

ON INTERNAL MARKETING – CONCEPT, MODELS, ADVANTAGES AND DISADVANTAGES

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Abstract

Internal marketing has become over the last three decades an important tool for companies to deliver high quality services and to develop customer loyalty. By presenting this paper, we aim to point out the concept of internal marketing from the original definition to the more current accepted ones, underline the concept of internal marketing from a strategic and functional perspective. The paper brings forth certain perspectives and characteristics of the internal marketing process and its links to other types of marketing, as well as it presents the main internal marketing models presented by the “fathers” of this field, Berry and Grönroos. This article creates an image of the idea behind these two models, their pros and shortcomings. At the same time by using internal marketing strategies and tactics, we must understand the advantages and disadvantages of implementing such an activity within the company and bringing it forth towards the business market.

Keywords: marketing, internal marketing, employees, internal customer, human resources

JEL classification: M31, M39

1. INTRODUCTION

The evolution of the marketing concept and of the marketing practice, have brought many changes for the marketing specialists and practitioners. If at the beginning of the 20th Century, the concept of marketing, according to King (King in Schwartz, 1965), was directed towards the development of

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production, between the 1930s and the 1950s, the marketing activity evolved towards sales, and after the 1950s, King proposed the marketing orientation, the main concept of marketing has evolved more than that (Balaure, 2003, p. 45-46). Following the evolution of the marketing practice, the well-known marketing professor Philip Kotler (Kotler and Armstrong, 2008, pp. 11-15) suggested that the marketing thought has evolved as follows: production orientation, product orientation, sales orientation, marketing orientation and societal marketing orientation or, in his Marketing Management work (Kotler and Keller, 2008, pp: 17-20) suggested the holistic marketing approach.

But was this evolution of the marketing concept enough? The right answer is No, because the marketing is more than just some stages. It represents, a permanent evolution and adjustment of theory and practice. Even if in the late '70s and early '80s the customer and marketing orientation has appeared, it is not just that. With the development of services marketing and the interest of the companies in delivering high quality services, a new direction and specialisation of marketing has come to light: the internal marketing concept.

Therefore, in order to deliver quality services to the consumers, the companies must adjust and change on one hand their attitudes, aspirations and on the other way they must make changes to how they think in relation to the employees and how they deliver the service and how these employees get involved in the company and in the service production process (Cetina, 2001 p: 14). We believe that the employees are a company's most important asset and therefore they must become the main clients of the company's procedures, products and beliefs. In this context we must point out the advantages and disadvantages related to developing and using an internal marketing-based strategy in relation with the internal clients of the organisation.

2. WHAT IS INTERNAL MARKETING?

The idea behind the internal marketing has come to life in the second half of the 1970s and as said before this marketing field is strongly linked with the concept of services marketing and services marketing quality. The debate on internal marketing has been started by several US academics in like Berry, Hensel and Burke in 1976, George in 1977 and Grönroos in 1981 (Bruhn, 2001, p: 213). Of course, the initial ideas regarding the internal marketing concept have evolved over the years.

According to Berry et.al. (1976 in Dumitrescu et.al, 2014), Internal marketing relates “to jobs (internal products) that satisfy the needs of employees (internal market) while satisfying the objectives of the organization. Internal marketing is a strategy. A marketing program based on communication with employees. The development of their potential and motivating - remunerating those who offer excellent service”. Berry and Parasuraman (1991 in Ahmed and Rafiq, 2002, p: 5) reviewed his definition of the concept as “*attracting, developing, motivating and retraining qualified employees through job-products that satisfy their needs. Internal marketing is the philosophy of treating employees as consumers and it is the strategy of shaping job-products to fit human needs*”.

Grönroos offered a first definition of the concept of marketing in 1981 and then he extended that definition in 1985, when he proposed that internal marketing is an important tool for motivating the staff. He redefined the internal marketing as “*holding that an organization’s internal market of employees can be influenced most effectively and hence motivated to consumer-consciousness, market orientation and sales-mindedness by a marketing-like internal approach and by applying marketing-like activities internally*” (Grönroos, 1985 in Ahmed and Rafiq, 2002, p: 6).

According to Ahmed and Rafiq (2002, p. 6), “George similarly accepts this position by asserting that internal marketing holds that employees are best motivated for service-mindedness and customer-oriented behaviour by an active marketing-like approach, where marketing-like activities are used internally” (George, 1990, p. 6). Following these concepts, the two other recognised specialists on internal marketing, Ahmed and Rafiq (2002, p. 9), defined this concept as a “*planned effort to overcome organisational resistance to change and to align, motivate and integrate employees towards the effective implementation of corporate and functional strategies*”.

At the same time, from a strategic standpoint, internal marketing is conceptualized as “*an organization-wide strategic approach predicated on treating employees as internal customers*” (Kadic-Maglajlic et.al, 2017). From a functional perspective, internal marketing is seen as “*organizational activities that apply marketing and human resource practices to achieving desired organizational goals*” (Boukis & Gounaris, 2014, in Kadic-Maglajlic et.al, 2017). Later this functional approach is seen as several “*functional activities that provides top managers with a tool to shape employee behaviour in terms of desired behavioural outcomes*” (Lings & Greenley, 2005).

Considering all the above-mentioned definitions, there are several elements of internal marketing that can be pointed out (Ahmed and Rafiq, 2002, p. 9): (1) Employee motivation and satisfaction; (2) Customer orientation and customer satisfaction; (3) Inter-functional coordination and integration; (4) Marketing-like approach to the previous mentioned elements; and (5) Internal marketing perspectives, characteristics and relations with other marketing types

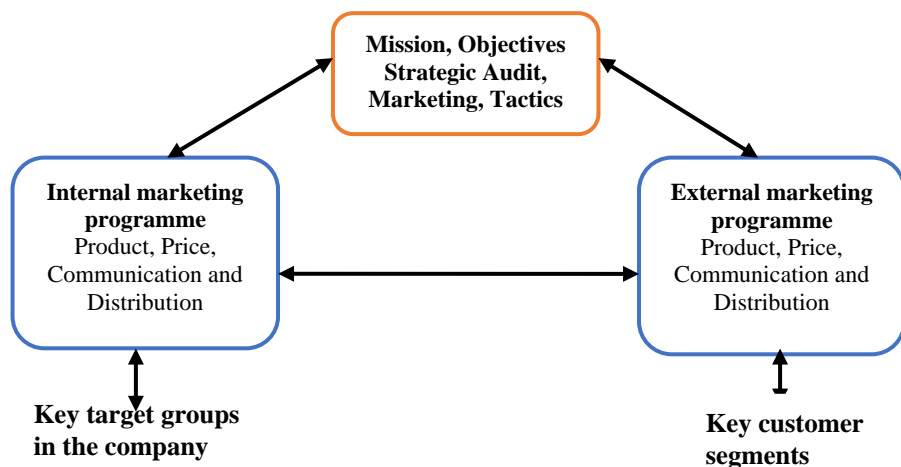
Going further than the classical concept of internal marketing, its strategic and functional approaches, the internal marketing concept and its activities can be seen from three different points of view (Strauss and Schulze, 1999; Bruhn, 2001, p. 213-214):

- a) *internal marketing as a standard*, means a continuous development and the direction of all the organisation's decisions in accordance to their staff and their needs. The main idea behind this idea is that only the satisfied employees can also be satisfied clients. But at the same time, such an approach must not put the employees' needs above the consumers' ones.
- b) *internal marketing as method*, relates to accepting the idea that the external marketing and internal marketing are comparable and can be approach from the same point of view. Consequently, this means that the external marketing mix can be transferred to the internal marketing mix, resulting in:
 - internal product policy – organising the workplace;
 - internal price policy – designing the income and bonuses policy for the employees;
 - internal placement policy – the way in which the internal communication takes place;
 - internal communication policy – all the internal communication methods and strategies.
- c) *internal marketing as a set of relations*, when the client satisfaction and the employee satisfaction is inter-conditioned, being seen in a cycle that has to be permanently sustained.

Based on the Berry and Parasuraman (1991), definition of internal marketing and the one proposed by Manfred Bruhn (1999), in which he defines the internal marketing from a functional point of view as a “...*systematic optimisation of the internal marketing management and human resources management processes*” (Dumitrescu and Apostu, 2009, p. 331), we can point out three main characteristics of internal marketing: (1) a systematic planning and

decision-making process; (2) a simultaneous orientation towards both the clients and the employees; and (3) an generalized (over-all) internal vision. As stated before, over the years the idea and practice of internal marketing has lead to the development of several strategies for the internal and external activities of the organisation. This marketing activity is a method of reducing intra- and inter-departmental friction and of course it has become a tool of diminishing the employee's resistance to change. Figures 1 is presenting the link between the internal and external marketing programs.

Figure 1: The relationship between internal and external marketing programs



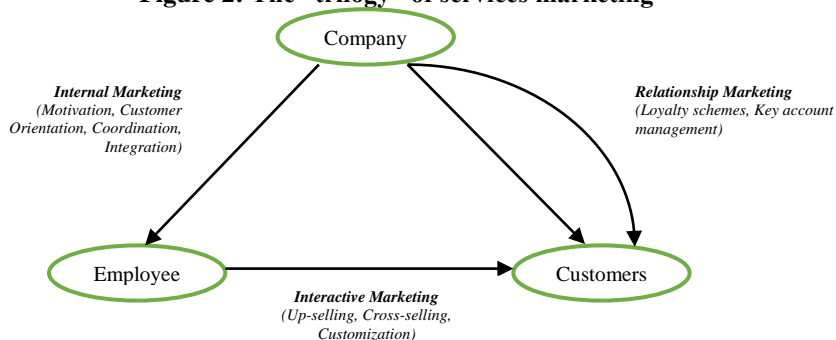
Source: Piercy, N., Morgan, N., (1991), in Ahmed and Rafiq, 2002, p, 8

As it can be seen from figure 1, the internal and external marketing programs, target different customer groups, but their activity is basically the same and it involves just the adaptation of the marketing mix components to said target group. The main aim of both programs is reaching the main goals of the company by using similar, but at the same time, different tactics and strategies. From this starting point, the internal marketing has changed its approach in relation with other stakeholders that are interested in the company's activity. The client orientation of the marketing concept and its direction towards the development of a relationship between consumers and

the organisation, has led to the creation of the so-called “trilogy” of the services marketing as seen in figure 2.

In this way of thinking we point out that the internal marketing was in the '80s, and it is still assimilated today, by some companies with the management operation associated to just preparing the services for the customers. And by way of consequence, the interactive marketing activity is derived from the personal sales and contact activity between the employees and the consumers, although the biggest evolution has come by the way of relationship marketing, in which case, it “aims to develop a long-lasting relationship between the company or the brand and their loyal clients” (Dumitrescu and Apostu, 2009, p. 215). Of course, the development of relationship marketing is mostly based on developing the relation between company and consumers, but this type of relation is developed between the seller (employee that is targeted by the internal marketing strategies and activities) and the consumer, be it individual or company.

Figure 2: The “trilogy” of services marketing



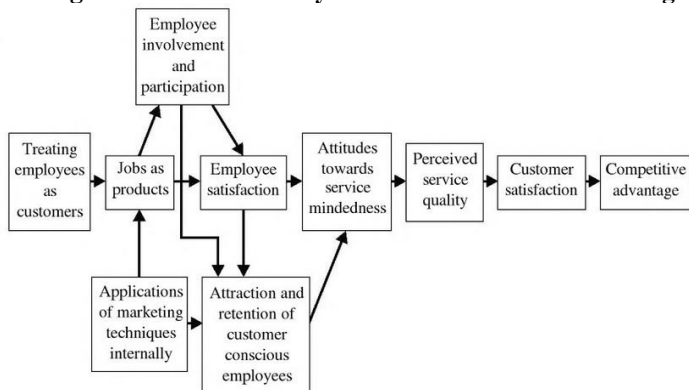
Source: adaptation after Ahmed and Rafiq, 2002, p, 8 & Dumitrescu and Apostu, 2009, p. 214

3. SOME ASPECTS RELATED TO INTERNAL MARKETING MODELS

Following the research in the field of internal marketing, the great majority of the author mostly refer to the two main marketing models developed for internal marketing, the one developed by Berry, where he sees

“employees” as customers, and the second one presented by Grönroos where he combines “customer mindedness” and “interactive marketing” (Ahmed and Rafiq, 2002, p. 12-13).

Figure 3: Leonard Berry’s model of internal marketing



Source: Ahmed and Rafiq, *op. cit.*, 2002, p, 14

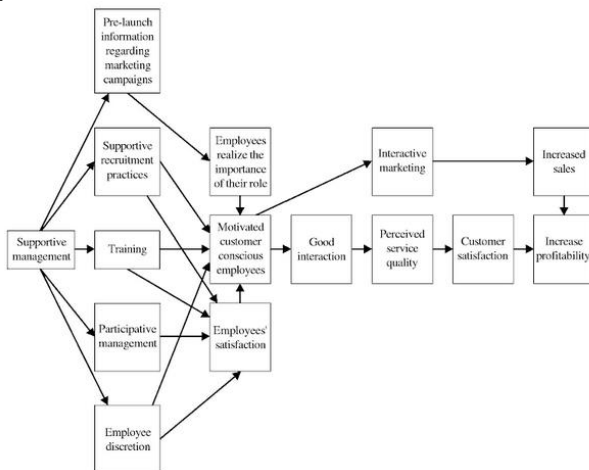
Ahmed and Rafiq (2002, p: 13-15), point out that there are several important characteristics of Berry’s model, that must be considered, to which we subscribe:

- a) the basic principle that treating your employees as customers (actual or potential) will lead to changing the employees’ attitudes. But, this happens only if the staff is more and more service oriented and aware of their influence in giving higher levels of services quality.
- b) to treat your employees as customers, means that the jobs, their creation, description and promotion must be treated by the company as any other of their products. When designing the job, the company must consider the needs and wishes of the future internal customers and the management must develop an attractive package that fulfil these needs.
- c) treating the jobs as products, means that the human resources management team must approach the communication and promotion process of said job with a marketing mind-like techniques and strategies.

The second author that tackles internal modelling was Grönroos. His original model was based on the idea that the employees must be aware of their influence on the customers and must take consider those needs when they sale

products and services. The employees (internal customers) must use the interaction with consumer to offer higher quality, drive up sales and develop new marketing opportunities. Grönroos's model is presented in figure 4.

Figure 4: Christian Grönroos's model of internal marketing



Source: Ahmed and Rafiq, *op. cit.*, 2002, p. 16

Even if the models presented in figures 3 and 4 may appear to be similar, there are certain elements and methods that these models use, that are different, especially the aim of models. Ahmed and Rafiq (2002, p. 14-15) suggested several characteristics of the model presented by Christian Grönroos:

- a) before being customer conscious, the employees must be recruited by supportive recruitment practices, the future employees need proper training, especially related to the practices of the companies and how they should act in relation to the clients. At the same time, the company must practice an participative management style, which gives the employees the possibility to be more free and more in control, when making a decision in relation to the customer.
- b) Access to information for the employees is a must. They must be aware of all the changes and modifications in marketing and communication strategies and campaign before they happen. Informing your employees about the company's future plan can lead to a the staff having a better

opinion (increased satisfaction) about their job, and their feeling of being taken into consideration when decisions are made.

- c) According to Grönroos, all the internal marketing activities must benefit from supportive senior management supervision and involvement.

But even when we look at these two models, there seems to be something missing. They seem to be incomplete, in the sense that Berry's model doesn't show how to motivate your employees, that is different than the marketing approach and Grönroos's model does not have an approach to motivating the internal customers from a marketing point of view. Therefore, these two models complement each other, and can be rely effective by combining he two.

It is the opinion of those that the combination of the two models, (Ahmed and Rafiq, 2002, p. 15-16) will lead to several important advantages for the company and for both the employees and customers: (1) the new model leads to a more comprehensive conceptualisation based on the strengths of both models; (2) the combination of the two create new assumptions or hypothesis that need to be teste empirically (3) the model point out the main mechanism behind the implementation of the internal marketing. But these elements only happen when and if, the companies take into account the following issues of the marketing field: *consumer orientation, customer satisfaction, customer loyalty* and their relation with *employee satisfaction, customer satisfaction and loyalty*.

4. ADVANTAGES AND DISADVANTAGES OF USING THE INTERNAL MARKETING APPROACH

There are not many studied developed to identify clearly the advantages and disadvantages of using internal marketing tools and strategies, but still from the little there is and from assessing the literature in the field, we can point out the following advantages:

- a) the company is well known by the employees – when a company hires an individual, they might know only the minimum about the organisation, but after rigorous training they will know almost everything;
- b) the employees consider themselves as being part of the company and its mission, principles, values etc.
- c) internal marketing sees to the needs and desires of the employees.
- d) a satisfied employee is usually delivering higher quality services.

- e) the employee has a great degree of freedom in the decision-making process and in action.
- f) building a bridge between your employees and your customers can lead to solving the consumer problems and complains faster and better.

At the same time, internal marketing can be a hinderance and can cause serious problems, when not done correctly. The main disadvantages of internal marketing are:

- a) it relies too much on internal communication. What happens when internal communication fails?
- b) internal marketing means high initial implementation costs.
- c) the need for certain marketing managers to delve to much into human resources management and vice versa.
- d) internal marketing needs constant care, attention and adjustments in its strategies.
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5. CONCLUSIONS

Services marketing is becoming an ever more challenging field of activity. The consumer knows more and more about products and services and they want or need more products and services at a higher and higher quality. But at the same time the companies must keep up with these consumer-based challenges and with the ever-changing pressure of the competition. Such is the role of the internal marketing process, especially in the tertiary sector. The main purpose of the internal marketing process is to create the proper organisational environment that fosters innovation, creativity, the development of relations between the employees and the consumers and ultimately the staff must provide high quality services, that cater to the needs of the consumers.

The internal marketing process has become a useful tool in the development of quality and value-based services, it has become a method of turning your employees into loyal internal clients that have the ability and want to provide the consumers with quality services. By presenting this paper, we are underlining the concept of internal marketing, the different approaches between different authors, we are creating a link between other types of marketing and the interference between them. Previous research done by one

of the authors (Dumitrescu et.al., 2014) has given us a glimpse in the way some companies of Romania understand and use, or better said not use internal marketing strategies and tactics.

We feel that this area of marketing is not well enough used and understood, in form of benefits (for the consumers and for the employees) by the companies and by delving into this demarche, we consider that empirical studies must be made in order to understand the main differences in the field of internal marketing, between the Romanian business market and other European markets. By presenting the models developed by Berry and Grönroos, we are once again bringing forth a proven and tested method that can add value to the consumers and to the companies. We intend in the future to further our research in the empirical and practical research, not just in the theoretical aspect, by applying the meta-model of internal marketing, developed by combining the two models presented in section 4, on the Romanian market.

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