1. Introduction

1.1 Importance of the Internet

Internet makes our life to get faster, more networked and increasingly globally accessible. Internet changes therefore our society.

The network intensity we see today has been made possible through internet and global standards and would have not been possible only ten years ago. Development of standards, as we know them today, has continually progressed. New knowledge paradigms, such as the internet encyclopedia Wikipedia, have surfaced. The web left its static foundation and became dynamic. Gradually new opportunities established themselves and the gray, sober information medium internet turned into something new: what is today known as web 2.0.

We are meanwhile used to carry with us everything we need, to show and share with friends. This has become a basic requirement: music is taken along everywhere on mobiles and ipods, last party's pictures are published on the private blog and documents – whether a dissertation or private letters – are stored on virtual disk drives on the net, to share them with others and to disseminate them to the rest of the world.

People of today are networked – theoretically we could reach everyone, as long as he is connected to the internet. This way we could share everything with everybody and everyone could be in possession of the same knowledge, if he only wanted. However, we are not that far as yet. The global flood of information is concentrated in small chunks of topic-oriented units, such as blogs and discussion fora. Exceptions are wikipedia pages, which deal with a variety of topics and which can be regarded as encyclopedia.

1.2 Distribution of the internet in Germany

52.5% of Germans used the internet through broadband access in 2011. Compared with the many internet services that can only used meaningfully with broadband access, this is little, especially compared internationally. 15.9% of Germans are still accessing the internet through narrow band (modem / ISDN).
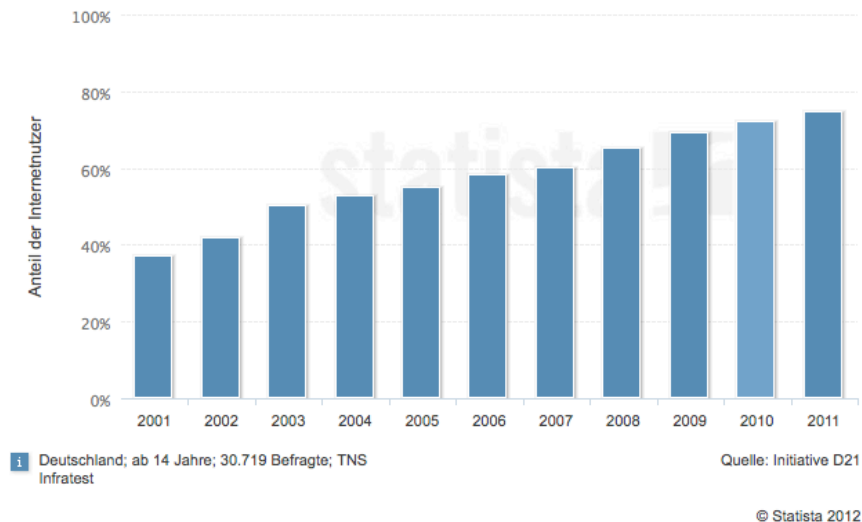
Fig.1 Internetuser in germany [1]

2. Internet-based Services

The focus on *service management* lies principally on the pre- and after-sales phase within the value-added-chain of an organization. However, internet-based customer-self-care-elements, such as customer centres, are mainly found in the after-sales-phase. The same is true for download centres, where customers can download documents and software. Nevertheless it is conceivable to employ such services in the pre-sales-phase, for example to download product specifications, tables of tariff, or to use tariff calculators and product configurators. Since the after-sales phase dominates the pre-sales phase in respect of the intensity of use of such instruments, the following focuses on the use of customer-self-care elements in the *after-sales-phase*.

2.1. Significance of Communication in the Service Sector

Communication is an important tool to build up a relationship with new customers. Cultivating the relationship with the existing customers using various marketing channels is equally important, from both the theoretical and managerial perspectives.

[1] http://de.statista.com/statistik/daten/studie/13070/umfrage/entwicklung-der-internetnutzung-in-deutschland-seit-2001/

"Communication can be described as the glue that holds together the channel of distribution"[2] This statement supports integrated communication as a concept. It shows that communication provides clarity, consistency and a maximum of communication impact through planning, managing and controlling the communications under one hand.[3]

As the intensity of competition is rising, it is important for organizations to create and maintain competitive advantages. For this it is necessary to establish effective and efficient communication. Additionally it is becoming a necessity for the service companies to design systematic communication channels because of the individual characteristics of the services industry, especially its immaterial and integration of external factors.[4]

Effective and efficient communication in the service sector services benefits both the customer and the organizations's management in different ways. Collecting information by screening through reliable communication channels gives the service customer the chance to evaluate different services offered, to lower risks and to reduce uncertainty while buying services. The management of the service company, on the other hand, can benefit from communication by using tools such as personal sources, signaling, advertising, etc. This assists the service company in presenting the services it offers and creates in addition competitive advantages. In this respect both the customer and the management perspectives in the communication of the services are presented in this article.[5]

2.2 Forms of Communication in the Service Sector

Communication modes in the service sector can be grouped into two main categories: primary communication and secondary communication (see figure 2). Primary communication is the way communication can be planned, managed and controlled by the management of the service company. In secondary communication power of

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[2] See *MOHR/NEVIN* (1990), p. 36.
[3] See *MADDEN/PERRY* (2003), p. 115.
[4] See *MEFFERT/BRUHN* (2003), pp. 423.
[5] See *HEANEY /GOLDSMITH* (1999), p. 308, and *SMITH/BUSH* (2002), pp. 539.

communication management is limited, as the source of transmitted information transmitted is not directly from the management.
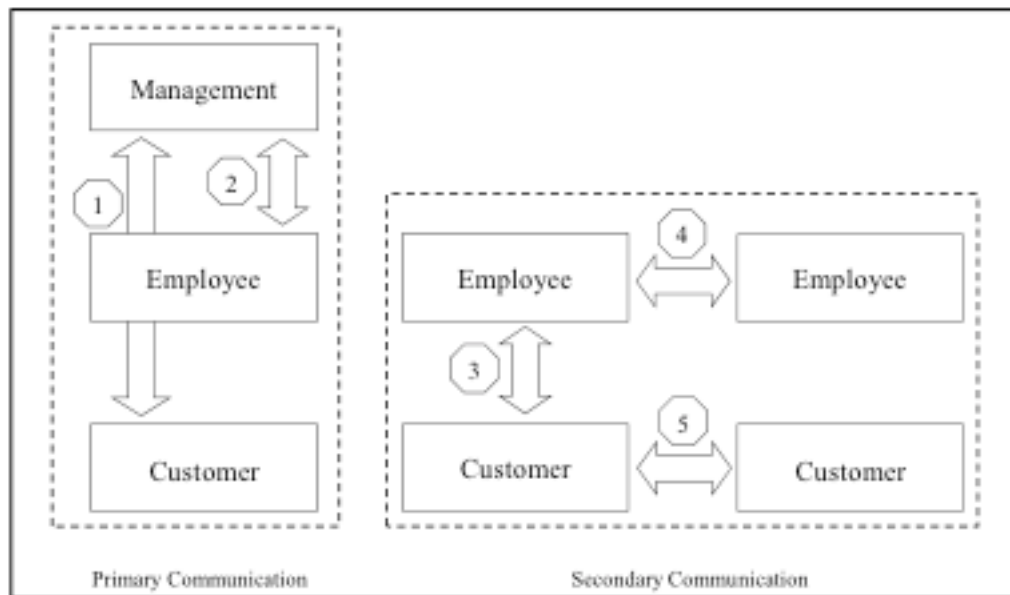

Figure 1:   Forms of Communication in the Service Sector

Fig 2. *Forms of Communication in the Service Sector*[6]

There are two communication channels in the primary communication category through which information is transmitted from management to customer and from management to employee. The term 'Corporate communication' is used to explain the primary communication within a company. VAN RIEL defines this channel as "an instrument of management by means of which all con- sciously used forms of internal and external communication are harmonised as to create a favourable basis for relationship with groups upon which the company is dependent".[7] The communication between management and customer represents the external part of the corporate communication, while the internal part of the corporate communication takes place between the management and the service employees.

Corporate communication should be well defined, as it is a part of corporate identity. This helps to better understand the interrelationships between the components of

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[6] See SCHNEIDER, COSKUN (2008), p. 10
[7] See *VAN RIEL* (1992), p. 26.

corporate identity and the functions of corporate communication in the system. Corporate identity comprises corporate behaviour, corporate design and corporate communication, and serves as a concept for creating orientation between image, wording and doings of a company.[8] A common attitude of the employees in and out of the company should be reached. This can be done by implementing a well functioning corporate behaviour understanding. Corporate design is the visual presentation of the corporate values. Lastly, corporate communication integrates the internal and external communication processes and protects the common image.[9]

2.3. Problems and Challenges of Communication in the Service Sector

As is the case in all sectors, alo in the service sector various problems may occur during communication using the channels which are described above (see figure 2). These problems may originate basically from inconsistency between the information transmitted through the primary and secondary communication channels. In this respect, problems and challenges of communication in the service sector can be analysed by taking each channel into consideration. The analysis then shows the effects of the inconsistent information on the quality of the service communication.

As already mentioned, the external part of the corporate communication takes place between the management of the service company and the service customer. According to STEFFENHAGEN there are two different forms of communication between these two parties: one-sided and two-sided communication. While one-sided service communication is managed by only one of the communication partners, two-sided service communication requires the active participation of both parties.[10] Two-sided communication is preferable, because if the service company cannot implement a two-sided communication strategy, problems arise as the needs and wants of the service customer can not be identified properly. Additionally, the suitable media and the way of communication for each service customer cannot be chosen efficiently as a result of the one-sided communication. Most of the services require trust on the part of the customer,

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[8] See *DEMUTH* (1989), p. 439.
[9] See *MEFFERT* (2000), p. 690.
[10] See *STEFFENHAGEN* (1994), p. 145.

he therefore often requires more information about services than commodity goods. Therefore communication with the service customer plays a vital role in the establishment of long-term customer relationships through customer loyalty programs.[11]

The communication between the management and employees of a service company represents the internal part of the corporate communication. An integration of service customers into the production of services requires the interaction between the service employee and customer. As a result of this, successful internal communication is necessary for the successful communication with the customer. One of the often experienced problems in the internal communication of a service company is the implementation of sender-oriented strategy which does not take the receivers' (employees) understanding and requirements into account. This not only decreases the motivation and commitment of the service employee but also results in poor communication of the service customers' needs, wants, complaints, etc. to the management of the service company.[12]

Service employees play the role of a medium of information between the service customer and the service company in the secondary communication channel. With regard to the interaction of service employees with the customer, MADDEN and PERRY identify three types of communication, with the intensity of this interaction as the basis.

Service delivery communication occurs when the services are delivered and consumed simultaneously. For the customers, the vital aspects of service delivery communication are:

> the company's attitudes (to treat customers with respect and to show concern for their welfare), its presentation (straightforward or 'up front' manner);
> the type of communication, i.e., direct or one-to-one communication;
> proactive communication serves customers options which could be to their advantage and increase the level of contact by keeping the participants of the relationship informed;

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[11] See *COSKUN/FROHLICH* (1992), p. 16.
[12] See *BERRY/PARASURAMAN* (1992), pp. 30.

> ➤ customer-initiated communications are perceived as important by the customer because they feel they have control over the received information, in respect of form, timing and relevance.[13]

At this point, problems in communication between the service employees and the customers may occur. This can be in the case when the service employee is not capable of fulfilling the requirements for each different type of communication and transmitting information that are consistent with the transmitted information through corporate communication channels.

Besides corporate communication, service employees use informal horizontal information channels, for example when they interact informally with other employees. These informal internal communication channels between the service employees can cause some problems in the general communication system of a service company, although informal commincation is usually seen as an important part of the internal communication. While the corporate communication is built on the guidelines developed by the management, informal communication between employees does usually not follow any established management guidelines.

Problems in communication which take place between employees may also occur because of the following reasons:

> ➤ subjective interpretation of the information by the employees;
> ➤ different aims of employees and lack of formal information about the company;
> ➤ informal internal communication may create insider deals which may be contradictory to the company's overall goals and may be used for the benefit of a certain group in the company.[14]

'Word-of-mouth' can generate publicity which may be an effective supplement to sales by generating referrals and may make customers return for more services. On the other hand, negative 'word-of-mouth' can be damaging for the service company and can be a

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[13] See *MADDEN/PERRY* (2003), pp. 118.
[14] See *SCHICK* (2007), pp. 166.

major source of problems from the service company's point of view concerning the communication channel among the service customers.[15]

'Word-of-mouth' can be regarded as more reliable by the potential customers for a purchase decision than the corporate communication by the service company. Because of the nature of the services that require trust, negative 'word-of-mouth' often damages the credibility of the service company. The modern media make the sharing of information much easier and quicker. Therefore the service customers can interact with the other service customers on different platforms and share their experiences. This globalisation and modernisation of the communication system increases the importance of 'word-of-mouth' in the decision process for the purchase.

3. Concrete Configuration of the Service Systems

3.1 Website and Homepage features

A website, sometimes written as Web site,[1] web site, or simply site,[2] is a set of related web pages containing content (media) such as text, image, video, audio, etc. A website is hosted on at least one web server, and is accessible via a network such as the internet or a private local area network through an internet address known as a Uniform Resource Locator (URL). All publicly accessible websites collectively constitute the World Wide Web.

Websites can be divided into two main categories, static websites and interactive websites. Interactive sites allow for interactivity between the site owner and site visitors. They form part of the Web 2.0 community of sites. Static sites serve or capture information, but do not allow direct communication with the website users.

There are many varieties of websites, each specializing in a particular type of content or use, and they may be categorized in any number of different ways.

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[15] See *LOVELOCK ET AL.* (2001), p. 299.

3.1.1. Website as a Communication Tool

Some aspects of business elements are made easier by the internet for both the customer and the company. However, the element of communication can sometimes be more challenging. Email communication provides users with ease of use by typing a message and sending it with the click of the mouse. At the same time, the anonymous nature of online communication can create hurdles to companies which carry out much of their business online. As a result, smart businesses take time to consider the different areas of internet communication to ensure that their customers receive the best service the company can offer.

3.1.2 Website as an Information tool

A website can be used as information tools for private use and by those who want to run a home based business online. With the popularity of the internet mushrooming, more and more people who are interested in starting a home business are looking into opportunities to operate an internet home based business.

3.2. E-Mail and Newsletter

3.2.1. E-Mail and Newsletter as a Communication Tool

Any company that does business online has at least one email address for customers to use. Most companies offer several different addresses that enable customers to send the message to the correct department or employee within the company. The question is often not one of email, but rather of what type of email provider to have. While online providers such as Google, Yahoo! and Hotmail offer free email services, these types of services often leave the user with spam problems. Additionally, some of these services mistakenly transfer customer messages to spam folders. This means that a company should consider investing in a business email provider that offers strong spam filters.

Customer Interaction

The anonymous quality of online business means that customers cannot receive the in-person communication that can easily provided by offering telephone services. Businesses that function largely online should therefore provide a more personal touch and make the interaction between the customer and the company easier. Available options include instant messaging services for customers to have online discussions

with company employees. Another possibility are online forums for customers to discuss issues with one another or offer tips and review services priveded by the company.

3.1.2 E-Mail and Newsletter as a information tool

While form (standardized) emails are often essential in companies that do a considerable amount of online business, adding a personal touch to emails also shows customers that the company cares about the business that the customers provide. Delegating a few people – or even a department – to provide personal responses to emails can help customers to see the company as a group of people instead of a large and faceless business. Simply personalizing emails with the customers' names—using a mail merge function—also helps to add a personal touch to the email (even if thousands of people are receiving an identical message).

3.3. Social Media and Social Networking

Social media is the lates buzzword, but it can sometimes be difficult to answer the question of what social media really is.

One possible way to define social media is to break down the term. Media is a communication instrument, such as a newspaper or a radio. Therefore, social media could be described a social instrument of communication.

In Web.2.0 terms, this would be a website that does not simply provide information, but also interacts with the user while giving that information. This interaction can be simple, like asking for user comments, or allowing users to vote on an article. It can also be complex, for example as in *Flixter* recommending movies to users. These recommendations are based on the ratings of other people with similar interests.[16]

Because social media is such a general term, it manifests itself through a large range of different websites. One common link between these websites is that the user is able to interact with the website and interact with other users.

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[16] http://www.flixster.com/

The following are some examples of social media websites:

> Social Bookmarking like Del.icio.us or blinklist. Interacting is made possible by tagging websites and searching through websites bookmarked by other people;

> Social News. Interacting is made possible by voting for articles and commenting on them;

> Social Networking like *Facebook*.com or *myspace*.com Interacting is made possible by adding friends, commenting on profiles, joining groups and having discussions;

> Social Photo and Video Sharing like youtube or flickr. Interacting is made possible by sharing photos or videos and commenting on user submissions;

> Wikis like *Wikipedia* or *pluspedia*. Interacting is made possible by adding articles and editing existing articles.

4. Two Case Studies

Social media has meanwhile become a popular slogan in many enterprises and is increasingly used in private companies. The following two examples are meant to show the widespread use of social media, one in the consumer goods sector and one in the public utility sector. In the consumer goods sector, Ferrero Germany first implemented an extensive social media strategy, followed by the development of a communication strategy. Next the planning and organization of the market entry of the brand was carried out. The last step was the implementation of the brand profile[17]

EnBW Energie Baden-Württemberg AG, in the public sector, also implemented its social media management in several steps. Here it was vital to first of all identify the criteria which make the internet an important factor for EnBW. The resulting social media analysis was then implemented as social media marketing tool.[18]

4.1 Conclusion
Sharing information through the internet with potential and existing is becoming increasingly important for strategic reasons, as well as due to forces from the

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[17] see elaborate in *Schulze* (2011)
[18] see *Martin, Dietrich, Schilling* (2011)

competition. Additionally, a successfully implemented social media strategy can foster trust on the side of the customers, thereby improve the relationship with them. This goes hand-in-hand with faster, more effective and more economical communication, compared with traditional communication.

Lastly, staff must be involved in the development of internet strategies which strengthens staff motivation and relations.

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