

Marketing and car rental companies

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



THE INFLUENCE OF INTERNAL MARKETING ELEMENTS ON BRAND IMAGE OF
SELECTED CAR RENTAL COMPANIES IN SOUTH AFRICA STUDENT NAME

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TABLE OF CONTENTS	
1. INTRODUCTION AND BACKGROUND TO THE RESEARCH	
1. 1 Overview of services and services marketing	1
1. Internal marketing	1
1. 3 Brand identity and brand image	1
1. 4 Car rental in South Africa	1
2. STATEMENT OF THE PROBLEM	3
3. RESEARCH OBJECTIVES	3
3. 1 Primary objective	3
3. 2 Secondary objectives	4
4. RESEARCH QUESTIONS	5
5. HYPOTHESES	6
6. SIGNIFICANCE OF THE RESEARCH	7
7. LITERATURE REVIEW	7
1 Theoretical paradigm	7
2 Research Constructs	7
3 Relationship between variables	8
8. RESEARCH METHODOLOGY	8
8. 1 Research design	8
8. 2 Research format	8
8. 3 Population and sample	8
8. 4 Data collection instruments, sources and procedures	8
8. 5 Data analysis	9
9. DELIMITATION OF THE STUDY	10
10. CONTRIBUTION OF THE STUDY	11

CLARIFICATION OF TERMS AND DEFINITIONS	12
12. DIVISION OF THE STUDY	13
13. TIME FRAME AND BUDGETARY CONSIDERATIONS	14
14. LIST OF REFERENCES	3
3	4
6	8
9	10
10	10
11	12
12	13
13	19
19	19
20	22
22	23
23	23
24	24
24	25
25	26
26	27
27	27
28	28
28	29
29	30
30	31
31	2
2 Research proposal	1
1. INTRODUCTION AND BACKGROUND	
Organisations across all industries recognise that services are becoming an important factor in all their business dealings to obtain a competitive advantage (Strydom, 2005: 114). According to Palmer (2005: 2), every industry is a	

service industry and the only aspect that separates industries is the size of their service component.

Innovative organisations offering unique services to customers are now succeeding in markets where established organisations have failed (Lovelock and Wirtz, 2004: 4). Services marketing management is about servicing and caring about people (Kasper, van Helsdingen and Gabbott, 2006: 9). People encompass individuals, households, employees and organisations. In general, services deal with intangibles, in other words, things that cannot be hold, touched nor be seen before they are utilised (Gronroos, 2000: 7). Services refer to deeds, processes and experiences (Kasper et al, 2006: 9; Zeithaml, Bitner and Gremler, 2006: 4). . 1 Overview of services and services marketing Many skills, activities, knowledge, performances, efforts, deeds, systems and processes are required when implementing processes which focus on people. Developing and implementing assets and capabilities, including motivating employees to serve the client well through the delivery of excellent service quality is a challenge to any services organisation. The interaction between customers and service employees is vital for the actual success of service delivery (Kasper, van Helsdingen and de Vries, 1999: 513).

Organisations have realised that marketing and managing services presented issues and challenges not faced in manufacturing and packaged goods companies. Employees previously employed by manufacturing companies found that their skills and experiences were not directly transferable. Services organisations realised there are a need for new concepts and approaches for marketing and managing services

organisations (Zeithaml et al, 2006: 10). Customer expectations and experiences play a vital role in the success of a services organisation.

Since customers mainly rely on the contact they have had with employees of the services organisation, personal contact between employees and customers will to a large extent determine the success of the services organisation (Lovelock, 1996: 50). The 3 Research proposal success of the Disney brand results from the organisation placing emphasis on the importance of their employees. They have realised that satisfied employees deliver better service quality, resulting in satisfied customers (Papasolomou and Vrontis, 2006: 39).

To ensure consistency service brands have developed internal marketing programmes in order to recruit, train and manage employees to deliver on the brand's promises (McDonald, De Chernatony and Harris, 2001: 337). 1. 2 Internal marketing Internal marketing views the employee as an internal customer, jobs as internal products and holds the view that all employees in an organisation serve both a customer and a supplier even in the event where one or both of these are internal colleagues (Zeithaml and Bitner, 2003: 319).

The goal of internal marketing is to establish, implement and manage a customer-focused service culture, strategy and relationships, which should result in higher levels of service quality (Varey and Lewis, 2000: 200). In order to achieve the goal of internal marketing service organisations need to recognise that marketing strategies should not only be aimed at external customers, but should also be implemented internally and achieve better internal communication.

Therefore the internal marketing mix have to be of central importance in services organisations as each element represents cues that customers rely on in judging quality and overall image (Mudie and Pirrie, 2006: 6). Marketing activities are traditionally structured around the four Ps related to products, that is product, price, promotion and place (distribution). In the services marketing mix an additional three Ps were added referring to people, process and physical evidence. However, marketing theorists are forever debating the relevant number of Ps and subsequently a variety of marketing mixes are being used in the various industries.

Although most literature focuses on the seven Ps of services, additional four Ps including positioning, personal relationships, packaging and performance were recently introduced to the market, resulting in a number of eleven elements of the marketing mix (Balmer, 1998: 31; Simister, 2009: 3). These eleven elements should be 4 Research proposal included in the internal marketing programmes service organisations are offering to employees to ensure improved interaction with customers as suggested by the literature. Irrespectively of the nature of the service, employees working in the front-line interact directly with customers.

In many service organisations, they are the only contact customers have with the organisation. They need to understand the customer's needs and match the company's service offering with the specific customer need. Moreover, they collect intelligence on competition, they help the company clarify what the needs of customers exactly are and assess the company's ability to satisfy them. These employees promote the company's overall image and the brand image of the company's services (Gounaris, 2008:

402). However, the front-line employees are not the only employees who should be exposed to internal marketing.

In a services organisation it is imperative that all employees should be trained, developed and informed of the vision and goals of the organisation enabling them to deliver excellent services. Internal marketing requires the involvement of a number of departments working in unison to improve performance (Ahmed and Rafiq, 2002: 57). A study conducted by Harris and Ogbonna (2000) unfortunately displayed that service employees were reluctant and resisted the concept of market orientation. Employees also lacked service consciousness.

Harris and De Chernatony (2001: 441) argue that ignorance and lack of training may explain the resistance, while employees may also feel that they may lose political power and status in the organisation by becoming more customer focused (Harris, 2002: 62). Furthermore, front-line and contact centre employees are often under paid which results in a lack of enthusiasm and customer orientation. This eventually becomes an important barrier of the effort to meet customers' expectations, thus jeopardising the entire image of a service brand (Gounaris, 2008: 402).

Therefore, internal marketing programmes should not only include the internal marketing mix, but should also include the organisational fit, identification with the company, employee participation in decision making, commitment, accuracy and openness of communication (Naude, Desai and Murphy, 2003: 1215). Liu, Petruzzi and Sudharshan (2007: 25) argue that training with an emphasis on the specific tasks that employees have to accomplish, employee empowerment, sharing information pertaining to

customer needs and rewarding employees based on the quality of customer service they deliver. Employees that complete tasks effectively become motivated to provide a high quality service which results in higher levels of customer satisfaction. As a result, customers are satisfied, since expectations are met or exceeded and the brand image of the company will be positive (Donaldson and O? Toole, 2002: 155; Varey and Lewis, 2000: 200, 201). Internal marketing, also known as internal branding or employee branding is viewed as equally important to external brand building or the brand management of customers (O?

Callaghan, 2009: 4; Witt and Rode, 2005: 278). Another factor playing a role in business success is the establishment of a favourable brand image (Park, Cho and Kandampully, 2009: 134). Brands are often seen as a major relationship builder between a service organisation and its customers. Kasper et al (2006: 163) argue that brands are not only the product or service an organisation sells or delivers, but represent everything an organisation does and specifically what an organisation represents to its employees and its markets. 1. 3 Brand identity and brand image

Brands are increasingly seen as valuable market assets and an essential source of differentiation in industries which are becoming saturated with similar service offerings. Additionally, brands have certain functions such as improving loyalty, identifying the provider of the service, reducing search costs, reducing perceived risk and signalling quality (Kasper et al, 2006: 163; Aurand, Gorchels and Bishop, 2005: 164). Service organisations have begun to realise that the importance of nurturing relationships between employees and customers adds to the development of employees? nd customers?

respect for certain functional and emotional values of the brand (Papasolomou and Vrontis, 2006: 38). Subsequently, an integrated branding strategy is required to align the organisation's strategy, processes and resources to ensure consistency in the quality of the service delivery and a positive perception of the brand (LePla, Davis and Parker, 2003: 3-5). 6

Research proposal One of the critical steps in building a strong brand is to create a brand identity. The brand identity is aspirational, since it refers to how the brand would like to be perceived.

Creating a brand identity is more than determining what customers say they need, it should also reflect the soul and vision of the brand and what it hopes to achieve. Aaker (1996: 68) stated that the brand identity which provides the direction and strategic vision of the brand consists of twelve dimensions organised around four perspectives: Brand-as-product (product scope, product attributes, quality/value, uses, users, country of origin) Brand-as-organisation (organisational attributes, local versus global) Brand-as-person (brand personality, brand-customer relationships) Brand-as-symbol (visual imagery/metaphors and brand heritage)

The brand identity should be strategic, reflecting a business strategy that will lead to a sustainable advantage, while the brand image tends to be more tactical (Aaker, 1996: 70). The brand image of a service organisation is even more important than a product company due to the intangibility that characterises services. Brand image consists of two categories, namely brand associations and brand awareness. One generally accepted view of brand image is that perceptions about a brand are reflected by a cluster of associations that customers connect to the brand name in memory.

Brand associations are the informational nodes linked to the brand node in memory and contain meaning of the brand for customers (Aaker, 1991: 110; Keller, 1998: 45). Keller (1998: 45) classifies brand associations into three major categories, i. e. attributes, benefits and attitudes. Attributes refer to the descriptive features that characterise the brand. Product related attributes are essentially defined as the components of the core product function sought by customers. In terms of services, the service related attributes refer to the process of the core service (O?

Cass and Grace, 2003: 453). Benefits are the personal value customers attach to the brand attributes and brand attitudes are customers' overall evaluation of the brand (Del Rio Vazquez and Iglesias, 2001: 411). Low and Lamb, (2000: 352) conceptualise brand image, that is functional and symbolic perceptions; brand attitude as the overall evaluation of the brand; and 7 Research proposal perceived quality as the judgements of overall superiority as possible dimensions of brand associations.

The literature regards brand attributes, perceived quality and brand attitude as separate dimensions of brand associations under less familiar brands and as one dimension under well known brands. Well known brands also tend to exhibit multi-dimensional brand associations, which is consistent with the idea that customers have more developed memory structures for more familiar brands (Low and Lamb, 2000: 353). Brand associations are important to decision makers in services organisations to improve brand identity amongst employees, which should result in positive brand associations amongst customers.

Brand awareness refers to the strength of a brand's presence in the customer's mind. Awareness is measured according to the different ways in which customers remember a brand, ranging from recognition (exposure to the brand) to recall (what can be recalled about the brand) to first in the mind (the brand appearing first in the mind) and finally to dominant (the only brand recalled) (Aaker, 1996: 10). Brand awareness is created by increasing the familiarity of the brand through repeated exposure and strong associations with the relevant cues enabling the customer to recall the brand effectively (Keller, 2003: 70).

4 Car rental in South Africa The homogeneity and heightened competition in the car rental industry are forcing car rental companies to consider the connection between internal marketing and brand image to achieve competitive differentiation. Due to increased globalisation most car rental companies in South Africa have to compete on a local and international level. Currently in South Africa there are a number of car rental companies, of which seven are most recognised due to their location at airports in South Africa. These companies include Avis, Budget, Europcar, Hertz, National, Tempest Sixt and Thrifty.

Car rental companies are in a complex industry with a number of role players involved such as government, car manufacturers and a variety of target markets. Besides providing a service to the various target markets, the products they offer are beyond their control, as the end product the customer receives are from different manufacturers. These end products 8 Research proposal include a large range of different car models from various manufacturers, for example, Toyota, Mercedes, BMW, Mazda, Volkswagen, and Opel to name but a few.

Since the car rental companies in South Africa focus on the same customers and provide the same car models, both factors not fully controlled by them, it is imperative that they have to provide excellent services to customers to grow their businesses and to retain existing customers. The employees of car rental companies are their most important asset and therefore special attention is required to ensure loyalty and commitment from employees to deliver service excellence. Irrespective of the fact that the service organisation may have developed a well conceived positioning for its brand, the brand's successful positioning depends on the role the employees play in producing and delivering the service (Papazolomou and Vrontis, 2006: 39). Providing a service is a people business. It is therefore important for car rental companies to determine if internal marketing has an influence on employees' associations with the brand image of the organisation. Car rental companies should realise that there is a need to instil a customer-focused service culture, which is a prerequisite for delivering consistently high quality services and for building successful service brands.

Therefore they need to embark on a process of strengthening their brands as a source of sustainable competitive advantage by implementing an internal marketing programme to compete with first world countries (Papazolomou and Vrontis, 2006: 39). Although most South African car rental companies' brands are well known, formal research is required as it is not evident that internal marketing implementation does have an influence on the brand image of car rental companies in South Africa. 2.

STATEMENT OF THE PROBLEM The internal marketing mix elements that will be used in this study include product, price, promotion, place, people,

processes, physical evidence, positioning, personal relationships, packaging and performance. In order to enhance the brand image of a service organisation the 9 Research proposal organisation has to adapt its marketing activities to mix and match the internal marketing mix elements that will reinforce the brand image (Kotler and Keller, 2009: 288).

Despite a strong interest in the subject amongst marketing researchers, little research has been conducted related to brand images in service brands (Del Rio et al, 2001: 410; O? Cass and Grace, 2003: 453). Although car rental companies have internal programmes, such as loyalty and other incentive programmes to motivate employees, the success of these programmes have not been researched nor linked to the internal marketing elements applicable to this study (Avis, 2009).

Furthermore, the researcher could not find any direct studies related to the influence of internal marketing elements on brand image in the car rental industry in South Africa. This is relevant because if all elements do not contribute positively to the overall brand image of car rental companies in South Africa, it could receive reduced attention, which could damage the image of the brand of the car rental company. Additionally if certain activities prove ineffectively they could be altered and improved, thereby creating more competitiveness for car rental companies.

The problem in this study is that the importance of brand image in a services industry, specifically the car rental industry, should be emphasised, therefore this study aims to determine the influence of product, price, promotion, place, people, processes, physical evidence, positioning, personal relationships, packaging and performance on brand associations and brand

awareness as dimensions of brand image of car rental companies in South Africa, as perceived by employees and customers. 3. RESEARCH OBJECTIVES

The following objectives will clearly define the objectives the study aims to determine:

3. 1 Primary objective The primary research objective of this study is to determine the perceived influence of the different elements of internal marketing on the brand image of selected car rental companies in South Africa.

3. 2 Secondary objectives The secondary objectives of the study aim to determine whether the various elements of the internal marketing mix have an internal influence on each of the brand image categories.

The elements of the internal marketing mix that will be separately observed according to the classification of the Ps are firstly the traditional 4 Ps, product, price, promotion, place; secondly the additional 3 Ps for services marketing mix, people, processes, physical evidence and lastly the recently added 4 Ps, positioning, personal relationships, packaging and performance.

Each element of the internal marketing mix will be observed to determine its influence on brand image, namely brand associations, specifically brand attributes, perceived quality and brand attitude, as well as brand awareness, such as recognition of the brand and brand recall of selected car rental companies. The influence of the internal marketing elements on the brand associations and brand awareness will enable car rental companies to focus future internal marketing programmes on the relevant internal marketing mix elements to ensure an improved brand image.

Furthermore the influence of the internal marketing elements is relevant to determine the overall influence on brand image as set out in the following hypotheses formulated in this study (see next section). The secondary research objectives are: To determine the influence of the internal product on the brand image of car rental companies amongst selected car rental companies and their clients. To determine the influence of the internal price on the brand image of car rental companies amongst selected car rental companies and their clients.

To determine the influence of internal promotion on the brand image of car rental companies amongst selected car rental companies and their clients.

To determine the influence of the internal place on the brand image of car rental companies amongst selected car rental companies and their clients.

11 Research proposal To determine the influence of internal people on the brand image of car rental companies amongst selected car rental companies and their clients. To determine the influence of internal processes on the brand image of car rental companies amongst selected car rental companies and their clients.

To determine the influence of internal physical evidence on the brand image of car rental companies amongst selected car rental companies and their clients. To determine the influence of internal positioning on the brand image of car rental companies amongst selected car rental companies and their clients. To determine the influence of internal personal relationships on the brand image of car rental companies amongst selected car rental companies and their clients. To determine the influence of internal packaging on the

brand image of car rental companies amongst selected car rental companies and their clients.

To determine the influence of internal performance on the brand image of car rental companies amongst selected car rental companies and their clients. 4. RESEARCH QUESTIONS As suggested by the title, the purpose of the study is to investigate the influence of the eleven internal marketing mix elements on brand image of car rental companies in South Africa. The research question can be phrased as: Do the eleven internal marketing mix elements have an influence on the brand image of South African car rental companies? Sub-components of the primary research question include:

What is the influence of the internal product, price, promotion, place, people, processes, physical evidence, positioning, personal relationships, packaging and performance on brand associations of car rental companies? 12 Research proposal What is the influence of the internal product, price, promotion, place, people, processes, physical evidence, positioning, personal relationships, packaging and performance on brand awareness of car rental companies? 5. HYPOTHESES In figure 1 the hypotheses derived from the research objectives are indicated.

Figure 1 displays the organisation which imposes its values through internal marketing on employees with the external customer in mind to achieve its objectives (Mudie and Pirrie, 2006: 14). The internal marketing mix elements are independent variables, since they are not dependent on one another to exist in the organisation. The brand image categories, that is brand associations and brand awareness are the dependent variables of the study

as the research aims to prove the influence of the independent variables on the brand image.

In order to establish the connection between the internal marketing mix and the brand image of the organisation an intervening variable is required. The intervening variable is brand identity, as it provides direction, purpose and meaning for the brand (Aaker, 1996: 68). Through establishing that brand identity is dependent on the elements of the internal marketing mix and that brand image is dependent on brand identity, will allow the connection between the internal marketing mix and brand image to be established. The brand association dimensions that will be tested are brand attributes, perceived quality and brand attitude.

The brand awareness dimensions are brand recognition and brand recall. In developing research hypotheses researchers normally frame relationships in either the null or alternative format. In this study alternative hypotheses are formulated, indicating that there is a relationship between two variables that is significant. These hypotheses are depicted in figure 1 on the following page.

13 Brand identity Brand identity Employees Product v1 Traditional Ps Price v2 Place v3 Promotion v4 H2d, H2e H1a, H1b, H1c H3a, H3b, H3c H4a, H4b, H4c H1d, H1e Customers

Attributes v12 a b c H2a, H2b, H2c Perceived quality v13 Brand Attitude v14 Brand associations Recognition v15 H3d, H3e H4d, H4e d Brand image Brand awareness Recall v16 e People v5 Internal marketing Services Ps Processes v6 Physical evidence v7 H5a, H5b, H5c H6a, H6b, H6c H7a, H7b, H7c Attributes v17 a b Perceived quality v18 Brand Attitude v19 H5d, H5e c Brand associations H6d, H6e Recognition v20 H7d, H7e d Brand image Recall

v21 e Brand awareness Positioning v8 Recent Ps H8a, H8b, H8c H9a, H9b, H9c H10a, H10b, H10c H11a, H11b, H11c H8d, H8e H9d, H9e H10d, H10e

H11d, H11e Attributes v22 a b Personal relationships v9 Packaging v10 Performance v11 Perceived quality v23 Brand Attitude v24 c Brand associations Brand image Recognition v25 Recall v26 e d Brand awareness Research proposal Based on the primary and secondary objectives and as indicated in figure 1, it is hypothesised that: H1a: Internal product does have an influence on brand attributes of car rental companies by increasing brand identity. H1b: Internal product does have an influence on perceived quality of car rental companies by increasing brand identity.

H1c: Internal product does have an influence on brand attitude of car rental companies by increasing brand identity. H1d: Internal product does have an influence on recognition of the brand of car rental companies by increasing brand identity. H1e: Internal product does have an influence on brand recall of car rental companies by increasing brand identity. H2a: Internal price does have an influence on brand attributes of car rental companies by increasing brand identity. H2b: Internal price does have an influence on perceived quality of car rental companies by increasing brand identity.

H2c: Internal price does have an influence on brand attitude of car rental companies by increasing brand identity. H2d: Internal price does have an influence on recognition of the brand of car rental companies by increasing brand identity. H2e: Internal price does have an influence on brand recall of car rental companies by increasing brand identity. H3a: Internal place does have an influence on brand attributes of car rental companies by increasing

brand identity. H3b: Internal place does have an influence on perceived quality of car rental companies by increasing brand identity.

H3c: Internal place does have an influence on brand attitude of car rental companies by increasing brand identity. 15 Research proposal H3d: Internal place does have an influence on recognition of the brand of car rental companies by increasing brand identity. H3e: Internal place does have an influence on brand recall of car rental companies by increasing brand identity. H4a: Internal promotion does have an influence on brand attributes of car rental companies by increasing brand identity. H4b: Internal promotion does have an influence on perceived quality of car rental companies by increasing brand identity.

H4c: Internal promotion does have an influence on brand attitude of car rental companies by increasing brand identity. H4d: Internal promotion does have an influence on recognition of the brand of car rental companies by increasing brand identity. H4e: Internal promotion does have an influence on brand recall of car rental companies by increasing brand identity. H5a: Internal people do have an influence on brand attributes of car rental companies by increasing brand identity. H5b: Internal people do have an influence on perceived quality of car rental companies by increasing brand identity.

H5c: Internal people do have an influence on brand attitude of car rental companies by increasing brand identity. H5d: Internal people do have an influence on recognition of the brand of car rental companies by increasing brand identity. H5e: Internal people do have an influence on brand recall of car rental companies by increasing brand identity. H6a: Internal processes

do have an influence on brand attributes of car rental companies by increasing brand identity. H6b: Internal processes do have an influence on perceived quality of car rental companies by increasing brand identity. 16

Research proposal H6c:

Internal processes do have an influence on brand attitude of car rental companies by increasing brand identity. H6d: Internal processes do have an influence on recognition of the brand of car rental companies by increasing brand identity. H6e: Internal processes do have an influence on brand recall of car rental companies by increasing brand identity. H7a: Internal physical evidence does have an influence on brand attributes of car rental companies by increasing brand identity. H7b: Internal physical evidence does have an influence on perceived quality of car rental companies by increasing brand identity.

H7c: Internal physical evidence does have an influence on brand attitude of car rental companies by increasing brand identity. H7d: Internal physical evidence does have an influence on recognition of the brand of car rental companies by increasing brand identity. H7e: Internal physical evidence does have an influence on brand recall of car rental companies by increasing brand identity. H8a: Internal positioning does have an influence on brand attributes of car rental companies by increasing brand identity.

H8b: Internal positioning does have an influence on perceived quality of car rental companies by increasing brand identity. H8c: Internal positioning does have an influence on brand attitude of car rental companies by increasing brand identity. H8d: Internal positioning does have an influence on recognition of the brand of car rental companies by increasing brand

identity. H8e: Internal positioning does have an influence on brand recall of car rental companies by increasing brand identity. H9a: Internal personal relationships do have an influence on brand attributes of car rental companies by increasing brand identity.

H9b: Internal personal relationships do have an influence on perceived quality of car rental companies by increasing brand identity. 17 Research proposal H9c: Internal personal relationships do have an influence on brand attitude of car rental companies by increasing brand identity. H9d: Internal personal relationships do have an influence on recognition of the brand of car rental companies by increasing brand identity. H9e: Internal personal relationships do have an influence on brand recall of car rental companies by increasing brand identity.

H10a: Internal packaging does have an influence on brand attributes of car rental companies by increasing brand identity. H10b: Internal packaging does have an influence on perceived quality of car rental companies by increasing brand identity. H10c: Internal packaging does have an influence on brand attitude of car rental companies by increasing brand identity. H10d: Internal packaging does have an influence on recognition of the brand of car rental companies by increasing brand identity. H10e: Internal packaging does have an influence on brand recall of car rental companies by increasing brand identity.

H11a: Internal performance does have an influence on brand attributes of car rental companies by increasing brand identity. H11b: Internal performance does have an influence on perceived quality of car rental companies by increasing brand identity. H11c: Internal performance does

have an influence on brand attitude of car rental companies by increasing brand identity. H11d: Internal performance does have an influence on recognition of the brand of car rental companies by increasing brand identity. H11e: Internal performance does have an influence on brand recall of car rental companies by increasing brand identity. 8 Research proposal 6.

SIGNIFICANCE OF THE RESEARCH Employees who are treated well and who believe in the company they are representing tend to deliver service excellence. Internal marketing provides the means to retrain employees and to motivate them to exceed customer expectations, resulting in a positive association with the brand, which customers are likely to share with others (Donaldson and O? Toole, 2002: 155). In today? s crowded marketplace building a powerful brand is central in giving companies a competitive edge.

The association clients make with a brand in the services industries will focus strongly on the service quality they receive from the company (Papasolomou and Vrontis, 2007: 8). In South Africa no formal research study could be found on how the eleven internal marketing elements, that is product, price, promotion, distribution, processes, physical evidence, people, positioning, personal relationships, packaging and performance influence the brand image, being brand attributes, perceived quality and brand attitude of car rental companies.

Formal research is required to determine the influence of internal marketing on brand image, as the internal marketing efforts will have an effect on service delivery by employees, which subsequently should improve the image clients have of the brand. Although some car rental companies claim they care about employees and provide special motivational programmes for

employees, no formal research has been conducted to determine if these programmes as part of internal marketing have a positive influence on the service delivered by employees (Avis, 2009). . LITERATURE REVIEW The literature study is based on the most recent literature available in the fields of study. It includes inter alia books, journals, academic dissertations and literature available in an electronic format obtained from reputable academic and various research institutions via the Internet. The ensuing sections contain information obtained to gain an in-depth understanding of the research issues as defined within the problem statement. 19 Research proposal 7. 1 Theoretical paradigm

Few topics of the commercial theory have inspired as well as divided the marketing academia as the four Ps Marketing Mix framework (Constantinides, 2006: 407). Since Jerome McCarthy (1964) reduced Neil Borden's (1964) twelve identified controllable marketing elements to four, product, price, place and promotion, practitioners and academics promptly embraced the mix paradigm that soon became the prevalent and indispensable element of marketing theory and operational marketing management (Gronroos, 1994: 13).

The wide acceptance of the mix among marketers is due to their profound exposure to this concept, since most introductory marketing manuals identify the four Ps as the controllable parameters likely to influence the consumer buying process and decisions (Kotler, 2003). However, despite the background and status of the marketing mix as a major theoretical and practical parameter of contemporary marketing, several academics have at times expressed doubts and objections as to the value and the future of the

mix, proposing alternatives that range from minor modifications to total rejection.

It is often evident in both the academic literature and marketing textbooks that the mix is deemed by many researchers and writers as inadequate to address specific marketing situations like the marketing of services, the management of relationships or the marketing of industrial products (Constantinides, 2006: 409). Early references identifying differences between tangibles and intangibles underlying the distinctive character of services marketing are found in the works of Branton (1969), Wilson (1972).

The special character of services were emphasised by Blois (1974), Bessom and Jackson (1975) and Shostack (1977). Several alternative methodologies and marketing conceptual frameworks for services marketing have been proposed ever since. A key factor distinguishing the services marketing from marketing physical products is the human element. Booms and Bitner (1981) included people, physical evidence as an important environmental factor influencing the quality packaging and process of service delivery as additional marketing mix elements in services marketing. 20 Research proposal

Subsequently various researchers have added a variety of proposed elements and some changed existing elements. Currently there are additions of up to eleven elements in the marketing mix. Based on the recent contributions of researchers such as Fryar (1991) who introduced positioning, English (2000) who added personal relationship, Grove, Fisk and John (2000) who claim that performance should be included and Beckwith (2001) who indicated that packaging is lacking, these four elements are

included in the internal marketing mix elements as theoretical foundation for this study.

The creation of a brand implies communicating a certain brand image in such a way that all the target groups of an organisation link its brand with a set of associations (Del Rio et al, 2001: 410; Low and Lamb, 2000: 350). Brand associations are important to organisations and customers. An organisation uses brand associations to differentiate, position and extend brands, to create positive attitudes towards a brand and to suggest attributes or benefits of purchasing or using a specific brand. Customers use brand associations to help process, organise and retrieve information in memory, and to assist them in making purchasing decisions (Aaker, 1991: 110). Brand associations play a central role in brand strategy development. In particular, Aaker (1992: 25) suggests that brand associations should be organised into groups that have meaning. This meaning should define the brand's positioning – its point of reference with respect to the competition. Thus, a well positioned brand will represent an attractive set of strong associations (De Chernatony and McDonald, 2003: 254; Hankinson, 2005: 25). The second category of brand image is brand awareness.

Brand awareness consists of brand recognition and brand recall performance. Brand recognition relates to customers' ability to confirm prior exposure to the brand when given the brand as a cue. In other words, customers are able to distinguish the brand as having been previously seen or heard. Brand recall relates to customers' ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category or a purchase or usage situation as a cue. In other words,

customers are able to correctly generate the brand from memory when receiving a relevant cue (Keller, 2003a: 67).

Brand awareness is critical for services organisations, as customers have to actively seek the brand and be able to recall it from memory when appropriate. 21 Research proposal Together with the eleven internal marketing mix elements, brand image, broken down into brand associations and brand awareness form the theoretical paradigm on which this study is based. 7. 2 Research constructs Research constructs are described as unobservable abstract concepts that are measured indirectly by a group of related variables.

Variables are described as observable measurable elements of an object and are measured directly (Hair, Bush and Ortinau, 2009: 233). In practice, the term variable is used as a synonym for constructs or the property being studied and in this context, a variable is a symbol to which numerals or values are assigned (Cooper and Schindler, 2001: 44). Therefore, the variables that will be measured in this study are the eleven internal marketing elements, product, price, promotion, place, people, processes, physical evidence, positioning, personal relationships, packaging and performance.

These elements are the independent variables or constructs, since they predict or explain the outcome variable of interest (Hair et al, 2009: 234). Brand image consists of the two classifications, namely brand associations and brand awareness. Brand associations as described by the literature can be measured in terms of brand attributes, perceived quality and brand

attitude, while brand awareness can be measured as recognition of the brand and recall of the brand (Aaker, 1996: 10; Keller, 1998: 45).

The brand attributes, perceived quality, brand attitude, brand recognition and brand recall are the dependent variables or constructs as they are the variables the researcher is seeking to explain (Hair et al, 2009: 234). Brand identity is the intervening variable as it is the factor which theoretically affects the observed phenomenon but cannot be seen, measured, or manipulated; its effect must be inferred from the effects of the independent and dependent variables on the observed phenomenon (Cooper and Schindler, 2001: 47).

22 Research proposal 7. 3 Relationship between variables

As indicated in the formulated hypotheses, this study aims to indicate that there is a relationship between the variables that are being tested. The relationship can either be positive or negative. A positive relationship between two variables indicates that the two variables increase or decrease together, comparing to a negative relationship that suggests that as one variable increases, the other one decreases, or vice versa (Hair et al , 2009: 234). Should there be no relationship between the eleven internal marketing elements and the brand image of selected car rental companies in South Africa, the null hypothesis will be relevant.

If the null hypothesis is accepted, it concludes that the variables are not related in a meaningful way (Hair et al, 2009: 235). If, on the other hand, the null hypothesis is rejected, the alternative hypothesis indicates that the two variables are related in some way that may prove useful for the car rental companies.

8. RESEARCH METHODOLOGY

A well-designed research plan

forms the basis of the entire research process (Cooper and Schindler, 2001: 6). Research can be described as a practical activity that intends to find out things in a systematic way.

It is a process of designing, gathering, analysing and reporting information to uncover opportunities and reduce the risks of decision-making (Coldwell and Herbst, 2004: 10). Previously gathered information which was not gathered for this study, but that was gathered for another purpose is called secondary data (Churchill and Brown, 2007: 146). Secondary data, including books, academic accredited research journals, websites, dissertations, theses, internal company information and other written and verbal communications will be used to develop the theoretical background of the study.

Primary data, which is data initiated by the researcher for the purpose of the proposed study, is extracted in the form of perceptions of the sample population that will be investigated (Churchill and Brown, 2007: 146). 23 Research proposal Cooper and Schindler (2001: 14) state that the term „empirical“ points to the requirement for the researcher to test subjective beliefs against objective reality and have findings open to further scrutiny and testing. In this study, empirical research is used to test the objectives stated previously in this chapter. . 1 Research design The objectives of the study form an integral part of the research design, since objectives ensure that information will be collected from appropriate sources by using the correct data gathering techniques. They also influence the sampling methodology, the schedule and cost of the research project (Zikmund, 2003: 58). According to Mouton (2001: 37), the research method that is partly

derived from the methodological paradigm (qualitative or quantitative) fits the research objectives.

In quantitative research, the methods are well planned, structured and formal because the findings play an important role in decision-making (Boyce, 2002: 37). Quantitative research makes use of structured close-ended questions that have predetermined response possibilities in questionnaires or surveys and are distributed to a vast number of respondents (Hair et al, 2006: 171). In this study a quantitative process will be used to seek data that can be expressed in numbers and statistically analysed.

8. 2 Research format

The research format of the study is described as descriptive research.

According to Cooper and Schindler (2001: 136) descriptive research attempts to answer questions such as who, what, where, when or how much. Data collected through descriptive research can provide valuable information about the study units along relevant characteristics and also about associations among those characteristics (Aaker, Kumar and Day, 2001: 73; Parasuraman, Grewal and Krishnan, 2004: 72). As recommended by Solomon, Marshall and Stuart (2006: 113), this study will include a descriptive survey design to gather the necessary data from a large sample size.

2.4 Research proposal

The descriptive format is broken down in two types, longitudinal and cross-sectional. Longitudinal designs rely on panel data in which the same variables are measured over time. Cross-sectional designs rely on a sample of elements from the population of interest that are measured at a single point in time (Churchill and Iacobucci, 2002: 122). As the objectives of this

study are to describe a current situation, a cross-sectional format is appropriate. 8. 3 Population and sample The population for this study will include employees and customers of selected car rental companies in South Africa.

There are 7 car rental companies, being Avis, Tempest, Budget Car Rental, First Car Rental, Europcar, Hertz and Argus Car Rental. Avis, Budget and Europcar will be the sample drawn from the population, as these three are the largest and world leading car rental companies in South Africa. All three companies have more than 75 branches and fleets in excess of 8500, compared to the other car rental companies with less than 50 branches and fleets smaller than 6000. Since Avis, Budget and Europcar have a market share of more than 80% it is believed that they will be a fair representation of the car rental industry in South Africa.

Probability sampling will be used for selecting the sample frame. Probability samples are distinguished by the fact that each sampling unit has a known, non-zero chance of being included in the sample (Hair et al, 2006: 330). The two independent sample frames that will be used in the study include: Sample frame 1: The sampling units in this frame include all employees of the Avis, Budget and Europcar groups stationed at major airports in South Africa. These airports include OR Tambo, Cape Town, Durban, Bloemfontein, Port Elizabeth, East London, George, Nelspruit and Lanseria.

There will be 800 employees targeted within this sample selected by the management of the three car rental groups. 25 Research proposal Sample frame 2: The sampling units in this frame include customers who rented cars during a period of three months from October to December 2009 of the Avis,

Budget and Europcar groups stationed at OR Tambo, Cape Town, Durban, Bloemfontein, Port Elizabeth, East London, George, Nelspruit and Lanseria airports. There will be 4000 clients targeted within this sample, selected by the management of the three car rental groups.

It is important to consider both two independent sample frames, as the employees in sample frame one will measure the internal marketing aspects of the study. The customers of sample frame two will aid in measuring the brand image of the selected car rental groups.

8. 4 Data collection instruments, sources and procedures

The data collection of this study will be conducted by means of a survey. According to Rubin, Rubin and Piele (2000: 193) surveys allow the researcher to observe and gather evidence. Questionnaires will be designed for each of the sample frames.

Questionnaires will include a demographic section to classify respondents, being customers or employees. In the second section of both questionnaires the eleven internal marketing mix elements will be tested based on information from the literature. The third section of both questionnaires will focus on brand associations, specifically brand attributes, perceived quality and brand attitude, as well as brand awareness, namely recognition of the brand and brand recall as described in the theory of the relevant chapter.

A five point Likert scale, ranging from „ strongly disagree? to „ strongly agree? , will be used for all questions within both questionnaires. The Likert scale is a highly used rating scale that requires respondents to indicate a degree of agreement or disagreement with each of a series of statements about the objects (Cooper and Schindler, 2001: 234). The survey, comprising of an online questionnaire will be administered through email and upon <https://assignbuster.com/marketing-and-car-rental-companies/>

completion will be sent directly to the Statistical Consultation Service of the University of Johannesburg.

An online survey format will allow for a wide reach that will be relatively inexpensive and will be faster than offline methods. Furthermore, there will be no interaction between the researcher and the respondents, therefore interviewer error and bias will be diminished (Hair et al, 2006: 230). Confidentiality and anonymity of respondents will also be guaranteed. A pre-test will be conducted to detect possible weaknesses in the questionnaire.

An important purpose of the pre-test is to discover the respondents' reactions to questions and it also helps to discover repetitiveness or redundancy (Cooper and Schindler, 2001: 236). 8. 5 Data analysis Statistical procedures to test the research hypotheses include descriptive statistics, factor analyses, analyses of variance and measures of association. Internal marketing and brand image involve numerous factors. Factor analysis will be used to compare and find correlations between these factors.

The statistical method for testing the null hypothesis that the means of several populations are equal is analysis of variance (ANOVA) (Cooper and Schindler, 2001: 509). ANOVA will be used to determine if internal marketing and brand image are related. The pre-test of the questionnaire will be conducted amongst five experts in the industry to ensure reliable data. Cronbach-Alpha will be used to measure the reliability of the pilot. All calculations will be done by means of SPSS. Analyses will be conducted by the Statistical Consultation Service of the University of Johannesburg. 9.

DELIMITATION OF THE STUDY

This study will focus on the three largest car rental companies in South Africa and although it is believed that they will be representative of the car rental industry, it might not be the case, as smaller car rental companies might have different or no internal marketing focuses and therefore the results and recommendations may not be generalised to a wider context. The dimensions of brand associations and brand awareness will only be investigated amongst car rental companies in South Africa, which is a service industry. If the approach is extended to other services industries or even products the result might differ. 7 Research proposal Furthermore, no previous research has been conducted on the eleven internal marketing mix elements and brand image of the car rental industry in South Africa. Therefore, this study may lack in-depth information related to the car rental industry. 10. CONTRIBUTION OF THE STUDY The eleven internal marketing mix elements are still a new concept to many South Africans. No previous studies could be found that have been conducted on the influence of the eleven internal marketing mix elements on brand image of car rental companies in South Africa.

This study aims to contribute to the body of knowledge in three ways. Firstly, it describes the complexity of the car rental industry in South Africa. This is followed by a description of the current understanding and debate amongst researchers of the relevance of the eleven marketing mix elements, specifically their influence on brand image of an organisation. Thirdly, the study aims to provide guidelines to car rental companies in South Africa on how to improve internal marketing programmes which will enable them to improve their brand image.

Brand image is important to any organisation, as a good and well recognised brand will lead to higher profitability of the organisation. 11. CLARIFICATION OF TERMS AND DEFINITIONS In the previous sections, certain terms and definitions were used. However, for the sake of uniformity, these terms and definitions have to be clarified (Mouton, 2001: 36). The services marketing literature contain many definitions of services, but there are some common features in all of these definitions. The first commonality is that services deal with something that is intangible.

Services refer to efforts, deeds or processes consisting of activities or a series of activities performed by the service provider, quite often in close cooperation and interaction with the customer, aimed at creating customer satisfaction (Kasper et al, 2006: 57). Papasolomou and Vrontis (2006: 37) postulate that service can be described as essentially intangible, not resulting in the ownership of anything and is a form of product that consists of activities, benefits, or satisfactions offered for sale.

Internal marketing is defined as “ a planned effort using a marketing-like approach directed at motivating employees, for implementing and integrating organisational strategies towards customer orientation” (Ahmed and Rafiq, 2002: 11). Branding is a name, term, sign, symbol, or design, or a combination of these that identifies the seller of a product or service and seeks to differentiate them from those of competitors (Kotler and Keller, 2006: 274; Papasolomou and Vrontis, 2006: 37). Brand identity is defined as “ a unique set of brand associations that the brand strategist aspires to create or maintain.

These associations represent what the brand stands for and imply a promise to customers from the organisation members” (Aaker, 1996: 68). Brand image as identified by Keller (2003: 70) is perceptions about a brand as reflected by the brand associations held in a customer’s memory. Keller (1998: 71) defined brand associations as “informational nodes linked to the brand node in memory that contains the meaning of the brand for consumers”. Brand awareness refers to the strength of a brand’s presence in the customer’s mind (Aaker, 1996: 10).

12. DIVISION OF THE STUDY

The current chapter provides an introduction to the study, including the problem statement, objectives and research methodology. The rest of this study is divided into the following chapters:

29 Research proposal Chapter 2 describes the complexities and current state of the car rental industry in South Africa. An overview of the three companies, Avis, Budget and Europcar, which are participating in this study, is provided. Chapter 3 focuses on internal marketing. The history of the elements of the internal marketing mix is discussed, as well as the development of the traditional four Ps up to the eleven currently in existence is described.

The culture of organisations and the influence of internal marketing are furthermore explained. Chapter 3 discusses brand identity, brand image and the dimensions thereof. The importance of building a successful brand is also described. Chapter 4 outlines the research methodology with detailed reference to the research design, population, sample, measuring instrument, and the proposed statistical analysis. Chapter 5 records the analysis of the empirical research. Chapter 6 summarises the study. Recommendations concerning the outcome of the study are discussed and suggestions for

further research are presented. 3. TIME FRAME AND BUDGETARY CONSIDERATIONS The researcher's aim for completion of the study is October 2010. However, due to the change of direction taken in the research, the aim might have to be postponed to April 2011. The possibility of obtaining a bursary for the empirical part of the study was explored, but since the researcher is a part-time student, she does not qualify for most bursaries. If no bursary can be obtained, the researcher will complete most of the empirical work herself and where required, make use of her own available funds. 30 References 14. LIST OF REFERENCES

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