2002) highlight that a relational organizational culture requires, spontaneity, flexibility, creativity and employees who have team, relational and initiative skills. Focusing on results, exercising loose control, and being employee oriented, open, parochial, and pragmatic are considered as the cornerstones of relationship marketing culture (Bennett & Durkin, 2002). Relationship marketing culture is expected to emphasize results over processes because a process oriented culture is characterized by the regularity and repetitive nature of the work cycle; however result oriented cultures are more likely to be characterized by initiating behavior and a dynamic work context that is more compatible with relationship marketing philosophy. Relational culture much more concerns about people rather than concern about getting the job done. If a culture only interested in the work which people do, in that culture decision making will become centralized and changes will be imposed by authorities. Centralization of decision making creates barrier for implementation of relationship marketing. However, in order to facilitate the relationship culture, empowerment has to be given to the employees and the organizational culture should be employee oriented rather than job oriented. In a relationship culture, employees have to derive their identity mainly from association with the organization and customer base (parochial) rather

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