

# Internal marketing and external marketing effects on sales marketing essay

[Business](#), [Marketing](#)



INTERNAL MARKETING AND EXTERNAL MARKETING EFFECTS ON SALESNUR SYAKIRAH BINTI HAMZAH BACHELOR OF BUSINESS ADMINISTRATION (HONS.) MARKETING FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA (PERAK) SERI ISKANDAR INTERNAL MARKETING AND EXTERNAL MARKETING EFFECTS ON SALESNUR SYAKIRAH BINTI HAMZAH Submitted in Partial Fulfillment of the Requirement for the Bachelor of Business Administration (Hons.) Marketing FACULTY OF BUSINESS MANAGEMENT UiTM (PERAK) SERI ISKANDAR JANUARY 2013 D: Qistina UiTM Logouitm 8. jpg BACHELOR OF BUSINESS ADMINISTRATION (HONS) MARKETING FACULTY OF BUSINESS MANAGEMENT UNIVERSITI TEKNOLOGI MARA (PERAK) SERI ISKANDAR" DECLARATION OF ORIGINAL WORK" I, Nur Syakirah Binti Hamzah, (I/C Number: 900511-06-5214) Hereby, declare that, This work has not previously been accepted in substance for any degree, locally or overseas and is not being concurrently submitted for this degree or any other degrees. This project paper is the result of my independent work and investigation, except where otherwise stated. All verbatim extracts have been distinguished by quotation marks and sources of my information have been specifically acknowledged. Signature: \_\_\_\_\_ Date: \_\_\_\_\_

## **LETTER OF SUBMISSION**

18 January 2013  
The Head of Program Bachelor of Business Administration  
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MARA (Perak) 32610 Seri Iskandar  
Dear Madam

## **SUBMISSION OF PROJECT PAPER (MKT662)**

Attached is the project paper titled " INTERNAL MARKETING AND EXTERNAL MARKETING EFFECTS ON SALES" to fulfil the requirement as needed by the Faculty of Business Management, Universiti Teknologi MARA. Thank you.

Yours sincerely  
NUR SYAKIRAH BINTI HAMZAH 2009391559 Bachelor of Business Administration (Hons.) Marketing

## **ACKNOWLEDGEMENT**

It has been great honor and privilege to undergo training at Pasaraya Borong Sakan Sendirian Berhad locates in Bukit Beruntung branch and Rawang branch. I am very much thankful to Datuk Haji Umar Bin Haji Yatim, the owner of the company, Miss Salwani Binti Ansah, the Senior Manager and Miss Nurul Nadiah Binti Baharuddin, the Area Manager for providing all facilities and support to meet my project requirements. I would like to take this opportunity to express my humble gratitude to Associate Professor Dr. Nor Khasimah Binti Haji Aliman whose guided me through finishing this project. Her constant guidance and willingness to share his vast knowledge made me understand this project and its manifestations in great depths and helped to complete the assigned tasks. I am highly thankful to my second advisor; Madam Nor Marini Binti Mokhtar whose invaluable guidance helped me understands the project better. Although there may be many who remain unacknowledged in this humble note of gratitude there are none who remain unappreciated. LIST OF TABLES

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ABBREVIATIONS

1. PBSSB Pasaraya Borong Sakan Sendirian Berhad

2.

SPSS Statistical Package for Social Science

DEFINITION OF TERMS

1. External

Marketing Individuals or groups outside of, and not closely connected with, an organization at whom its communications and promotional efforts are aimed.

2. Internal Marketing Internal marketing is the way a company promotes its values and brand internally to employees that help generate its brand value.

It is a management philosophy that believes employees are " internal customers" that require motivation on company policies.

3. Retailing

Retailing is a distribution channel function where one organization buys products from supplying firms or manufactures the product themselves, and then sells

these directly to consumers. A retailer is a reseller (i. e., obtains product from one party in order to sell to another) from which a consumer purchases

products.

4. Sales A sale is the act of selling a product or service in return for

money or other compensation. It is an act of completion of a commercial activity. 5. Wholesaling The sale and distribution of goods to users other than end consumers. Wholesaling involves selling merchandise to retailers, wholesalers and merchants, or to industrial, commercial and institutional users. A wholesaler can act as a middleman, brokering deals between these businesses. Wholesaling often occurs when large quantities of merchandise are reassembled, sorted, then repackaged, and distributed in smaller lots.

## **ABSTRACT**

This study aims at investigating the relationship between internal and external marketing to sales performance in Pasaraya Borong Sakan Sendirian Berhad located at five different branches which are in Tanjong Malim, Bukit Beruntung, Rawang, Selayang and Damansara Damai, through answering the following questions: Does internal marketing affects sales? Does external marketing affects sales? The objectives of this research are to determine the relationship between internal marketing as well as external marketing towards sales performances. In order to achieve the study objectives, two questionnaires were designed and distributed over two samples of Pasaraya Borong Sakan Sendirian Berhad employees and customers totaling 50 and 200 respectively. The questionnaires were collected and analyzed by using SPSS version 19.0. Based on multiple regression analysis of response from 230 respondents, the result indicates that both internal and external marketing have positive relationship with

sales with .000 significant level. The results of this study may help PBSSB in future marketing planning with the aim of increasing their future sales.

## **CHAPTER 1**

### **INTRODUCTION**

This chapter familiarize about the background of the PBSSB and how the problem statement is being developed. Also, both main and specific objective were included to make sure that the final result are achieved. Scopes and significance of study were also being introduced to help the researcher to precisely conducting the research.

### **Background of study**

There are many factors that can affect the sales of a retail shop. In a more marketing view, internal and external marketing are being two big things that affect the sales both directly and indirectly. Retailing is a distribution channel function where one organization buys products from supplying firms or manufactures the product themselves, and then sells these directly to consumers, whereas wholesaling is a distribution channel function where one organization buys products from supplying firms with the primary intention of redistributing to other organizations (but, in general, not to the final consumer). The main focus for this research is to investigate effects of internal and external marketing towards sales performance. It is crucial for any business premises not to take this issue so lightly because both internal and external marketing can affects the sales as a whole. As for example, the company's sales performance will decrease if employee turnover is high.

This situation might happen when communication between the lower level

management and upper level management is not parallel. Same goes to external marketing, if customer service and product sold that are being conveys by the employee is not up to the standard that the customer wants, it will arose the feeling of dissatisfaction towards the company thus effect the interest of purchasing the company product. To conclude, when the determinants of both internal and external marketing are successfully identified, a business premises can develop and implement the strategies into actions needed so that employee and customer's dissatisfaction can be lessened and can help to increase sales of retail and wholesale premises. 1.

### 1. 1 Background of

PasarayaBorongSakanSendirianBerhadPasarayaBorongSakanSdn. Bhd running a business model that sell consumers basic needs product such as clothing, food and household needs. PBSSB offer all groups of consumer's product ranging from baby, children, teenagers, ladies, men's, and families. Since it establish in Kuala Kangsar in 2001, PBSSB are growing rapidly and now there is 86 branches all over Malaysia. Now, the owner, Datuk Haji Che Umar Bin Haji Yatim led his children to be the backbone of the company. The three of his children took over the business and now they are the one that run the company in order to make sure that the company business continuity. The core value that PBSSB has is that it is a very competitive company that has the strong will to go forward day by day even though they already experienced three times economic downturn. The uniqueness that they have is that they are selling the product with wholesaling price to its customer. This means that their profit margin is very small. Their suppliers

come from various countries such as China, Thailand, Indonesia and many more.

## 1. 2 Problem Statement

After 6 weeks observing the situation in PBSSB located at Bukit Beruntung, Rawang, Selangor, an empirical evidence has been found out that the rate of employee turnover is very high (internal marketing) and the competitors with the same business model are located nears to each other. To discuss this, the researchers wanted to study the effect of both internal marketing and external marketing towards sales. The problem has been identified by the researcher by observing the employee and customer behaviour towards how they behave during working hour and what trigger the customer to buy the product. Also, data of daily sales on Bukit Beruntung branch which is the practical training place of the researcher has also being observed by month. The data will be provided by each branch to help the researcher to study further. Table 1. 1Employees Turnover DataMonthNumber of employees turnover/ resignMay8June9July7August8Source: PasarayaBorongSakan Bukit Beruntung

## 1. 3 Research Objectives

Main ObjectiveThe purpose of this paper is to explore the sales and marketing interface and to identify some of the elements that may influence collaboration between sales and marketing and provide a framework demonstrating how these elements may interrelate. Specific ObjectivesTo determine the relationship between internal marketing and sales



performance. To determine the relationship between external marketing and sales performance.

## **1. 4 Scope of Study**

This research was conducted in order to determine whether internal marketing and external marketing have a relationship toward sale in retailing industries. Only five branch of PBSSB which is in Rawang, Damansara Damai, Bukit Beruntung, Selayang and Tanjong Malim are selected to collect the data of the study. This study takes two weeks' time to gather and analyses the data from the answered questionnaires. The quota sample is being used during this study were the employees and customer from PBSSB whose work and entered to the premises. There are two main variables that are used in this research which are internal marketing and external marketing. Total of 250 questionnaires (50 for employees and 200 for customers) have been used in this research and are distributed to respondents' conveniently. In addition, the questionnaires were distributed mainly during business hours between 10 am-10 pm daily.

## **Significance of Study**

To The Researcher The study that was conducted helped the researcher to gain more knowledge and new information about the issue in hand which is the relationship between marketing and sales. Through conducting this research, the researcher helped the organization to identify the determinants of sales performance in marketing perspectives which shall help the company to develop strategies that can boost their sales. To Pasaraya Borong Sakan Sendirian Berhad The research make the company

realize that the need of internal marketing is actually as important as the need to take care of external marketing. It also helped the company emphasis on particular variables when making the marketing strategies for future planning. The relationship of both if combined will make a greater impact toward the sales performance. To The Body of Knowledge Retailing is very competitive industries as it deals will the ultimate consumers. Not only it opens up the researcher eyes and mind toward the difficulties of this type of business, it also make the researcher realize that there are no short cut way to success.

## **CHAPTER 2**

### **LITERATURE REVIEW**

The second chapter of this study discuss on the relevant literature review related to the research questions, which are chosen based on the problem statement that the researcher address, specifically studies that address the factors that affects sales which is internal and external marketing. These vital literature reviews are about the internal marketing, precisely on motivation and salary, external marketing, precisely on price and company image and lastly sales.

#### **2. 1 Internal Marketing and Sales**

One of the most basic definitions of the concept internal marketing is, according to (Cahill, 1996), presented by Berry and (1991):" Internal marketing is attracting, developing, motivating, and retaining qualified employees through jobs product that satisfy their needs. Internal marketing is the philosophy of treating employees as customers-indeed, " wooing"

employees...-and is the strategy of shaping job-products to fit human needs"(Cahill, 1996). The recognition of the importance of the employee in marketing and the direction of effort towards the improvement of employee activity in the marketing programme has been termed " internal marketing". This management philosophy with the idea of treating employees as customers so that they are happy with their job and serve customers in a more satisfying manner is attractive but it has not been adopted consciously among service businesses except in northern Europe (Gronroos, 1984).

### 2. 1. 1 Motivation as one of Internal Marketing Practices

The internal marketing concept is defined as " viewing employees as internal customers, viewing jobs as internal products, and then endeavouring to offer internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization" (Berry L. , 1984)In addition to differences in external marketing programmes, internal marketing components such as managerial style, communication, motivation, and training vary across cultures as discussed extensively in Adler (1986) and Nagandhi and Estafen (1965). It would seem worthwhile to compare such practices cross-culturally.(Gronroos, 1984)describes internal marketing further as. . . holding that an organization's internal market of employees can be influencedmost effectively and hence motivated to customer-consciousness, market-orientationand sales-mindedness by a marketing-like internal approach and by applyingmarketing-like activities internally. Accordingly, two major components of internal marketing includemotivation and the marketing-like characteristic of managerial styles, with a focus on high customer-orientation should influence sales. Based on journal written by

George and Panigyrakis(2009)"...employees therefore, lack motivation in regards to promoting their company's goods and services. Until now the only deemed workable method applied by employers to ensure a form of staff promotion/service stability was the offering of incentives (usually monetary). Gronchels (1995) suggests that there is causal link between motivated staff and satisfied customers. Improving internal service quality will improve motivation amongst employees, which in turn will result in better service quality for the external customer (Lings, 2002). 2. 1. 2 Salary as one of Internal Marketing Practices Previous research (Anderson E. O., October 1987) has found that effective salesperson behaviour produces superior sales force outcome which produces better sales organization performance. A(Anderson E. O., October 1987) study on differences between behaviour-based versus output-based control systems, it has been suggested that the firms that provide a higher salary component are more likely to control the behaviour of the salesperson and might therefore be more effective.

## **2. 2 External Marketing**

External marketing encompasses the traditional marketing activities of the firm. These generally are categorised into those activities of production and product development, price setting, communication, and distribution which provide a link between the firm and its customers. Although many organisations regard marketing as basically a selling activity designed to move products from the producer to the consumer, current theory indicates a need for a more consumer-oriented marketing approach designed to satisfy

the needs of the consumer. External marketing consists of the activities of the firm directed at satisfying the needs of the consumer. This is normally reflected in a marketing plan developed by management to determine the product offering of the organisation, the price level, promotion, and communication and distribution strategies. For manufactured goods, it is generally believed that the marketing offering, that is the programme of marketing activities offered by the firm, determines consumer satisfaction and thus lead to good sales performances.

### 2. 2. 1 Company Image as one of External Marketing Determinant

Extracted from (Nart, Corporate image, perceived risk and trust interactions through reputation management, 2009) corporate image is described as the overall impression made on the minds of individuals about organization (Finn, 1961; Kotler, 1982; Dichter, 198; Barich and Kotler, 1991). In marketing literature, image is defined as a mental construct processed internally (Crompton, 1979) as a mental picture of consumers (Dobni and Zinkhan, 1990) for any give offering such as business name, variety of products, package design and quality, appearance of store. Some empirical evidence in marketing field clearly show that long-term reputation of the seller has been found to be more important than short-term product quality movements (Landon and Smith, 1997). McKnight (1998) report, based on empirical research, that corporate reputation provides assurance of consumers' integrity and goodwill. Assurance also helps to increase trust, particularly when the consumers has not experience before and hence do not have firsthand knowledge for the firm. It is, therefore, expected that the more positive consumer think about a firm, the more positively their perceptions towards the company image. In line with the

objectives of the study, the following hypothesis in chapter 1 was purposed. (Nart, Corporate image, perceived risk and trust interactions through reputation management, 2009)2. 2. 2 Price as one of External Marketing Determinant Price can be the predetermining of customer intention to buy products from a company (Lindsey-Mullikin, 2012). Based from the business model conducted by PBSSB, it can be said that the customer who are seeking for fair price product are the main customer of the company. The perceived fairness of price has been identified as an important psychological influence on consumers' reactions to price (Campbell, 1999). In specific, recent research suggests that consumers are concerned with the fairness of increases, they are often unwilling to pay a price that is perceived as unreasonably high (Campbell, 1999). Perceptions of fairness are also related to whether the product is necessary to maintain a previously enjoyed standard of living; consumers consider overpriced necessities to be unreasonable and thus tend to be price sensitive (Nagle and Holden, 1995).

## **2. 3 Sales**

The term "collaboration" between sales and marketing has been selected for this study based in Kahn's (1996) work on R&D and marketing, which indicated that the collaborative elements of integration, e. g. collective goals, mutual understanding, informal activities, shared resources and esprit de corps have a greater impact on performance than the interaction component of integration (physical activities and cross-functional training). In addition, the term "integration" indicates a need to create a single function/process and combine the parts into a whole (Oxford University Press, 1993).

However, combining sales and marketing functions may not be desirable, as they have necessarily different activities performed by different people who are appropriate for each function (Shapiro, 2002). By contrast, collaboration is defined as working together (Oxford University Press, 1993) and indicates the need to build bridges between two culturally different entities with the aims of creating opportunities for learning and improving functionality to the benefit of business performance. The contention is that sales and marketing more often need to collaborate as opposed to integrate. A number of writers have explored the interface between sales and marketing and some have conceptualised the relationship (Cespedes, 1993; Dewsnap and Jobber, 2000; Rouzies et al., 2005; Kotler et al., 2006). Lack of collaboration may be aggravated by poor communications (Anderson, 1996; Strahle et al., 1996; Lorge, 1999; Kotler et al., 2006), and sales and marketing functions may not exchange information effectively to improve performance. Senior management may not be focused on establishing coordination between these two areas (Workman et al., 1998; Piercy, 2006). Some sales and marketing departments may experience role ambiguity and a lack of understanding of each other's roles (Cespedes, 1993; Kotler et al., 2006). It has been suggested that under some circumstances, conflict between groups, like sales and marketing, can be beneficial if it is associated with improved performance (Barclay, 1991; Montgomery and Webster, 1997). Nonetheless, there appears to be some general agreement that the sales and marketing interface frequently appears to be poorly coordinated and lacking sales and marketing collaboration, and that improvements in this relationship should be beneficial to the organisation in

terms of improved business performance (e. g. Cespedes, 1993; Dewsnap and Jobber, 2000; Rouzies et al., 2005; Kotler et al., 2006). Improvements in collaboration, interdepartmentalrelations, and communication quality may enhance the formulation of strategy, as well as reducing conflict (Menon et al., 1996). Correspondingly, Morgan and Turnell (2003) found that improvement in customer satisfaction leads to improvements in market performance. There is some evidence that a strong relationship between the internal collaboration of functional areas leads to greater customer satisfaction, operational efficiency and improved business performance. The extant literature suggests that the relationship between sales and marketing does not always operate efficiently or effectively and that their actions are not always well coordinated or collaborative. There is considerable evidence to indicate that improvements in collaborative behaviour between sales and marketing can have benefits in enhanced business performance. Following the common practices of previous research (Narver and Slater, 1990; Cravents et al., 1992), on this particular study, the researcher measured effectiveness by looking at four measures composed of sales volume, profitability, market share, and overall performance. Adapting Kotler and Armstrong (2006) service marketing's triangle, which explains relation between organization and its employees and customers, above figured are made. In this triangle, they purpose three forms of marketing each of which is considered a main factor in success of the organization.

Company Internal Marketing External

Marketing Sales Customer Employees Interactive Marketing Figure 2. 1

Marketing Forms in Retailing Industry



## **CHAPTER 3**

### **RESEARCH METHADODOLOGY AND DESIGN**

This chapter explains on the methodologies carried out in the research, they include how the researcher go about gathering data to answer the research question i. e. the data collection, method of data collection, methodological approach, and sampling method, method of analysis, research design as well as validity and reliability of the methods.

#### **3. 1 Research Design**

A research design is a framework or blueprint for conducting the marketing research project. It details the procedures necessary for obtaining the information needed to structure or solve marketing research problems. Thus, descriptive research is adopted because it is more appropriate to use for this research because the aim of this research is to monitor the effect of the determinants, whether the internal marketing and external marketing have relationship with sales performance.

#### **3. 2 Research Framework**

Internal MarketingSalesExternal MarketingFigure 3. 1Theoretical Framework

#### **3. 3 Research Hypotheses**

Research hypothesis is form in order to determine the relationship between the independent and the dependent variables whether it is a positive or a negative relationship. In this research there are several hypotheses that are proposed by the researcher and it is as follows: H1: There is a relationship between internal marketing and sales performance. H1(a): There is a

relationship between motivation and sales performance. H1(b): There is a relationship between salary and sales performance. H2: There is a relationship between external marketing and sales performance. H2(a): There is a relationship between price and sales performance. H2(b): There is a relationship between company image and sales performance.

### **3. 4 Types of Data**

**Primary Data** Primary data refer to information obtained firsthand by the researcher on the variables of interest for the specific purpose of the study (Sekaran, 2003). The research is conducted by using both types of data, as for the primary data which is originated from the researcher through questionnaire that are given to respondents who are the sample in this research. The purpose of using questionnaire for this research is that additional information are gained in order to support the relationship tested in this research. **Secondary Data** Data gathered through such existing sources are called secondary data (Sekaran, 2003). There are two types of secondary data which is internal and external data. Internal data are collected from PBSSB such as number of employee and monthly salary given. External Data will be collect through reading material example magazine, internet, newspaper, and journal. Information gathered are used in conducting this research which comes from various sources.

### **3. 5 Sampling Design**

**3. 5. 1 Target Population** The definition of target population according to an article by Kitchenham and Pfleeger (2002) is the group or the individuals to whom the survey applies. In simpler terms, the people that is able to relate

to the research topic in hand as they may have personal experience.

Totalling the population of all the target market area (five branches) which the research are conducted, 50, 000 people are believe to be the numbers and these numbers are increasing day by day. The target populations of the whole research were 250 respondents for five branches which are the PBSSB employee and the customers that enter to the premises.

### 3. 5. 2 Sampling Frame

Sampling frame is a representation of the elements of a target population. It consists of a list or set of directions for identifying the target population. (Malhotra, 2010). The sampling frame used in this research is the employees and customers of Pasaraya Borong PBSSB. The researcher more accurate data since the sample are able to closely relate themselves with the issue in hand.

### 3. 5. 3 Sampling Technique

A sampling technique is a way a researcher gain the data needed for the research. The researcher used convenient quota sampling towards the respondent. Customers that enter the premises automatically eligible to answered the questionnaires. Two set of questionnaires totalling 250 were distributed, but only 230 responses are applicable to use, another 20 set comprises errors such as the question not answered completely or some of the pages are missing.

### 3. 5. 4 Sampling Size

Sampling design and sample size are both important to establish the representativeness of the sample for generalizability. Even a large sample size cannot yield generalizable research findings if the appropriate sampling design is not used. Similarly unless the sample size is adequate and acceptable to ensure precision and confidence, the sampling design however justifiable and sophisticated, may not be useful to the researcher. Hence a sampling design should give due consideration to both

sample size and design. McQuitty (2004) suggested that it is important to determine the minimum sample size required in order to achieve a desired level of statistical power with a given model prior to data collection. Schreiber et al (2006) mentioned that although sample size needed is affected by the normality of the data and estimation method that researchers use, the generally agreed-on value is 10 participants for every free parameter estimated. Simple word, any number above 200 is understood to provide sufficient statistical power for data analysis. A sample size represents the amount of respondent that the researcher decided to involve in the research or in its accurate definition according to Malhotra (2010), the number of elements to be included in a study. In this research, there will be 250 respondents that will be involved consisting employees and customer of the PBSSB branch which is Rawang, Damansara Damai, Bukit Beruntung, Selayang, Tanjong Malim. The following rule of thumb proposed by Roscoe (1975) can be considered in determining appropriate sample size. Sample size larger than 30 and less than 500 are appropriate for most research. If the samples are to be broken into sub samples and groups a minimum sample size of 30 in each category should be fixed. In multivariate research the sample size should be at least ten times as large as the number of variables in the study. In case of simple experimental research a sample as small as 10 to 20 in size would yield good results.

### **3. 6 Measurement and Scaling**

This study used a five-point Likert scale which is the interval scale in viewing the respondent's opinion regarding the independent as well as dependent

variables. Interval scale according to Malhotra (2010) is a scale in which the numbers are used to rate objects such that numerically equal distances on the scale represent equal distances in the characteristic being measured. The five-point Likert scale that is use in this research which is strongly agrees (5), agree (4), neutral (3), disagree (2) and strongly disagree (1). The reason that this researcher chooses to use five-point Likert scale is according to Likert (1932), the key to successful attitude measurement was to convey this underlying dimension to survey respondents, so that they could then choose the response option that best reflects their position on that dimension. As for the demographics, the researcher uses nominal and ordinal scales. According to Sekaran (2003), nominal scale is one that allows the researcher to assign subjects to certain categories or groups. Gender of the respondents are grouped into two categories, number one (1) indicates male while number two (2) indicates female. As for ordinal scale, it is not only categorizes the variables in such a way as to denote differences among the various categories, it also rank-orders the categories in some meaningful way. The income of the respondents are rank by assigned numbers one until five, they are; one (1)no income, two (2)RM1000 and below, three (3)RM1002-RM2000, four (4)RM2001-RM3000 and five (5) RM3000 and above, it is put in several groups, in order to differentiate each of the respondent's income.

### **3. 7 Data Collection and Fieldwork**

Questionnaire DesignThe researcher used ordinal, nominal and interval type of answer. There will be 10 items divide into 2 sections, questioning the

respondent about themselves and how they answer and gives opinion about the questions ask. Section 1 comprised demographic and organizational characteristics of the respondents whereas section 2 measured the constructs under study. The survey asked respondents to keep their current organizations in mind while responding to the survey questionnaire.

Whenever possible, the researcher explained the purpose of the study and requested respondents to complete the questionnaire during the visit. The questionnaire were develop based on the previous study that researcher able to adopt two items for each independent variables. For internal marketing, motivation and salary develop into question that has been adopted from previous study as mention by researcher in the earlier chapter. As for external marketing, price and company image were questioned. These items were adopted from Nart (2009). As for the dependent variable, since the survey was administered to only PBSSB customer and employees, measurement of sales organization effectiveness had to be only quantifiable and comparable across the respondents. Following the common practices of previous research (Narver and Slater, 1990; Cravents et al., 1992), the researcher measured effectiveness by looking at four measures composed of sales volume, profitability, market share, and overall performance. Should be customer satisfaction were included but the researcher choose not to be questioned based the aspect. Respondents rated the statement on a five-point likert scale where one meant "strongly disagree", two meant "agree", three meant "neutral", four meant "agree" and five meant "strongly agree". Pilot TestIn order to obtain relevant data, pilot test totalling 20 respondent was conducted. Respondent were asked via questionnaires that

has been developed by the researcher. Each respondent was monitored to detect any difficulties in understanding the questions given. The analysis of the data can be further explained in the next chapter. Fieldwork The field of study is self-administering survey whereby it involves the researcher to travel all the five branches of PBSSB which are Rawang, Damansara Damai, Bukit Beruntung, Selayang, and Tanjong Malim. The questionnaires were being distributed to 250 respondents. The fieldwork will be conducted daily, involving all 2 weeks and the time slot chosen for Monday to Sunday is during PBSSB operating hours which varies according to each branch. The duration of the fieldwork will start in the middle of October until the end of November 2012.

### **3.8 Data Analysis**

**Descriptive Analysis** Descriptive analysis was used to describe something—usually market characteristics or functions. One of its purposes is to describe the characteristics of relevant groups such as consumers, salespeople, and organization or market areas. Not only that, it also helps to estimate the percentage of units in a specified population exhibiting certain behaviour. In addition, these methods of analysis are used for determining to which marketing variables are associated. This purpose fits perfectly with the objective of the research. Therefore it is used to help producing analysis of variables that are precise and accurate. Specifically, the method that was used is frequency distribution analysis. According to Malhotra (2010), frequency distribution analysis is a mathematical distribution whose objective is to obtain a count of the number of responses associated with different values of one variable

and to express these counts in percentage terms. In this research, the frequency distribution is use to show the summary of the questionnaire that will be distributed. Hypotheses TestingThe researcher used multiple regression analysis which results in the degree of relationship of the variables. Multiple regression analysis is a statistical technique that simultaneously develops a mathematical relationship between two or more independent variables and an interval-scaled dependent variable Malhotra (2010). In this research, there are two independent variables that were tested which are internal marketing and external marketing. CHAPTER 4

## **ANALYSIS AND INTERPRETATION OF DATA**

For this particular research, the data gather were presented by both tables and explanations. These entire outputs one derived from respondents' data that the researcher had gathered through questionnaires earlier. In this chapter, the researcher would use descriptive statistics to describe the data. Frequency distribution would be used to show the frequency of occurrence for each score value of the research data. This chapter also will include reliability analysis to measure the internal consistency of a set of scale items. Multiple regression analysis were also be used to test the hypotheses relationships.

### **4. 1 Questionnaires Distributed and Completed**

Initially, 200 set of questionnaires were distributed but only 181 are valid to use for external marketing. For internal marketing, initially sample sizes which are 50respondents were given a set of question each, nevertheless, the researcher only manages to collect 49 set of answered questionnaires



that were valid to analyse. Table 4. 1 Response and Completed Questionnaires Rate Respondent Questionnaires Distributed Questionnaires Collected Questionnaires Completed Response Rate Completed Rate Employees 505049100%98% Customers 200200181100%90. 5% Table 4. 1 shows the summary of questionnaires distributed and completed rate that the researcher manage to obtain.

## 4. 2 Characteristics of Respondents

The results which are show in Table 4. 2 are based on 230 respondents which are the employees and customers of PBSSB. To analysis the result, researcher divides the independent variables table into 2 sections which related to employees and customer of PBSSB. Table 4. 2: Frequency and Characteristics of the Respondents Profile Independent variables Item No. of Respondents Percentage (%)

GENDER		AGE				EDUCATION				POSITION EMPLOYMENT			TOTAL WORK EXPERIENCE WITH SAKA			SALARY		
Item	No. of Respondents	Percentage (%)	<20 years	21-29 years	30-39 years	40-49 years	50 years and above	Secondary level	Diploma	Degree or higher	IM	Probation	Fulltime	0-6 Month	7-12 Month	More Than 12 Month	4. 3	Pilot Test
Male	133	57.8	5	11	13	7	1	1	1	1	1	1	1	1	1	1	1	1
Female	97	42.2	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1

The pilot test results in Table 4. 3 are conducted after analyzing 20 respondent answers (10 employees and 10 customers), the researcher obtained a majority of three (3. 00) and above for mean. This means that the entire questions are valid to

conduct. Table 4. 3: Minimum (Min) and Maximum (Max), Mean and Standard Deviation (SD) Values

No	Statements	Min.	Max.	Mean	SD
1	I am interested in buying Sakan product because of the price offer.	153	522	354	001
2	The qualities of the product are suitable with the price.	354	459	354	000
3	Sakan price their product lower than others company.	354	459	354	000
4	The price offered meets my expectation of the tagline.	243	571	354	700
5	INGAT MURAH INGAT SAKAN is suitable tagline for Sakan.	354	571	354	300
6	Sakan are easily identified by customers.	354	686	354	050
7	Sakan store are located correctly to their target market.	153	979	354	700
8	Sakan able to portray themselves as Bumiputera business premise.	354	605	354	050
9	I enjoy working in Sakan environment.	454	200	354	410
10	I feel appreciated to be involved in brainstorming ideas for Sakan benefits.	354	459	354	000
11	I enjoy being praised after completed the task given.	354	671	354	150
12	Adequate rewards are given to excellent staff.	354	300	354	571
13	My salary is worth with my work.	354	510	354	050
14	Sakan give adequate allowances to employee for their other task.	354	553	354	100
15	I enjoy working overtime with the salary paid.	354	489	354	150
16	The efficiency of workflow in the company parallel with my salary.	354	447	354	100
17	Overall, Sakan sales performance is good.	354	523	354	200
18	Percentage of Sakan sales growth is increasing from time to time.	454	224	354	050
19	Quantity of Sakan sales volume is increasing from time to time.	454	366	354	150
20	Sakan sales revenues are increasing from time to time.	454	366	354	500

## 4. 4 Reliability Analysis

4. 4. 1 Reliability Analysis for External Marketing Referring to Table 4. 4, after analyzing 181 responses, the researcher gets 0. 822 in Cronbach's Alpha

value for sale variable which were the dependent variable in this research. For independent variables which are price and company image, the result for Cronbach's Alpha value are 0.797 and 0.892 respectively. This shows that all the variables are reliable to test because in falls under the category of above 0.60, which is the minimum number for reliability. Table 4.4:

Reliability Coefficients (n= 181)	Variables	Number of items	Cronbach's Alpha
Price	4	797	0.797
Company Image	4	892	0.892
Sales	4	822	0.822
External Marketing	8	891	0.891

Table 4.5, after analyzing 49 responses, the result shows 0.881 in Cronbach's Alpha value for sales which are the dependent variable in this research. As for the independent variables which are motivation and salary, the researcher gets the value of 0.653 and 0.524 respectively. This shows that only motivation for independent variables are reliable to test because in falls under the category of above 0.60, which is the minimum number for reliability. As for salary, the reliability number is 0.524, which indicates that this item is not strong in evaluating internal marketing variables. Table 4.5:

Reliability Coefficients (n= 49)	Variables	Number of items	Cronbach's Alpha
Motivation	4	653	0.653
Salary	4	524	0.524
Sales	4	881	0.881
Internal Marketing	8	686	0.686

## 4.5 Multiple Regressions

4.5.1 Analysis on Independent Variables towards Dependent Variable Table 4.6 shows the result of multiple regression analysis conducted on all the variables involve in this research. All the independent variables show sign of significance which means that the researcher is able accept the hypotheses

purposes H1, H2 in this study. These findings support the previous study as the researcher mention in the earlier chapter. This proves that internal and external marketing have a positive relationship with customer sales. In simpler terms, both variables contribute to the rise of sales. B-value shows positive relationship for both independent variables as their values are more than 0. Further with Beta-value, it wills shows which independent variables have the strongest influence in dependent variable. Table 4. 6: Results of Multiple Regressions

Dependent variable(Sales)	B	β	T	Sig	R	R <sup>2</sup>	F	Sig	Independent variable
Internal Marketing	0. 630	0. 564	670. 000	0. 560	0. 322	1. 770	0. 00		
External Marketing	0. 870	0. 811	813. 000	0. 810	0. 653	28. 580	0. 00		

Based on Table 4. 6, external marketing seems to be stronger when influencing sales compared to internal marketing. The most influence factor is external marketing that have 18. 13 in t-value. R-value shows percentage of independent variable influencing dependent variable. Internal marketing would influence sales by 56%, whereas external marketing would influence sales by 81%. R<sup>2</sup>-value indicates that any changes in independent variables percentages will influence dependent variable respectively. As for internal marketing, if 32% of the aspect on internal marketing were to be change, it will increase the sales by 1%. Similarly for external marketing, 65% changes will increase sales by 1%.

#### 4. 5. 2 Relationship between Independent Variables and Dependent Variable

The result based on Table 4. 7 shows that there is positive relationship of each independent variables with sales performance, where internal marketing obtain (R= 0. 60, R<sup>2</sup>= 0. 36, F= 12. 76) and external marketing obtain (R= 0. 81, R<sup>2</sup>= 0. 65, F= 164. 65). Both independent variables also hold 0. 00 as for the significant values. Thus, H1

and H2 are accepted. R2 indicates that any change in internal marketing as well as external marketing will change sales by 38% and 65% respectively.

Table 4. 7 Analysis on Multiple Regressions towards Independents

Variables	Dependent Variable (Sales)	R	R <sup>2</sup>	F	Sig	B	t	Sig
Internal Marketing	0.600	0.381	0.127	6.00	0.00	0.47	4.14	0.00
Motivation	0.480	0.534	0.285	14.00	0.00	0.47	4.14	0.00
Salary	0.130	0.141	0.010	1.00	0.30	0.13	1.10	0.30

Variables	Dependent Variable (Sales)	R	R <sup>2</sup>	F	Sig	B	t	Sig
External Marketing	0.810	0.651	0.424	164.650	0.00	0.38	5.86	0.00
Company Image	0.480	0.549	0.300	37.00	0.00	0.38	5.86	0.00
Price	0.380	0.345	0.119	86.00	0.00	0.38	5.86	0.00

Table 4. 7 also shows the result of multiple regression analysis conducted on all the items in each independent variable involve in this research. To rank the items in each variables, it can be concluded that the first rank in external marketing independent variable which is company image have a significant positive relationship with the dependent variable ( $B= 0.48$ ,  $\beta= 0.54$ ,  $t= 9.37$  and  $Sig= 0.00$ ). Price rank second in external marketing independent variable also shows that it has a significant positive relationship with the dependent variable ( $B= 0.38$ ,  $\beta= 0.34$ ,  $t= 5.86$  and  $Sig= 0.00$ ). These findings support the previous study as the researcher mention in the earlier chapter (McKnight, 1998) and (Nagle and Holden, 1995). This can be concluded that H1(a) and H1(b) can be accepted. The first rank in internal marketing independent variable is motivation. It reveal a significant positive relationship with sales performance ( $B= 0.47$ ,  $\beta= 0.53$ ,  $t= 4.14$  and  $Sig= 0.00$ ). The second rank item in independent variable is salary which has no relationship with sales and has no significant value ( $B= 0.13$ ,  $\beta= 0.14$ ,  $t= 1.10$  and  $Sig= 0.30$ ). The overall result of this study is summaries in Table 4. 8. This can be concluded that H1(a) is accepted but H1(b) is rejected. The rejection of H1(b) is contradict with the previous study by Lilien et al. (1998). Table 4. 8:

Summary of Relationship Results  
H1 There is a relationship between internal marketing and sales performance. Accepted  
H1(a) There is a relationship between motivation and sales performance. Accepted  
H1(b) There is a relationship between salary and sales performance. Rejected  
H2 There is a relationship between external marketing and sales performance. Accepted  
H2(a) There is a relationship between price and sales performance. Accepted  
H2(b) There is a relationship between company image and sales performance. Accepted

## **CHAPTER 5**

### **CONCLUSION AND RECOMMENDATION**

The study demonstrates how internal marketing and external marketing affect sales. In this chapter, the researcher concluded the study by looking at the findings that the researcher obtains from the analysis. Several recommendations also being purpose for safeguard future planning of PBSSB as well as future research of researcher. Limitations of the study were also concluded as a one of the precautions steps in conducting this research.

#### **5. 1 Conclusions**

Through this research, it is concluded that all of the independent variables have a positive relationship toward the dependent variable which is internal marketing and external marketing. It is clearly shown from the results of the study that external marketing which is customer relationship with company had a stronger influence in affecting the overall sales. As for internal marketing, even though it is significant, it only contributes a little. In this study it was found that company image is the ultimate variables to affect sales, followed by price, motivation and salary.

## 5. 2 Recommendations

What PBSSB can do now is to re-focus their effort on revising their marketing effort, as well as recruiting and re-training their current and future employees in order to increase their future sales. The idea of creation and cultivation of internal and external marketing allows for a change in the PBSSB where new set of goals and institutional objectives may be created. This concept allows for the improvement of communication, departmental interaction (motivation factor) and if accomplish provide profitability for the PBSSB and fulfil the needs of employees. Crosby and Johnson (2003) describe the important of leadership and the need for these individuals to "walk the talk" and understand the reality of the workplace through hands on assistance, and understand the effects on profitability for a successful internal marketing campaign. Encourage the managers to enhance their communication skills with the lower level employees and provide vital support for the eventual investment decision. It has been found out that psychological reward often influences employee/personnel behaviour rather than monetary reward. PBSSB can determine the success of the internal strategy by practicing this concept and theoretically, it can lead to increase in sales. It has been found out that company image has slightly higher beta-value compared to price variable, it is advisable for PBSSB to use the company image of Bumiputera premises and the friendliness of employee to be the uniqueness of the company compared to the pricing aspect. If advertising are to be conducted, it is advisable for PBSSB to use the company image of Bumiputera, therefore it can be concluded that it is essential for the employee/contact person to be selected based on the

warmth, friendliness, professional demeanour and helpfulness aspect. New tagline should be introduced to capture both price aspect as well as company image of PBSSB.

## **Recommendation for Future Study**

It is obvious not possible to generalise from such a small sample, it is recommended that future research should be conducted in an attempt to validate these findings and identify other independent variables that would also affect the sales performance of PBSSB. This study has provided some useful signposts and the bases for further research. However, additional studies may be carried out with a number of organizations to confirm or refute these qualitative findings and the quantitative study may be utilized to confirm generalizability. A better understanding and further research of the dimensionality of the connection between marketing and sales, how marketing and sales linkages work, antecedents and consequences of strong linkages, and other approaches would produce better results.

## **Limitation Of Study**

In the process of conducting this research, there are several limitations that affected the outcome of this research. A major limitation of this work is that it is only based on five PBSSB branch around south Perak and Selangor, which are located at TanjongMalim, Bukit Beruntung, Rawang, Selayang and Damansara Damai. Despite the researcher best efforts, the result only provide limited information about the sales and marketing interface and may lack generalizability. Any generalisation of results is limited by the characteristics of this study, in particular by the sample used and the



particular business model (retailing) of the PBSSB. The unwillingness of respondents to answer the question completely limiting the researcher to obtain optimum data thus making the result less reliable. Availability of secondary data also becomes a limitation because not all the company information is willing to be shared with the researcher. This will limit the researcher knowledge towards the scope of study.

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APPENDICES