

Concept of internal marketing



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The concept of internal marketing

The concept of internal marketing is a tool that companies use within their workforce to communicate with their employees. Many company owners and authors of internal marketing believe this concept is as important to a company's survival as external marketing (communicating to customers). When communicating to employees this involves the communications of “corporate culture and goals, mission and vision statements, as well as personnel policies and procedures”. http://www.bnet.com/2410-13237_23-168356.html

Internal marketing was introduced in the mid 1970's. This was initiated so companies could use the concept as a way of achieving consistent service quality. Internal marketing became known in the service marketing industry. The objective of this concept was to get a more improved performance from the employees who regularly dealt with customers. Although this concept began within the service marketing it has now broadened beyond and is included in many other companies and organisations.

Ahmed and Rafiq authors of the book Internal Marketing: Tools and concepts for customer-focused management suggest that authors have many definitions of internal marketing and from studying the literature they have highlighted 5 main elements of the concept;

1. Employee motivation and satisfaction
2. Customer orientation and customer satisfaction
3. Inter-functional co-ordination and integration
4. Marketing-like approach to the above

5. Implementation of specific corporate or functional strategies

Employee motivation is a significant element of the concept, for many authors understand this to be the essence of what internal marketing to be. An employee's attitude towards their own work place is believed to directly influence the value of the customer service that is given to consumers. This was summarised by Kusluvan (2003) " Internal marketing efforts are assumed to result in employee satisfaction, job involvement, work motivation, employee commitment, maximum employee effort on behalf of the organizations and customers, increased job performance, service-oriented behaviours and lower turnover which, in turn should improve service quality, customer satisfaction and loyalty" Kusluvan, S (2003) pg: 42.

There are many other definitions of internal marketing. Ahmed and Rafiq argue that the span of understanding about internal marketing from other authors is huge but vague in its limitations. One of the earlier studies by the author Berry, L (1974) believed that " effective internal marketing, which would contribute to effective marketing would require financially rewarding personnel, management commitment to sales training and self-development revision of personnel transfer policies and a redefinition of management in terms of helping people to achieve through work" (p. 13). Berry along with Pasuraman (1991) later added another definition to the concept in their book Marketing services: Competing Through Quality by stating " Internal marketing is attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs. Internal marketing is the philosophy of treating employees as customers and it is the strategy of shaping job-products to fit human needs" (pg 26). These authors believed

that there was a set of principles to treating employees fairly and motivating them. They also highlighted the belief that employee satisfaction was an important element of internal marketing. The definition by these authors stress the importance that employee satisfaction is needed in order to develop, motivate and retain the best and most qualified employees. From these two definitions given by Barry you can understand that the concept of internal marketing is a broad notion. The American Marketing Association have given a more simplistic and modern definition for the concept “marketing to employees of an organization to ensure that they are effectively carrying out desired programs and policies”. This definition doesn’t give readers a breadth understanding of the concept. Unlike Berry’s (1991) definition it doesn’t justify how internal marketing can be achieved in the workplace and it also doesn’t explain the ways in which employee’s are to be marketed to ensure the work carried out by them is effective and of a good standard. An important element of internal marketing as said earlier is motivation [motivating the work force].

Considered by many authors as the ‘grandfather’ of all definitions on internal marketing Grönroos (1994) created a definition which saw the efforts of motivating employees as very important. Grönroos had two previous definitions both created in 1981 which suggests that internal marketing is the selling of the firm to employees who are seen as the internal customers. Grönroos believed that “the higher employee satisfaction that will result will make it possible to develop a more customer-focused and market-oriented firm” (Cahill, 1996, p. 4). Grönroos 1994 article looks into motivation and states that “the internal market of employees is best motivated for service

mindedness and customer-oriented performance by an active, marketing-like approach, where a variety of activities are used internally in an active, marketing like and coordinated way” (Grönroos, 1994, p. 13). This definition, as well as Johnson and Seymour’s (1985) definition which explains internal marketing should “ create an internal environment which supports customer consciousness and sales-mindedness”. Both definitions highlight the fact that internal marketing is about the service and sales mindedness of the customers.

There are other recent definitions of the concept of internal marketing by Ballantyne (2000) which suggests that internal marketing “...is a strategy for developing relationships between staff across internal organisational boundaries. This is done so that staff autonomy and know-how may combine in opening up knowledge generating processes that challenge any internal activities that need to be changed. The purpose of this activity is to enhance quality of external marketing relationships” (pg: 43). This definition emphasises the importance of the relationship between the staff and the organisation and how internal marketing is a strategy that will allow this relationship to become stronger. It also highlights the fact that building on the relationship can enhance the service quality and also their relationship with their external markets. To evaluate how affective internal marketing is with employees companies usually give staff seasonal or yearly surveys which they will use to measure the affects of their internal marketing efforts.

There are many answers to what can actually make a successful company. Some may say it’s the company’s ability to adapt to the market or even a company’s high level of customer retention and many believe successful

companies are created from within the organisation. Communicating internally but affectively to your internal market (employees) many authors believe is an important attribute for company success, An article written in 2007 about the importance of internal marketing suggested that “ Internal communications is traditionally viewed as the sole province of the Human Resources department,” and the article continued by stressing the importance that employees have over effective external marketing “ When employees understand and commit to the value proposition of the company and its brands, external marketing becomes more effective, because the employees become product champions”.

As the pace of the economy is fast changing and the recent recession has affected many company’s’ survival, internal marketing grows increasingly important. Due to the recession and the increasing pace of change in the workforce, there has been news of many company’s creating alliances with one another, merging with one another and also downsizing as a whole.

During these hard times employee motivation is extremely important, especially if every employee is understandably beginning to have concerns about their own company’s survival or their current job position.

Organisations must instil within these employees some sort of strength and satisfaction that would mean that the employees would continue working and at a good level. Generally, a strategy that many companies use and one which coincides with Ballantyne’s (2000) definition is that companies “ empower staff to build stronger customer relationship”. Internal marketing supports this strategy (or theory some might say) and suggests that through staff empowerment employees will drive for better understanding, they will

have a deeper commitment to the relationship they hold with the organisation and as a result there will be greater involvement from the staff.

While today's diverse work force becomes more complicated there are a few barriers which can possibly affect how internal marketing is kept within an organisation. In the book *Internal marketing: directions for management*, Varey R and Lewis B explain these barriers. The first and probably the most important barrier would be the employees and an organisations 'resistance to change'. Kotler (1990) believed that problems can occur from an organisations 'built-in' "resistance of management to change" (Percy and Morgan 1990). Managers often do not consider new ideas brought about their company, and this is because a change in the work place can bring forth an overall fear of concern about their job and future positions. Other barriers to internal marketing are 'inter and intra functional conflict'.

Inter-functional conflicts often occur when a senior manager's assumption of their organisational culture is ill-advised and as a consequence manager's may become unaware of the issues and problems which affect prolific activities or "co-operation and integration" (pg: 78). Intra-functional conflicts are basically when one internal function fails to recognise another internal function. Intra-functional conflicts on the other hand are where the goals and objectives of the organisation and its departments are different to the individual and personal goals of employees. "It occurs because individuals have different goal, desires and ambitions, and will be submerged in different social spheres of interaction that will impact upon their overall attitude and behaviour". (Pg: 79)

If ever these barriers work in cohesion then it can spell big trouble for any organisation. Although the three chosen are seem as the major barriers affecting the use of internal marketing within an organisation there are also a few other problems which can affect successful implementation of the concept.

1, managerial incompetence 2, poor understand of the internal marketing concept 3, rigid organisational structure and 4, top members of staff treating employees like they are unimportant to the business.

Anon (2007) Internal Marketing

Kotler P, Bowen J and Makens J (2003) have stated 5 importance's of internal marketing;

1. Employees must have a customer service attitude
2. Employees must understand your product
3. Employees must be enthused about your product and your company
4. There must be good communication between employees and management
5. Employees must be able to identify and solve customer problems

Marketing for Hospitality and Tourism 3e (2003)

Generally employees of organisations, especially those who communicate directly with customers can have an influence on customer satisfaction. The authors suggest that these are 5 important features of internal marketing and in order for it to be affective organisations must aide in ensuring that employees behave in a desired manner expected of them from the

organisation. Internal market in today's industry is needed because as Berry L & Pasuraman A (1991) stated it serves as a “ managerial philosophy” that a company deploys on to employees that in turn would teach the employees how to maintain good high standard of affective customer service.

Within organisations employees are recognised as a major part of the capabilities that service organisations produce. “ The popular view is that employees constitute an internal market in which paid labour is exchanged for designated outputs.” Fill C (2009) pg: 895. Fill suggests if the objective of an organisation's internal market is kept then employees will reap the benefits through paid labour.

Kotler P, Bowen J and Makens J (2003) have proposed that these are the four objectives of internal marketing;

1. To ensure that employees are motivated for customer-oriented and service-minded performance.
2. To retain good employees.
3. To increase customer satisfaction
4. To increase profitability

Some may argue that the main objective of internal marketing is to retain suitable and efficient employee personnel. As a means of retaining these ideal employees, organisations develop motivated and customer-conscious staff which while working simultaneously and cohesively can work towards achieving absolute customer satisfaction. There is a philosophy in internal marketing that every action made within the organisation is oriented towards this sole purpose.

As times and the economy change so would the process of internal marketing. The model above shows four steps of internal marketing. Some authors believe this model to be too vague and feel that the complexity of the internal market or many organisations cannot be met by four simple steps. Grönroos (1996) believes “ The internal marketing process is not to be viewed as a process, which only moves in one direction – from the top down. On the contrary, the process needs to be directed from and to every side of the organisation in order for it to be successful”

As it is important that an organisation’s internal marketing objectives are met by its employees, an organisation will produce an internal environment that staff will need to function in to a desired way recommended to them by their company. In the article Internal Marketing (2007) it is written that there are four important areas within an organisations internal environment which are essential for the organisations internal market:

1. Motivation
2. Co-ordination
3. Information
4. Education

Internal Marketing from engineer's point of view

These four areas have come up many times in definitions by numerous authors and combined create the four objectives of internal marketing that organisational managers should be trying to reach from their employees. If these are reached then as a result the employees work would drive the profitability of the organisation to a positive and effective level.

To conclude in many definitions you will read internal marketing being referred to as a concept that aims on "... attracting, developing, motivating and retaining qualified employee" Berry & Pasuraman (1991). In some other cases you will read that internal marketing is a philosophy whereby employees are treated as customers or even in some cases where organisations will basically teach employees a specific way of working in the work place and handling customers. Internal marketing has come a long way since it was first proposed in the service marketing industry in the 1970's.

The role of marketing in general has undergone many changes. Organisations have begun networking with one another and members of organisations have begun sharing responsibilities and working as teams. Although many if not all definitions of the term ' internal marketing' can still be relevant to today, the concept in itself over the past 40 years has become one which is/will constantly change as long as the world of business changes. From a concept which first focused on supporting the consciousness and sales-mindedness of employees to one which broadens its scope and understands that the concept is much more profound and more complex to achieve good employee to customer service quality. Key words such as ' relationships', or ' motivate and philosophy' are now being used in the more modern terms of the definition. J. N. Sheth suggests " motivation is what moves people. It is the driving force for all human behaviour or more formally, it is ' the state of drive or arousal that impels behaviour toward a goal objective" (Sheth et al 1999). Indeed, motivating employees has continually been used by authors since the concept of internal marketing was initiated , and although motivating employees to work harder and more efficiently is seen to be very important, organisations also need to understand and create a way of making employees enjoy the work that they are doing. Content workforces which take pleasure in their work are understood to be more productive and affective, which in turn creates a better service and customer experience. Organisations must instil within these employees some sort of strength and satisfaction that would encourage the employees to continue working and at a good level.

As the new age dawns many organisations have even used employees to help sell their company e. g. Halifax. Halifax adverts and many other adverts similar to this have used employees as a way of advertising to external customers about big internal changes to policies and procedures that the company may be having. You see adverts everywhere with pictures of employees holding offers or incentives from their company or maybe even different adverts where employees are actually talking to the camera. This can be seen as a form or a strategy used for internal marketing. As a good employee is as important to a company as the employer, employees may feel the need to get more involved with company actions and strategies. In the article Internal Marketing (2007) it was stated that one of the problems which could affect the successful implementation of internal marketing is the ignoring of an employee's importance to the company and treating them like any other tool of the business.

Companies such as The Carphone Warehouse have their own internal marketing strategy whereby they are accompanied by new employees on a weekend of training. On this expedition employees are taught how to deal with customers, they are given information about the company and objectives that the company and each individual employee are and should be trying to reach, they are taught many things about the products sold in the shops, how to deal with complaints and they are also taught ways in which they should act in the workplace (the rules and codes of conducts).

Organisations which take on the strategy to market internally must have a clear and precise objective and mission. The objectives of the organisation

must be very clear if it is to correspond with how managers internally market their company to employees.

If objectives are clear there will be no confusion within the staff on how to do things and what to aim for. This will help the process of knowledge development of the employee by piecing together understanding and loyalty to individual development.

As a personal definition of the term internal marketing one would define it as an internal culture created by the managers of an organisation. This culture allows employees to express their creativity and innovative selves to an extent where they still show responsibility and accountability. It is the selling of the ideals and objectives of the company to the employees so that they work harder towards the goal of ultimate success. Developing and motivating employees are strategies deployed to attain the best qualified staff which would allow organisations to reach set objectives. It is a concept which can be evaluated seasonally through surveys and observations of the employees.

Internal marketing should be used to meet the expectations of customers, instead internal marketing should be used to exceed them.