



## 22. Internal Marketing

### 1.0 Introduction

Imagine a situation where you plan to buy an Insurance policy and you are interacting with a sales personnel. During discussion you learn that he himself is a owner of a competitive Life Insurance cover. What would be your reaction? Would you purchase a policy from this insurance executive? May be no! For any service organization to survive and grow, it needs to undertake marketing at two different levels- External Marketing: where the services are promoted to end consumers, and Internal marketing: where the services are promoted to the employees and other collaborators associated with the service organization. Internal marketing is as important as external marketing for a simple reason that the success of a Brand in the external market depends upon the confidence the internal staff reflect in their behavior and attitude. Here Internal marketing does not necessarily mean selling a service to the staff, it only means building the confidence of the internal staff in the services being marketed by the service organization.

### 1.1. Learning Objectives

In this module, you will learn:

- a) Meaning of Internal Marketing
- b) Process of designing Internal Marketing
- c) Services Marketing Triangle
- d) Prerequisites for Internal Marketing
- e) Internal Marketing communication
- f) Importance of Internal Marketing
- g) Barriers to Internal Marketing

### 1.2. Key Words:

Internal Marketing, Services Marketing triangle, Internal Marketing communication

### 1.3. Internal Marketing – Meaning

Internal Marketing refers to a marketing organisation's efforts to motivate its employees and generating a trust amongst them for the service firm. The service marketer must ensure that it works in collaboration with its employees for the well being of the employees and also of the organization. The core to the success of an organization is the confidence that its employees have in the vision and strategy of the marketing activities for the fulfillment of not only the organizational objectives but also of the individual objectives.

According to Kotler and Armstrong, "Internal Marketing is orienting the service delivery employees and other supporting service people to work as a team to provide customer satisfaction."

According to Burkitt and Zealley, "The challenge for internal marketing is not only to get the right messages across, but to embed them in such a way that they both change and reinforce employee behavior."

From the above definitions, it may be inferred that Internal Marketing refers to the process within a service organization to motivate and empower their employees at all the hierarchical positions to consistently offer a quality and a satisfying service experience to the consumers.

The concept of Internal marketing originated from the idea of involving the employees of the service organization in the service encounters to improve the service quality by having a positive customer-employee interaction. Internal marketing is not only critical in service organizations, even in manufacturing organizations, quality service can act as a differentiating factor. According to Dunne and Barnes, Internal Marketing has two focuses. Firstly, it should be designed to complement the external marketing through increased customer-employee interaction. The employees should be actively be involved in the development of external marketing communication and promotional strategies. Secondly,

it should aim at encouraging the internal staff so that they deliver the critical quality dimensions of Productivity and efficiency.

The term Internal marketing was coined by Berry in 1981 and defined it as “viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization”. It is felt that unless the internal employees are convinced about the service that they market, they cannot generate sales. Only if the employees are treated as internal customers and their needs and wants are met they become more committed and enthusiastic about the services they market. Once the employee is satisfied with a service and has had a firsthand experience of the same, he is likely to develop a positive perception about it and offer an immediate feedback to the consumers query.

#### **CHECK YOUR PROGRESS**

1. “Internal Marketing in Service Marketing is useful to accomplish organizational goals.” Do you agree? Why/ Why not?
2. Define Internal Marketing, with the help of an example.
3. As a consumer, what benefits can u get if a service firm is engaged in Internal Marketing? Describe with the help of an example.
4. How did the concept of Internal Marketing develop?

#### **1.4 Internal Marketing process:**

Involving the employees in the development of the marketing strategies is one of the first step to Internal marketing. However, there are various ways in which the organization can design Internal marketing:

- a) **Aligning Organizational objective with employee attitude:** One of the most important strategy to do Internal marketing is to align the overall organizational objectives with the attitude of the employees. The service staff should be involved and taken into confidence while designing the external promotional and communication marketing plans. The service personnel should always be clearly informed about the vision of the organization and their role in the fulfillment of the vision should also be briefed. This helps in the alignment of organizational purpose with that of the employees attitude which is reflected during the service encounters.
- b) **Comprehending the Organizational Core values:** Every employee of the organization should be introduced to the core values and philosophy of the organization. This is important as it is the employees who reflect the organizational values to the customers. Thus, understanding and appreciating the basic values of the organization by the service staff is essential to be reflected to the consumers, in turn.
- c) **Coordination:** Having acquainted the employees to the driving philosophy of the organization and the overall vision statement to all, it is useful to coordinate the efforts of all employees to achieve the common purpose of customer satisfaction and organizational growth. This step is critical as humans have a tendency for conflicts. The service manager must ensure that each individual in the organisation understands his role in the service production and delivery and knows what he has to do and when. The concept of Total Quality Management can also be introduced at this step to explain the important role that each and every individual plays in the service delivery.
- d) **Developing congenial environment:** Creation of an open and trustworthy atmosphere is the next step in Internal marketing process. The employees should feel confident to share their views with their immediate seniors as well as with the top authorities for the purpose of improving the service quality or reduction in the customer waiting time.

- e) **Empowering employees:** Internal Marketing is facilitated with having empowered employees in the organization. The level of belongingness and motivation is directly proportional to the degree of empowerment offered to the service staff. When the employees feel that they are authorized to facilitate and expedite the customers service delivery, they become more creative and enthusiastic to satisfy the consumers, which is the aim of the organization also.
- f) **Reward:** Internal marketing can also be done by rewarding the service employees for their exceptional performance in discharging their duties. Critical cases may be given a special consideration along with the routine services offered by the employees. This not only motivates the winning employee but also generates a healthy competition amongst the other service personnel.

**CHECK YOUR PROGRESS**

5. What do you understand by the alignment of Organisational Vision with employee attitude in services?
6. Describe the role played by Rewards in implementing Internal marketing.
7. How can coordination be developed through Internal Marketing?
8. Why is it important for employees to understand core values of an organization?

**1.5 Services Marketing Triangle**

Services marketing rests upon three significant components for being successful:

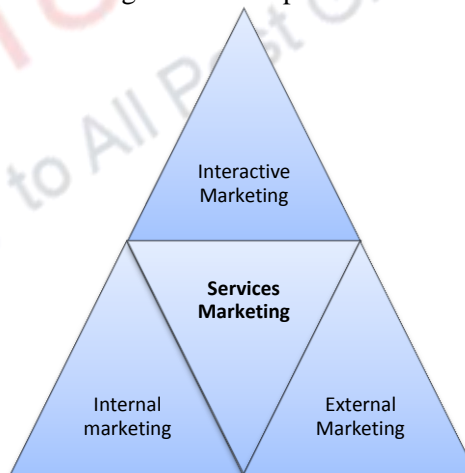


Fig 22.1 Services Marketing Triangle

**a) Internal Marketing**

Internal Marketing is the most important dimension of Services marketing. The employees of the organization should be involved in the development of the external marketing and motivated to share the company’s vision so that they enable the delivery of the promises of high service quality to the consumers. Internal Marketing may include internal communication which makes use of a number of channels or mediums to share information.

**b) External Marketing**

External Marketing refers to all the communication and promotions directed to the prospective consumers with the intention to encourage the sale of a service for the satisfaction of their needs and wants.

**c) Interactive Marketing**

This is the last dimension of Services Marketing which highlights the importance of direct interaction of service employees with the potential consumers of the services for the delivery of high quality service. Services are typically characterized by the interaction between the customers and service providers. This is because the services are produced and consumed at the same time, hence the interaction cannot be avoided between provider and consumer of the services. Marketing of services have increasingly become interactive due to the consumer's access to technology driven modes, especially the Internet, for being in touch with service provider.

**1.6 Prerequisites for Internal Marketing**

From the discussion above, it is clear that Internal marketing aims to involve and motivate the internal staff and other collaborators of a service organization to share the organizational vision and work enthusiastically for the accomplishment of the organizational objectives through consumer satisfaction. There are a few variables in the organization which needs to be considered for a successful Internal marketing.

**a) Internal Communication**

The primary aim of Internal Marketing is to create customer and service quality conscious service staff. This is possible to achieve only when the employees are informed about the organizational core values, guiding philosophy, vision, Marketing strategies, long term and short term objectives, consumers needs and expectations, priorities of different consumer segments etc., which is sought to be done through Communication. Using Top-down or bottom-up approach, the top management must ensure that the employees share the organizational values as well as objectives for fulfilling the goal of Internal Marketing of creating consumer-conscious service employees. Just like the external communication, the internal communication should also be attractive and catchy for the employees to get attracted to and convinced with. Further, just like the external communication, managers must gather feedback about the effectiveness of the internal communication also.

**b) Organizational Culture**

Organizational culture refers to the set of shared beliefs and norms in the organization which influence the behavior of all the employees. Culture facilitates the understanding of the organizational functioning and also serves as a guide for the employees. For a service transaction to take place, employees of different hierarchical levels may interact with the consumers. Hence, it is important for all to be integrated with the organizational culture, by recognizing that they are a part of the organization and their interests are linked with those of the organization as a whole.

**c) Managerial Skills and Competencies**

Managerial skills are visible in the long term and short term planning done by them and its effective implementation. The competencies of the managers are reflected in making Internal Marketing successful by building relations with all the employees in the chain of service creation and service delivery. For the effective Internal marketing, managers should possess competencies of Interpersonal relations, decision making, conflict management, leadership, introspection, peer management etc.

**d) Linking Internal and External Communication**

All along the implementation of the Internal Marketing, the Service Marketers must ensure that the messages being conveyed in the Internal and external communication are the same. The service employees would echo the message contents that they have been hearing to the prospective customers. Any mismatch between the message contents of internal and external communication can lead to confusion, thereby adversely affecting the outcomes of Internal Marketing.

#### **CHECK YOUR PROGRESS**

9. Explain the concept of Services Triangle.
10. What is the role of Internal communication in Internal marketing?
11. Can managerial competencies be held responsible for the smooth and successful implementation of Internal Marketing? How?
12. Describe the impact of Organisational Culture on the Internal Marketing.

#### **1.7 Barriers to Internal Marketing**

While the above variables are significant for the successful implementation of Internal Marketing, there are some factors which hinder the process of Internal marketing.

##### **a) Resistance to change**

Whenever a new idea is to be implemented, a likely reaction by those getting affected is to resist the new idea or the proposed change. Many a times people resist the change due to lack of complete information, fear of loss of authority, fear of loss of promotional opportunities or job security, to name a few. Service managers must confront such factors leading to resistance to change and ensure that all employees concerned are able to appreciate and accept the proposed implementation of Internal Marketing.

##### **b) Failure to fix responsibilities**

Often the service organizations are unable to identify the position and delegate the requisite responsibility to effectively implement Internal Marketing. This is evident when the service employees are able to take a decision concerning quality service delivery but are unable or unwilling to do it.

##### **c) Lack of support from the top management**

Even when all the variables within an organization are in right perspective for the implementation of Internal marketing, nothing can be achieved if it does not have the support of the top level management. For an effective Internal Marketing, the employees down the line should get supportive and substantial indicators from the top management for its implementation else the whole exercise will be futile.

##### **d) Managerial incompetence**

If the service managers responsible for the Internal marketing are incompetent or does not rightly appreciate the concept of Internal marketing, the implementation cannot be effectively done. Often, the managers are unable to catch the indicators affecting the service quality level or the employee motivational levels and thus fail in their duty of putting Internal marketing process in place and may only pay a lip service to the concept.

#### **1.8 Advantages of Internal Marketing in Service organizations**

There are a number of benefits which a Service firm can accrue from the Internal Marketing.

##### **a) Introduction of change**

A service organization will have to consistently upgrade its service creation and service delivery system to offer quality services to its consumers. For doing so a number of changes may be desired from time to time including the upgradation of technology, increased dependence on Information Technology and improvements in the service delivery processes necessitating refresher training for the service staff. All these tasks are feasible to be smoothly implemented in the event of the presence of the concept of Internal marketing.

**b) Building Corporate Brand Image**

Internal Marketing commences with treating the service staff as the potential consumers. Efforts are made to convince them of the organisational practices and strategies so that in turn they are able to convey the same to the target consumers with conviction. In this process, Internal Marketing facilitates the Corporate Brand building.

**c) Improving Coordination**

Internal Marketing tries to contain the Inter-departmental and Intra-departmental conflicts by aligning the organizational objectives with the individual attitude and behavior. Since all the employees in the service organisation are expected to look upto a common direction to channelize their efforts, this in turn, will facilitate the development of cordial relations and improvement in the coordination amongst all the employees in an organization.

**d) Motivates the Employees and enhances performance**

Internal Marketing begins with the encouragement of the service employees and sharing with them the process of decision making. This facilitates in improving the performance of the employees and delivery of consumer satisfying experience during the service transaction.

**CHECK YOUR PROGRESS**

13. What do you understand by resistance to change? How can service managers overcome the same while implementing Internal Marketing activities?
14. How can Internal marketing be instrumental in building corporate image?
15. Bring out the possible barriers to the implementation of Internal Marketing
16. “ Internal Marketing encourages the service employees to perform better.” Do you agree? Why/ Why not?

Introducing Internal Marketing in an organization means bringing about a change. But not every employee perceives change in the same way. There are differences amongst employees on their tolerance for changes being introduced in the organization. Often, it is advisable to introduce such changes when the organization may be going through some turning points in its business life cycle. These are often the times when the employees are in a need of direction and therefore are more open to adopting changes in face of uncertainty. The organizational staff may not perceive the changes in the same way. Some may accept such changes positively and accept the changes while others may not accept it and may either ignore it or become radically against such changes. Taking advantage of such opportunities is the result of competencies of the managers who may communicate with the employees and convince them positively towards the acceptance of change like a Change Agent would do. They can channelize the energies of the staff to do Internal Branding of the services for a more satisfying consumer interaction. These change opportunities could be when the

organization is heading towards some strategic changes. Change of top leadership may also offer such an opportunity for implementing the Internal Marketing concept on the service organization.

### **Conclusion**

Service marketing is increasingly being co-created and co-produced with the customers. This makes the customer-employee interaction indispensable. Herein lies the importance of internal marketing, where services try to emphasize on its quality dimensions through customer orientation. The customer's interaction is the highest with the front line service employees. Hence the front desk staff should be specifically trained to deal with the consumers not only reflecting the organizational perspective but also the customer's perspective. The concept of Internal Marketing perceives the employees as organization's staff as well as customers. Hence they are not only trained to represent the organization but are also attempted to be convinced about the service they are selling. It seeks to develop an organizational system where each individual trusts the services they are marketing and feel equally responsible for achieving the organizational targets in the right spirit. Thus, Internal marketing is a process which develops an atmosphere where each individual acts as an employee as well as a customer for the purpose of creating a responsible service employee sharing the company's vision.

### **Summary**

Whenever the word 'Marketing' is used, it is likely to mean Marketing to the potential consumers who are outside the organization. Yet, there is one dimension of Marketing which may often be ignored by service marketers and that is "Internal Marketing". Hence, what is equally important to understand is that unless the Brand is sold within the organization, it cannot have the desired breakthrough of sales volume outside the organization. This concept of marketing the services, policies and the Brand to the employees of the organization is called Internal Marketing. If the service transaction employees are convinced they can bring the Brand alive to the target consumers. The importance of Internal marketing lies in the fact that it is one of the most effective methods to build an emotional connect with the prospective consumers from the organization through the employees. On the other hand, an employee who is connected with the service Brand is likely to be more motivated and in turn, more productive in getting close to achieving the organizational objectives. Further, employees at all hierarchical levels generate a feeling of commonness and belongingness. There may be hurdles in implementing this concept in organizations like lack of top management support or lack of managerial competencies to put the concept into practice. There are instances, where the organization practices Internal Marketing yet not in the right spirit. The employees may be informed about the organizational policies and vision but they may not be involved in the decision making process or they may not even be convinced with the decisions taken by the top management. In such cases, Internal marketing does not give the desired results as the expected level of belongingness and motivation may still be missing amongst the employees. Therefore, for the concept of Internal marketing to be successful, it should be implemented in the same spirit as can involve the employees.