

GOVERNMENTAL SERVICE CHANNEL POSITIONING: HISTORY AND STRATEGIES FOR THE FUTURE

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Governmental agencies have various service channels at their disposal for the service interactions with their citizens. The rise of the Internet as a service channel led many to believe the Internet would make all other service channels obsolete. Until now this expectation remains unfulfilled, as research discussed in this paper makes clear. All other channels still exist and the Internet in many cases did not lead to a decrease in the usage of other channels. Across the globe organizations are re-shaping their service channel mix, to find the optimal mix of service channels. This article reviews various historical phases in service channel positioning and discusses the strategies in use during the phases. The paper concludes with presenting a new multi-channel channel positioning strategy that combines private organization

1. Introduction

Since the beginning of the 1990's, governmental agencies have a new channel of interaction with citizens for service encounters: the Internet. Since the advent and rapid diffusion of the Internet during the nineties it was conceived as a promising channel for the improvement of the internal efficiency of government and for its relationship with citizens.

During this period, most (Western) countries followed a strategy to improve the effectiveness and efficiency of government, among others guided by the perspective of New Public Management. The various national strategies were directed at the reorganization of public service provision in both front and back-offices [2]. Not surprisingly, the focus was on the Internet, as it was believed to render other service channels obsolete. Why go to the physical counter of your municipality if you can get all services at home, 24 hours a day?

Recent studies have shown that the arrival of the Internet has not led to a decrease in the usage of the telephone and the face-to-face service channel. Data from four different countries (Australia, Switzerland, Canada and the Netherlands) show that citizens keep using the telephone and face-to-face communication more often than the Internet in their service encounters with public organizations [3-6]. The Swiss study reveals that citizens intend to use the service channels roughly the same way they do now, with face-to-face contact being most important, followed by the telephone, the Internet and email. Clearly, the Internet does not make all other channels obsolete. This conclusion calls for a rethinking of the service channel positioning strategies contemporary governmental agencies follow. After the collision of the

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dot-com hype in 2000, the private sector realized ‘clicks’ could not replace ‘bricks’ and started to think about ways to combine the Internet with the other channels in a service channel mix. A currently popular strategy is ‘multi-channeling’. This does not only mean that consumers have more channels at their disposal, but also that they use more than one channel when purchasing a particular good or service. This paper explores the opportunities of multi-channeling within the public sector. First a number of phases in the development of public service channel strategies will be described. Finally, we present a new strategy in multichanneling, the ‘integrated channel positioning’ strategy.

2. Service Channels

Normally, citizens can use multiple means for their service interaction with governments. Depending on the type of service, one can use the telephone, go to a counter to obtain forms, or download these forms from a website. Though various means of interaction exist, generally four different types of service channels are distinguished:

- Personal (e.g. counter)
- Electronic (e.g. the World Wide Web or e-mail)
- Printed or written (e.g. letters and faxes)
- Telephone

These service channels differ in their characteristics, for example concerning the central means of interaction. Personal service delivery mainly relies on face-to-face communication, the telephone on telephonic interaction and written services on print media. However, electronic services use multiple means: websites and e-mail mainly use texts similar to those in print media, while web-conferencing, for example, makes use of both audio and video and is therefore similar to video conferencing.

Although these four channels are the most commonly used in service interaction, the printed or written channel seems to be adopted less and less. Research from the Netherlands [5], shows a decline in the use of the written channel from 31% (2001) to 13% (2004). Declining patterns are also observable in other countries, such as Switzerland [4]. Although the use of this channel decreases, it is not expected to disappear. According to Noble, Griffith and Weinberger [8], catalogs do have some value in a retail context, especially for information attainment and price comparison.

3. Phases in Channel Positioning

A very long time ago just face-to-face and written forms of interaction existed. During the course of the years, the advent of the telephone and, more recently, the Internet, changed the landscape of service channels. These changes in the number of channels governments have at their disposal as well as some political developments have influenced the way governments position their service channels. In the next section we describe four different strategies for public service channel positioning. Three of the four strategies are linked to different (historical) phases in channel positioning. The fourth strategy; integrated channel positioning, is presented by us as a new promising strategy for the future.

3.1 Until the 1990's: Parallel Channel Positioning

Until the arrival of the Internet, the public sector deployed three channels; telephone, face-to-face and written/print. There was not really a specific strategy behind the positioning of service channels. In most cases, service interactions could be dealt with via all channels. For example, when having a question, you could write a letter, phone the organization or go to a counter to ask your question. In some cases specific services were offered via a specific channel. Forms, for example, should be send via mail, but when it comes to information and communication services all channels provided the same functionality. Therefore, we call this strategy parallel channel positioning.

3.2 From The 1990s Onwards: Replacement Channel Positioning

The relevance of thinking about the positioning of service channels became apparent in the beginning of the 1990's. The main shift was that channels no longer were positioned parallel to each other, but channels were able to replace each other. Two important developments produced this shift. First, the public sector revised its strategies of dealing with citizens following the inspiration of New Public Management. Secondly, the arrival of the Internet radically changed the entire scenery of service channel use.

Most New Public Management advocates argue for a more customer centered approach of public management [9]. Originated in the United States in the 1980's, New Public Management spread around the world in the 1990's. In the second half of the 1990's, most western countries follow a national strategy for the use of ICTs to improve governmental performance, based upon New Public Management [10]. New Public Management primarily aims at reducing the size of government, to reduce its costs, and improve its performance [11-12]. The main propositions; better serving and cutting costs were difficult to combine using only traditional channels, since the traditional channels are relatively expensive. Therefore, it is no surprise that the government rapidly embraced a new type of service channel that would not only benefit citizens, but would also require a fraction of the costs of the traditional channels: the Internet.

The real boost of governmental agencies using the Internet as a service channel emerged during the dot-com hype in the mid 1990's. Inspired by the successes of dot-com businesses and the Internet hype in the late nineties various governments tried to reshape their service provision [13]. During this period, the Internet made its appearance in governmental plans with public service delivery. For example, in a Dutch Program [14], the Internet was believed to be crucial for government, both internal (efficiency) as external, towards citizens. Similar initiatives existed in the United States [16], the United Kingdom, under the label of "joined-up government" and the European Union in its Information Society Project. In most cases, the internet was seen as the channel with unlimited possibilities, rendering all other channels obsolete. This led to the so-called replacement channel positioning strategy. An example of this strategy is the mandatory electronic tax filing system for entrepreneurs in the Netherlands. Traditional channels may no longer be used to file taxes, but these are replaced by the Internet.

Do citizens agree?

No research is known that specifically asks how citizens perceive service channels and how they want them to be positioned in public sector settings. However numerous studies have been conducted that monitor for which services what channel is being deployed. Aichholzer

[16] distinguishes between three types of electronic services, which also applies to non-electronic services: information, communication and transaction services. With information services the goal simply is to supply information. This goes for information that can be read on a website, but also for forms that can be downloaded. Communication services are services that require interaction between two parties, in this case citizens and civil servants. For example, a citizen who asks a question by telephone or who tries to launch a conversation by e-mail. Transaction services, finally, are about transactions between governments and citizens, for example a citizen getting a driver's license or a passport. Another characteristic of services is their (perceived) complexity. Daft and Lengel [17], finally, defined uncertainty and ambiguity as two dominant characteristics of task that require information (or communication). Task characterized by uncertainty simply require information. Ambiguity is the second characteristic, it means that situations can be unclear or vague; simply adding information will not remove the vagueness but can even add to it. Meaning is needed to reduce ambiguity.

Various studies in a number of countries have been conducted in recent years that focus on what services citizens use via which channel. In Switzerland, Canada and the Netherlands [4-6] studies have been conducted that asked citizens for what purpose the Internet is being used. Although each country has different purposes in their top five, the most important factor in all three countries is gathering information from the website. Number 2 in two out of three countries is downloading forms.

An Australian study [3] explores in more detail the relationship between the type of channel and the purpose for which it is used. This study distinguishes between information related services (obtaining information and giving information) and communication services. The results of this study show that the Internet is mainly deployed to obtain information, for giving information or to communicate, people deploy personal and telephone channels. On the level of transaction services, the same study revealed that, as ambiguity and complexity increases, people favor the telephone or personal channels in stead of the Internet. This conclusion is in line with the results from the studies in other countries, relatively simple tasks are done via the Internet, but as tasks become more complex and especially more ambiguous, citizens prefer the personal channels. This means that citizens prefer a match between service characteristics and service channel use. Therefore, the nowadays popular strategy of replacement service channel positioning is not in the citizens' interest.

Strategies from the private sector

The private sector has already noticed for a number of years that their customers use channels for different tasks. In 2002 Forrester Research published a study [7] observing that in the United States 50 percent of all consumers first search for information online, before actually buying the product in stores. In the Netherlands nearly 80 percent of all consumers that search for product information online, presently purchases the product via another channel [18]. The finding that different channels are being used in different phases of the purchasing process, has led to many private sector firms rethinking their strategy of service channel positioning and in particular the appropriateness of multi-channeling.

Kotler [19] defines multichanneling as the use, by one single firm, of two or more marketing channels to reach one or more customer segments. Although the idea of using multiple channels to reach customers or citizens is not new, there has been very little research on this topic. For example, in marketing most research focuses on consumer behavior in a single

channel. Only recently a few studies have been conducted that explore multi-channel retailing [8]. These studies [e.g. 20, 21], all focus on aspects dealing with customer satisfaction or experience with channels. Verhoef et al. [18] are among the few that have actually compared channels, their comparison of the Internet and (brick and mortar) shops revealed that the Internet in general is seen as having a high information value, making the channel convenient for information retrieval purposes. Stores are seen to have a high transaction value, making them the most appropriate channel to actually buy goods. A similar conclusion is drawn by Noble, Griffith and Weinberger [8].

This perspective on multi-channeling stresses the supplemental characteristics of service channels. Channels have different characteristics that make them suitable for different tasks or different phases in the service delivery process. This strategy of multi-channeling is what we call supplemental service-channel positioning. This is not the only strategy for multichanneling. As Kotler's definition suggests, utilizing more than one channel to reach customers is multichanneling. This would mean that (unless an organization uses only one channel), every organization deploys a multichannel strategy and it means that all channel positioning strategies we described so far in this article (parallel and replacement) are multi-channel strategies. Therefore, we believe Kotler's definition is too simplistic, we believe multi-channeling distinguishes itself from other strategies in that it relies on at least some form of relation between the service channels. In the public service context, we define multichanneling as:

The use of multiple service channels within one public service delivery process or the use of different channels for different service delivery processes.

This definition emphasizes the fact that channels have different characteristics which makes them useful for purposes with different requirements. Multichanneling is not about using multiple channels, alongside each other, but is about multiple channels that relate to each other and to the service requirements. Therefore, parallel and replacement channel positioning are not multichannel. In both cases the channels keep being separated. In the following part of this paper, we will describe two strategies that are multichannel, first supplemental channel positioning and second, a public sector specific strategy: integrated channel positioning.

3.3 Current Phase: Supplemental Channel Positioning

Multichanneling, as it is being used at present relies on the supplemental value of service channels, as described in the previous section. Basically this strategy implies that services should be offered via the channel that is most suited for the type of service. Information services and transaction services with low levels of complexity and ambiguity should be offered via the Internet, whereas more complex services should be offered via the phone or face-to-face. This strategy would have two important benefits. First, it would enhance the efficiency and effectiveness from the supply side. Offering only a selected number of services via a channel instead of all services would result in large cost savings and a less complex, thus more manageable service system. Second, it would be of interest for customers. Website visits would no longer result in an information-overload, with all kinds of services stuffed into a single website, and they would be more convenient. These important benefits could make this strategy of interest for governmental organizations as well and it is therefore no surprise that recommendations start to appear to deploy this strategy within the public sector (see for example [1]), and although this strategy seems promising some drawbacks must be noticed. In contrast to the private sector, some obstacles to supplemental channel positioning hinder full deployment of this strategy.

Obstacles to Supplemental Channel Positioning

Allison [22] distinguishes three fundamental differences between the public and private sector. First both sectors operate in different environments. The private sector operates on a market and aims to make a profit. The public sector is bound by legal duties based on political will. This also relates to the fact that public sector customers rarely are using a government's service of their own free will [23]. Citizens are obliged to obtain certain services from particular governmental organizations. Hirschmann [24], describes this fundamental difference between businesses and governments with the terms exit and voice. Where customers from firms have the option to leave a service provider if the service level is too low (exit), citizens only have the possibility to complain (voice). Although complaints are a means to force organizations to improve their service level, the exit options provides citizens with a much more powerful tool. A second reason is responsibility. A company only has to justify its policy to the stakeholders, whereas governments are being watched by the entire nation. In elections citizens have the option to judge the policy of governments and in between elections the media keep a close watch on governmental actions. This means governmental organizations are forced to operate in a far more responsible way than businesses, making it far more difficult to exclude services from certain channels in a supplemental channel positioning strategy. A third reason is the difference in organizational characteristics, e.g. the legal status of the personnel (civil servant vs. employee) or the political accountability of public organizations.

Lipsky [23] adds another reason: public organizations have a duty to deliver a service and citizens have the right to receive public service. This is in sharp contrast with private organizations. Businesses can choose to focus on the most valuable segments of the market, or design a website to exactly fit its target group. For governmental organizations this means that service channels should be designed as broad as possible, appealing to the entire population and to the capacities or skills of all citizens. Hence a full-fledged strategy of supplemental channel positioning is not possible.

3.4 Potential Future Phase: Integrated Channel Positioning

On account of these obstacles it is impossible to fully adopt a supplemental strategy in the public sector. A new strategy has to be developed that goes one step beyond the supplemental strategy and takes one step back in the direction of traditional parallel channel positioning. We will call this strategy integrated channel positioning. It is a multichannel strategy as it goes one step further than supplemental channel positioning because channels are not simply added to others to be able to offer particular services for every target group of citizens, but they are adapted to each other in some kind of integration. Here the division of labor between channels does not mean that every channel does 'its own job', but that they cross-refer to each other. For example, a citizen that makes a reservation for a service counter in city hall is invited to first look for particular information at the city website, download a form and try to fill it in at home. Subsequently, the face-to-face interaction at the counter will resolve all remaining insecurities and questions of the form not yet completed by the citizen and allow the civil servants to ask for the identification of this client, to pose additional questions, to watch for inconsistencies and to inform about other things important to both client and municipality. A second example is to offer only simple information on the main pages of a government website and use linked pages, 'deeper' in the website, for complex information together with the advice which additional channel to choose (telephone, service desks) when users need more explanation.

The integrated channel strategy is based on a well-considered plan of goals, means (the application of particular media characteristics for specific services) and target groups. In the public sector this strategy also has to take a step back towards parallel channel positioning for reasons mentioned above. The principle of universal access for all target groups of citizens demands the availability of all channels for a multitude of purposes although this is not an efficient strategy.

The integration strategy requires an elaborate combination of special characteristics of channels with the particular services they are supposed to offer for particular target groups of users. It assumes that governments have information and communication management officers that possess professional (multi)media expertise and that they have sufficient knowledge of the communication needs, capacities and equipment of all client groups of citizens. Those conditions are not often met. Many government departments only have information campaign and press officers. The offer of electronic and traditional public services often takes a supply side and technical orientation in stead of a demand side and social or psychological orientation. Usually, there is not much knowledge of the actual use and the real needs and skills of citizens as media users. Governments will have to develop these new professional media competencies to realize the potential next step in government service channel positioning: integrated multichanneling.

4. Conclusions

The arrival of the Internet and other new media to be adopted in public services has produced strategic problems in service channel positioning for governments. The last two decades a number of phases with different strategic choices have passed. In the 1980s the new media in their experimental state were simply added to the existing collection of service channels. All available popular channels were offered in parallel at that time. With the advent and explosive growth of the Internet and other digital media in the 1990s utopian visions of a complete replacement of traditional channels by electronic channels became increasingly popular. Together with the policy goals at that time, the application of new public management and the growth of attention to citizen demands in public services, a replacement strategy reached dominance during the Internet hype. After the year 2001 the role of the Internet was cut back to the position of an additional channel. Recent studies have shown that even an Internet that is used by the majority of the population in particular countries has not mitigated the usage of the telephone and face-to-face service channels. On the contrary, in some cases Internet use has stimulated a (re)turn to call centers and service desks. This has raised doubts as to the effectiveness and efficiency of public electronic services.

Recently supplemental channel positioning strategies have become more popular in public service communication policies. Here the attempt is made to implement a multichannel approach that has originated in the business sector and in marketing. However, we have shown that there are fundamental obstacles for such a strategy in public services. Here universal service for all groups of citizens is obligatory. This requires the maintenance of old and new, simple and advanced channels in parallel. Another obstacle is the comprehensive regulation and public accountability of government services. For this reason, among others, we have elaborated a new strategy of multichanneling that currently starts to be perceivable in both commercial marketing and public service provision: an integrated channel positioning approach.

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