

Unit 7

Perspectives on Internal Marketing

Definition of Internal Marketing

- Internal marketing can be perceived as an enabling tool for the implementation of strategic plans. Internal marketing is based on the understanding that no single business management function is effective if it operates in isolation.
- The relationship that develops between the employees of the organisation and the organisation itself in order to facilitate the implementation of a CRM programme.

Three types of marketing can be identified:

- Interactive Marketing (between the service personal & customer)
- Traditional marketing (between the organisation and customers)
- Internal marketing (between the organisation and the service personnel (all employees are service personnel in one way or another))

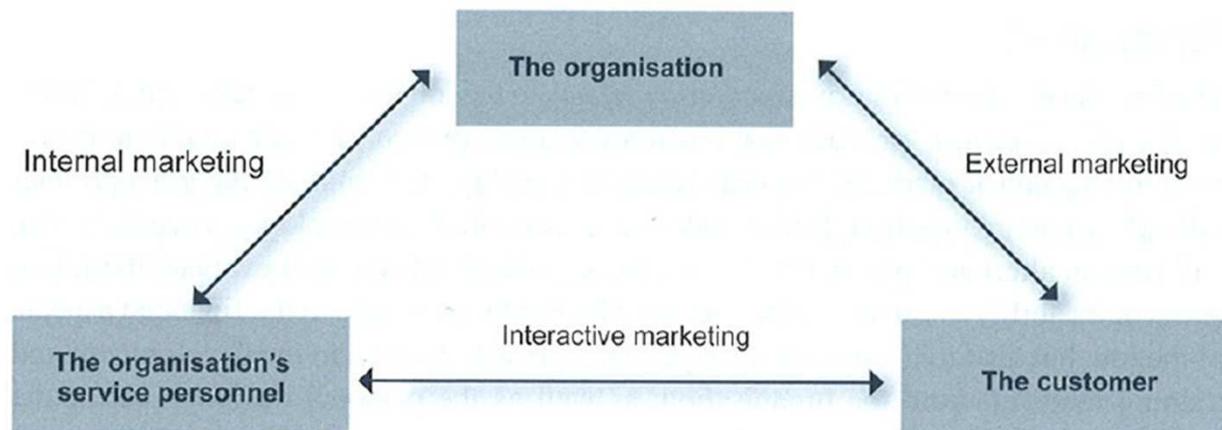


Figure 4.1 The service triangle³

Perspectives on Internal Marketing

Perspective 1:

The marketing job that the organisation has to do in order to attract employees

A job can be seen as a “product” that is offered to an employee.

The job & its activities need to be sold (marketed) to attract quality staff, making the job a product offered by the organisation.

If the product does not satisfy an employees needs, they will find an alternative product.

Satisfied employees will assist in creating satisfied customers for the organisation.

Perspective 2:

First Aspect:

The activities of the task that are needed to ensure that the external marketing is carried out successfully. The nature and execution of the task of internal marketing itself.

Any form of marketing within an organisation that focuses staff attention on the internal activities that need to be changed in order to enhance external marketplace performance. Channelling staff commitment specifically into the issues of problem solving & opportunity seeking within the marketing efforts to improve customer service.

The employees should be encouraged to show initiative in the customer service process

Second Aspect:

Deals with human resources issues within the organisation. Internal Marketing is a planned effort using a marketing-like approach directed at motivating employees for implementing and integrating organisation. Rewards, bonus's etc.

Third Aspect:

The relationships that are created as a result of internal marketing. The objective of internal marketing is to create relationships between management, employees and the various functions within the organisation.

No function can exist in isolation – therefore an efficient unit is created, where all functions are focused on achieving a common goal, by the creation of relationships among various functions of the organisation. Formal & informal contacts.

Perspectives of internal marketing

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graph TD; A[Perspectives of internal marketing] --> B[Perspective 1]; A --> C[Perspective 2]; C --> D[Innovation and problem solving within the service provision process]; C --> E[Motivation of staff]; C --> F[Development of relationships between functions in the organisation];
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Perspective 1

The employee is a customer, and the product of the organisation is the job (the organisation has to satisfy the needs of the employee)

Perspective 2

The employees need to be motivated and encouraged to show initiative in the service-provision process. They also need to be kept informed regarding the marketing campaigns of the organisation in order to provide greater customer satisfaction

Innovation and problem solving within the service provision process

Motivation of staff

Development of relationships between functions in the organisation



Internal marketing can therefore be defined as a planned effort using a marketing-like approach directed at motivating employees, for implementing and integrating organisational strategies towards customer orientation.

Definition

- If employees don't believe that their needs are being satisfied, they will find another employer who will satisfy these needs.
- Internal marketing has an effect on staff turnover & retention, as a satisfied member of staff is more likely to stay in the organisation.
- There is a link between employee satisfaction & customer satisfaction.
- Customer retention is an objective of CRM strategy which can be traced back to the relationship that the customer has with an employee – therefore the importance of staff retention.
- Beneficiaries of internal marketing: organisation, employee and external customer.

The components of internal marketing

- employee motivation and satisfaction
- customer orientation and customer service
- interfunctional coordination and integration
- a marketing-like approach to the components above
- implementation of specific corporate or functional strategies

The objectives of internal marketing

The development of a marketing programme that is aimed at the internal market of an organisation and that is parallel to the marketing programme aimed at external customers:

- To enable all employees to focus on similar objectives
- To create an awareness of both internal & external customers
- To establish a team spirit amongst employees

Relationship marketing perspective:

- Create develop & retain internal relationships between employees
- Provide employees with skills, knowledge, support, ISP's, systems & technology to empower them
- To ensure employees are motivated to deliver a high quality service
- To recruit and retain qualified, skilled staff
- Internal service delivery
- Provide sound internal & external service delivery
- To manage employees in a service-oriented way
- Manage a culture of continuous change

Importance of Internal Marketing in CRM

A model of internal marketing

Combines both the perspectives of internal marketing as well as the other components:

- marketing-like approach
- customer orientation
- service quality
- customer satisfaction
- Inter-functional coordination and integration
- Employee motivation
- empowerment
- job satisfaction

Internal marketing as a management strategy

- Examines what's required & by whom its required.
- Makes the assessment of employees for specified roles more visible
- With understanding & intimacy; trust & commitment, successful relationships are established.
- Psychological safety - state when people feel safe to raise opinions without being judged or criticised.
- HR offers tools like training, hiring & career planning.
- Internal marketing is a general technique for the implementation of internal & external organisational strategy

Components of Internal Marketing

Employee motivation and satisfaction

- If motivation is not adequate, it will affect the level of service offered, which in turn will impact on the satisfaction experienced by customers

Customer orientation and customer service

- Focus is on customers rather than sales – employees are therefore being aware of customers when carrying out activities. Customer satisfaction is the key to maintaining customers and their support of the organisation.

Inter-functional coordination and integration

- No function can operate in isolation and the success of the entire programme requires that every function needs to the other to operate efficiently.

A marketing-like approach to the components above

- Suggests the use of marketing-like techniques within the organisation , which can be used to inform employees about actions and decisions of organisation regarding marketing activities. EG: marketing communication & other promotional activities

Implementation of specific corporate or functional strategies

- Employees are the keys to the implementation strategies. Any CRM strategy needs communication & cooperation to aid with implementation. Internal marketing can be used to assist in strategy implementation, while also improving interfunctional cooperation within the organisation.

A model of internal marketing

marketing-like approach

- Seeks to affect the way the external customers are treated as well as the way its functions interact with one another.
- Results in a customer orientation for the organisation.

customer orientation

- Has an impact on the service quality that is offered, which also affecting the organisation as a whole.
- The customer is the focus of attention for all activities in the organisation.
- Made possible through the empowerment of staff & the co-ordination of all the functions in the organisation.

service quality

- The customers overall perception of the relative inferiority/superiority of the organisation and its service.
- Determined by the employee job satisfaction and by a number of other factors.

customer satisfaction

- Focus of all the components.
- The on-going evaluation of an organisations ability to deliver the benefits that a customer is seeking.
- Job satisfaction & service quality have a direct effect on customer satisfaction, with other factors playing an indirect role.

Inter-functional coordination and integration

- Marketing like approach affections the co-ordination that takes place among the various functions.
- Interaction that takes place among the functions will effect the customer orientation shown in the behaviour of staff, as well as affecting service quality received by the final consumer.

Employee motivation

- Staff motivation takes place through the marketing-like approach used.
- This motivation will in turn affect the job satisfaction and the customer orientation of the employee.

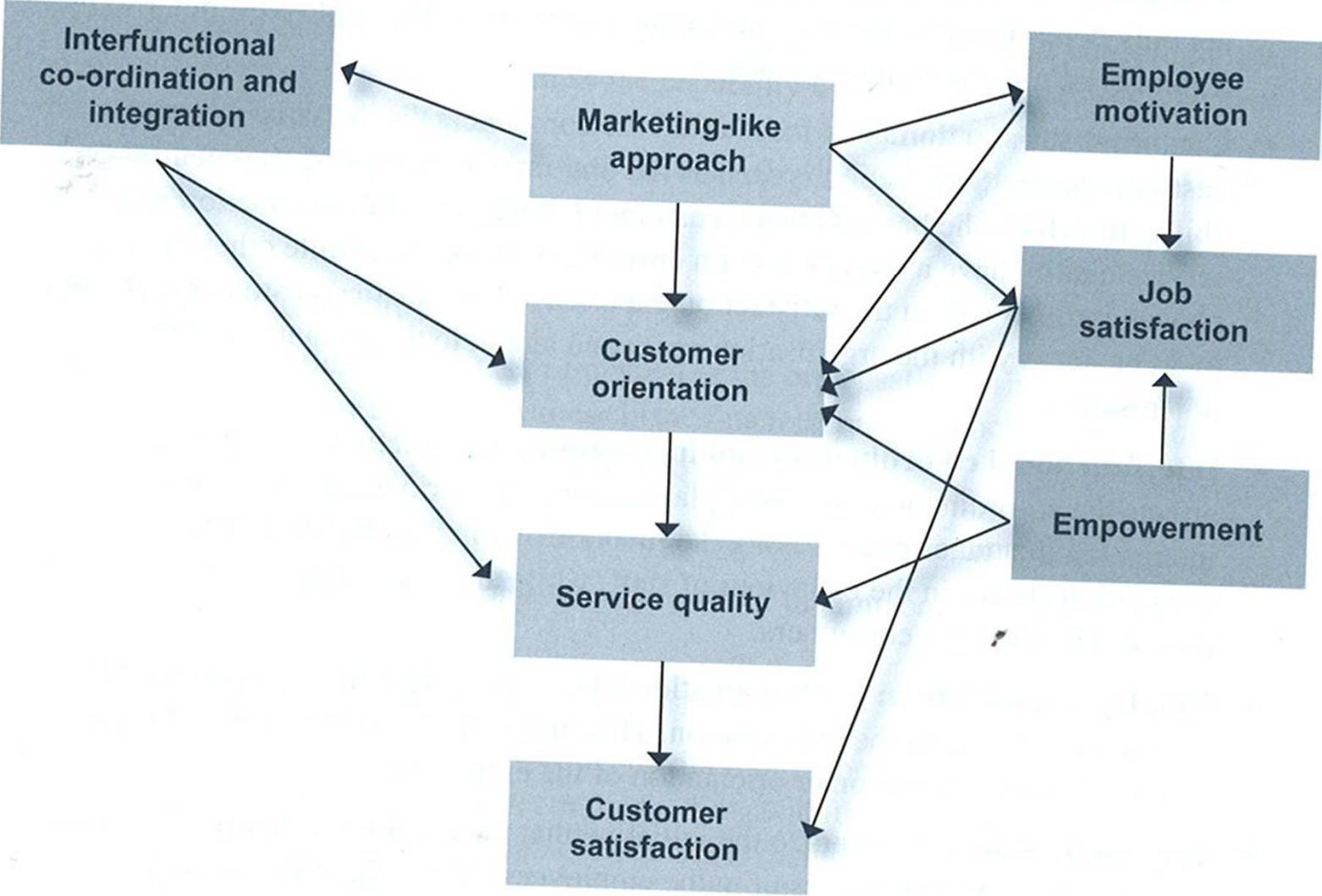
empowerment

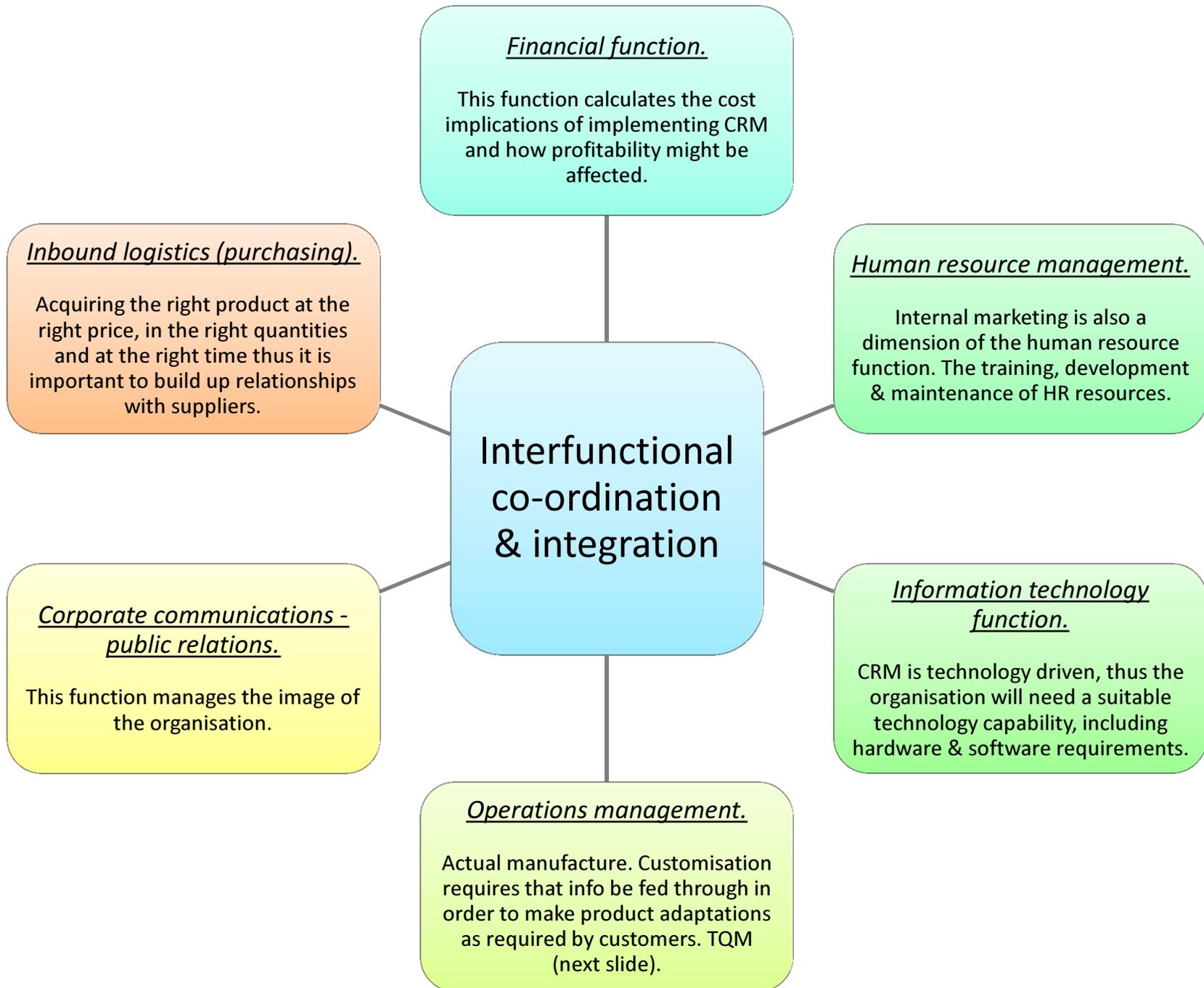
- The initiative that employees can show in their job situation and making customer related decisions.
- Guidelines can be laid down.
- Effects the job satisfaction experienced, the customer orientation of the employees & the service quality received by the customer.

job satisfaction

- Impact on customer satisfaction is seen indirectly through the customer orientation.
- Affected by the marketing-like approach used, as well as the degree of empowerment the employee has.
- Job satisfaction can be seen in the customer orientation displayed by employees when providing service to customers.

A model of internal marketing





THE VIRTUOUS CYCLE OF INTERNAL MARKETING

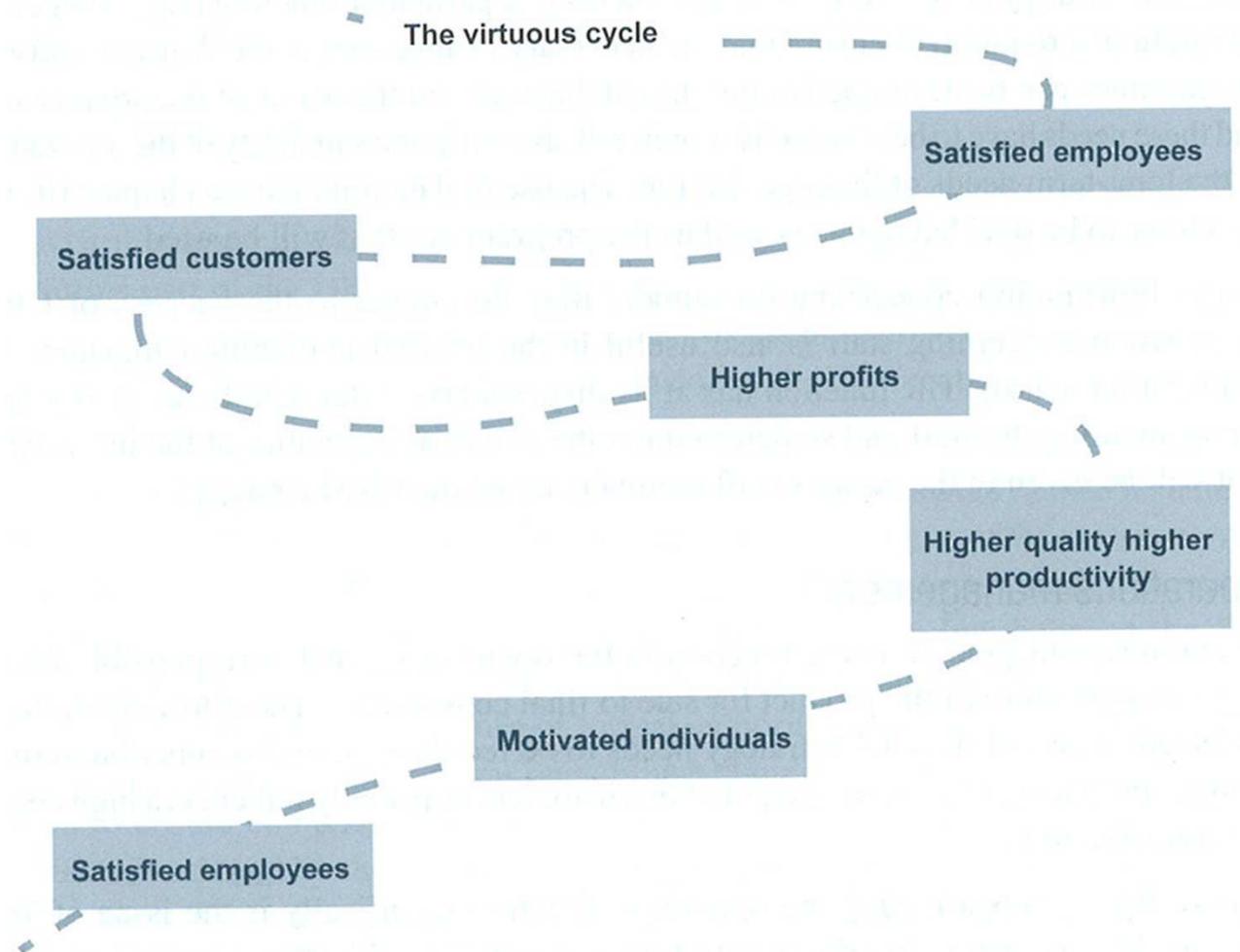
TQM – total quality management:

A corporate strategy that focuses on obtaining customer satisfaction through the delivery of superior-quality products:

- Empowerment of employees
- The continuous improvement of quality
- The use of quality improvement teams

Internal marketing serves as the link between the quality of the product & the satisfaction of the external customer.

As customer satisfaction is the focus of the organisation, TQM can play an important role in this cycle:



Four types of internal customer groups

Contactors

- Numerous and regular interactions with an organisations clients and are closely involved with everyday marketing actions.
- Well trained, equipped and motivated to deliver a quality service in a responsive way
- Eg: Account executives & Client Relationship Managers

Modifiers

- Employees that have frequent contact with an organisations clients but are not traditionally involved in marketing the organisations offering - Contact with clients is frequently not in person.
- Need to be aware that their responses will affect clients perceptions. Good communication skills & responsive attitudes.
- Eg: All secretaries & client contact administrative personnel

Influencers

- Usually have no direct contact with the external client, however they have a large amount of knowledge concerning the capabilities and resources of the organisation.
- Client-response individuals, as they have an influence on the behaviour of contactors and modifiers
- Eg: Marketing, IT, HR and management staff.

Isolateds

- Support personnel who don't have direct contact with clients and are not involved in the creation or implementation of marketing strategies.
- Should be made aware of clients needs and they need to be aware that their services are required to help the organisation deliver its clients needs.
- Eg: data processors and administrative employees