

*Full Length Research Paper*

# Employees as customers – An internal marketing study of the Avis car rental group in South Africa

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**The purpose of the article is to investigate the mutually beneficial nature of establishing long-term relationships with employees as internal customers of the business. The target population for this study was 225 Avis car rental branch managers in South Africa. A total of 155 managers of Avis branches participated through structured, personal interviews in the completion of questionnaires. Data analysis was done by calculating averages and standard deviations, explorative factor analysis, Cronbach alpha-values and practical significance by means of effect sizes. The findings of the study stipulate that a more coherent attempt must be made to improve the level of internal communication between the managers of Avis car rental branches and their employees. This would create an environment within the Avis car rental group that can promote mutual respect, trust and concern between management and employees.**

**Key words:** Internal market, internal marketing, employee development, employee empowerment, staff motivation.

## INTRODUCTION

Service organisations are fundamentally important to the economy of any country, as they contribute, amongst others, to its gross domestic product (GDP) and employment rate. Growth in the service sector has persisted since the late 1990's and service industries have a great impact on national economies. The growth in the service sector has led to it becoming much more competitive, transforming the management and marketing of service organisations (Rootman et al., 2007:181-182). For example, the number of Avis car rental outlets in South Africa has grown by 17.5% since 1994, and is responsible for the creation of 3.7% of employment in the service sector of the country (Avis, 2008). Currently, the focus of service organisations is their clients, their needs and preferences (Wilson, Zeithaml, Bitner and Gremler, 2008:18-19). To ensure that employees have a positive inclination towards the satisfaction of customer needs and wants, a strong emphasis must therefore be placed on the application of internal marketing principles to the employees of the business. A key premise underlying Berry's (1981) "employees as customers" concept in internal marketing is that similar to external customers,

internal customers desire to have their needs satisfied (Ahmed and Rafiq, 2003:1177).

Increased awareness of employee importance in business change and implementation has contributed to the adoption of internal marketing. Internal marketing focuses on people inside business boundaries, and places emphasis on the satisfaction of employee needs. Internal marketing represents a rather recent concept and denotes the application of marketing within the business. Internal marketing theories state that the business emphasises the importance in employee need satisfaction, and approaches jobs as internal products, aimed towards the development and motivation of best-qualified personnel (Zampetakis and Moustakis, 2007:417). Palmatier, Dant, Grewal and Evans (2006:137-138) delineate this concept and state that the "logic of satisfying the needs of internal customers", places the business "in a better position to deliver the quality desired to satisfy external customers".

This article will attempt to indicate what the current status is of the relationships which the Avis car rental group have with their internal market, and will provide

recommendations to the management of the Avis group regarding the improved application of the principles of internal marketing to this market. In addition, the problem statement and the purpose of the article will be highlighted and followed by a focus on the objectives of the study, and an overview of the theory relating to the internal market. This is followed by a discussion of the methodology applied to the study, and the major findings and managerial implications which form an inherent part of the research.

## LITERATURE REVIEW

Internal marketing can be perceived as an enabling tool for the implementation of strategic plans. Businesses have realised that they cannot continue to arrange work as separate functions. Instead, businesses must structure operations around core business processes which are driven from the end-customer point of view. Internal marketing is based on the understanding that no single business management function is effective if it operates in isolation. Multiple operations and people with different skill-sets have to be actively involved in creating and delivering products and services. These cross-functional activities and the people who perform them, all have a major influence upon the final outcome. The implication of this is that today's managers must ensure that every employee in all parts of the organisation is involved in and committed to the delivery of quality throughout the customer-supplier chain (Chang and Chang, 2008:92-93; Ahmed and Rafiq, 2003:1177-1179).

Gounaris (2008:68-75) emphasises that the introduction of internal marketing relies on two principles, namely: that it is important to satisfy the needs of employees before the business can satisfy the needs of its customers, and the rules that apply in the market area of the business, by analogy, are also relevant to its internal market. The research stream in market- and customer orientation has established that in order to create and offer value for the customer, a strong focus on specific internal market components is required. These components include an understanding of the internal market environment, the approach of employees towards internal marketing, the motivation of employees, the building blocks of internal marketing, internal marketing research areas and the implementation of internal marketing activities. Hung and Lin (2008:170-173) argued that the majority of businesses have not been able to successfully develop and implement internal marketing strategies due to a lack of knowledge and understanding of the different components that constitute the internal market environment.

Considering that there is a definite need to explore the different components that constitute the internal market environment of a business, each of these components will be discussed in more detail below.

### Internal marketing environment

The internal market of a business encompasses its employees. This market is continuously being influenced by the ability of employees to work together as a unit to reach and maintain the objectives of the business. The employees of the business can furthermore be viewed as the "internal suppliers" and "customers" of the business (Voss, Calantone and Keller, 2005:163-165). Businesses are continuously putting a greater emphasis on the following two aspects, namely employees as internal customers of the business, and the motivation and retention of employees over the long term (Gupta, McDaniel and Herath, 2005:397-398; Van Eeden and Koekemoer, 2000:21).

### Approach of employees towards internal marketing

The internal marketing concept emphasises that teamwork amongst the employees of the business is a key factor in the development and retention of a successful business strategy (Kale, 2006:3). The establishment of internal marketing implies that the business must have positive relationships with its employees. It is made possible if the business focuses on aspects such as the development of an understanding for the emotions and intellect of employees, the management of employees as individuals, the delivery of personalised products and services to employees, and the establishment and building of a long-term relationship with employees (Roberts-Lombard, 2007:208-210).

### Motivation of employees

The management of the business must create an internal environment that is supportive to the empowerment of customer centred employees. Every interaction between the internal customer and the business or management must focus on service delivery and need satisfaction. The employees of the business and the internal training policy, procedures for planning and the management style in the business must support the development of an internal environment. Internal marketing is driven by empowered employees who are innovative and who position themselves above interdepartmental conflict (Lucas and Kline, 2008:277-279; Keleman and Papisolomou-Doukakis, 2004:124-125).

### Building blocks of internal marketing

Internal marketing starts with the focus that the employees of the business are the first members of the internal market whose needs and preferences must be researched on a continuous basis. If employees are

aware that their needs are researched and satisfied by the business, they become more positive towards the satisfaction of external customer needs. The internal marketing strategy of a business must focus on the following key aspects to ensure its successful implementation in the business, namely: continuous research on the skills and training which employees require, measurement, evaluation, acknowledgement and remuneration of the performance deliverance of employees, the empowerment of employees, and the establishment, management and development of internal customer-supplier relationships (Herington, Johnson and Scott, 2006:364-381).

### **Internal marketing research areas**

The modern business is challenged by the reality that it is faced with two market and customer types, namely those internal and external to the business (Bowers and Martin, 2007:88-89). To strengthen the establishment of an internal marketing climate, the management of a business must focus on the continuous research of the following aspects (Steyn, Ellis and Musika, 2004:34-43):

1. The personal training and development of employees, continuous communication to employees.
2. The empowerment and participation of employees, internal consumer segmentation.
3. Performance appraisal systems.
4. The acknowledgement and rewarding of employees and supportive work relationships.

### **Implementation of internal marketing activities**

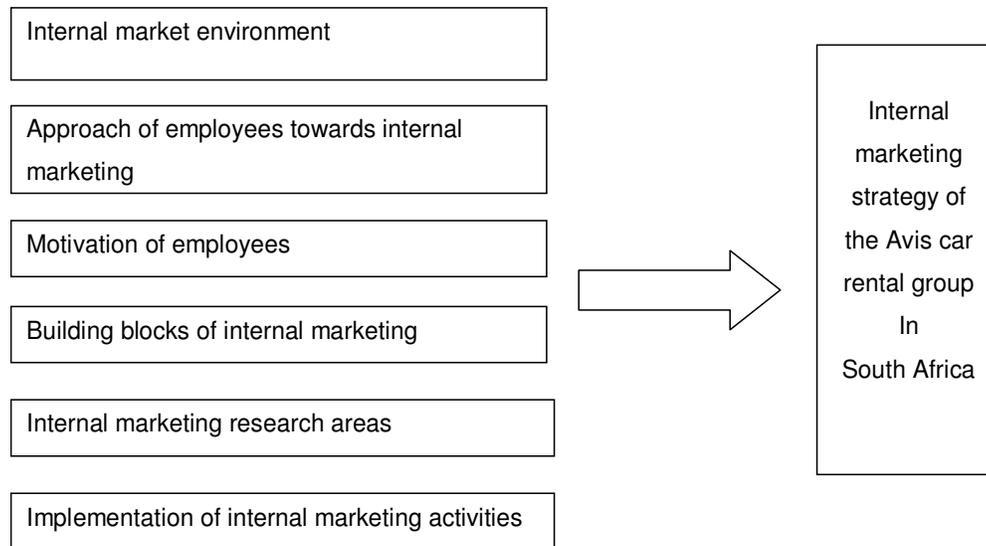
The underlying objective of internal marketing is the development of a marketing programme which is directed at the internal market of the business, and which is parallel to the marketing programme aimed at the external customers of the business (Kale, 2006:3). Gounaris (2008:69-72-76) specifies that the implementation of the internal marketing activities of a business must ensure the following outcomes, namely the creation, management and development of internal relationships between the employees of a business, irrespective of their position. Employees must hereby be motivated to deliver a quality service to both the internal and the external customers of the business, to empower employees with the required skills, knowledge and support from top management and supervisors, internal service providers and systems and technology which will empower them to deliver a customer-orientated service to the internal customers of the business.

### **PROBLEM STATEMENT**

The satisfaction of employee needs, as the internal

customers of the business, implies that a business should be in a better position to deliver the quality desired to satisfy external customers. Implicated in this is the assumption that fulfilling employee needs enhances employee motivation and retention, and as a consequence the higher the degree of employee satisfaction, the higher the possibility of generating external satisfaction and loyalty (Zampetakis and Moustakis, 2007:417-418). Practitioners argue that the manner in which a business treats its employees has an impact on the success of the business. However, these practitioners frequently do not equate this with relationship marketing. On the other hand, the academic relationship marketing literature does highlight internal relationships as having an important impact on external customer relationships (Herington, Johnson and Scott, 2006:364). Previous studies by Gounaris (2008) and Ahmed and Rafiq (2003) have specified that internal marketing was a managerial approach to ensure customer satisfaction through the fulfillment of employee needs. From this perspective, "employment" is perceived as the internal "product" (internal market environment, motivation of employees), and employees as the company's internal "customers" (approach of employees towards internal marketing, building blocks of internal marketing, internal marketing research areas and the implementation of internal marketing activities). The six internal marketing constructs developed for this study will address these two broad focus areas of internal marketing in the Avis car rental industry in South Africa.

Limited research has been conducted in the field of internal marketing in South Africa, and no study has focused exclusively on internal marketing within the Avis car rental group in the country. Prior research within South Africa, as well as internationally, includes studies conducted for the purpose of investigating internal marketing in a manufacturing environment, or to establish the linkage between internal marketing, the elements of the extended marketing mix, sexual identity and branding. The primary focus of previous studies was to provide a holistic view of internal marketing from a manufacturing environment perspective, or to provide a comparative analysis between academic and practitioner views on internal marketing. This article will provide a discussion on internal marketing from a service industry perspective, which will be beneficial to the car rental industry in South Africa. The results and conclusions drawn may be used to ensure higher levels of internal marketing in the car rental industry in South Africa, guided by the six constructs developed for the study. The findings of this article could also create a greater awareness among South African car rental groups of the value that sound internal marketing practices hold for the business, and of the building blocks and research areas for the creation of a positive internal marketing environment. It is therefore proposed that this article will contribute to the theoretical and empirical knowledge on internal marketing in the car



**Figure 1.** Conceptual framework.  
Source: Developed for the research study.

rental industry in South Africa.

The car rental industry in South Africa is dynamic and competitive in nature. Due to the challenging business environment in which car rental companies operate, they need to be determined to retain their employees, which can only be achieved through the successful implementation of internal marketing strategies. The employees of a business want their employer to understand their emotions and intellect, be treated as individuals, require open communication channels with the management of the business and desire the establishment and management of a long-term relationship with their employer. If these requirements are not met, employees will become less loyal towards their employer, which could eventually influence their satisfaction and productivity levels within the business. Therefore, it becomes important for the Avis car rental group to implement internal marketing strategies which could be to the benefit of both the employees and the business in the long term.

Against the brief background on the importance of internal marketing and the car rental industry provided above, the problem statement of this article is as follows:

### **A study of internal marketing as a relationship building strategy with employees in the Avis car rental group in South Africa**

More formally, the purpose of this article is to establish the current internal marketing practices which the management of the Avis car rental group in South Africa is applying, and to identify the limitations of these practices which might exist in the industry. The measurement of the internal marketing practices of the Avis car rental group was done according to six constructs that

were developed from the literature (Figure 1). For the purpose of this study the internal market environment refers to a working environment that is conducive to the development and empowerment of employees, the approach of employees towards internal marketing encompasses a positive inclination towards internal customer orientation to ensure external customer orientation, the motivation of employees refers to the provision of recognition (financial or non-financial) for creativity, initiative and good customer satisfaction, the building blocks of internal marketing relate to the development of an understanding for the emotions and opinions of employees and their treatment as individuals, internal market research areas encompass a focus on the establishment of employee skills, as well as their empowerment needs, whilst the implementation of internal marketing activities relates to the development and training of employees.

### **CONTRIBUTION OF THE ARTICLE**

Limited research has been conducted in the field of internal marketing in South Africa, and no study has focused exclusively on internal marketing within the Avis car rental group in the country. Prior research within South Africa, as well as internationally, includes studies conducted for the purpose of investigating internal marketing in a manufacturing environment, or to establish the linkage between internal marketing, the elements of the extended marketing mix, sexual identity and branding. The primary focus of previous studies was to provide a holistic view of internal marketing from a manufacturing environment perspective, or to provide a comparative analysis between academic and practitioner

views on internal marketing. This article will provide a discussion on internal marketing from a service industry perspective which will be beneficial to the car rental industry in South Africa. The results and conclusions drawn may be used to ensure higher levels of internal marketing in the car rental industry in South Africa, guided by the six constructs developed for the study. The findings of this article could also create a greater awareness among South African car rental groups of the value that sound internal marketing practices hold for the business, as well as the building blocks and research areas for the creation of a positive internal marketing environment. It is therefore proposed that this article will contribute to the theoretical and empirical knowledge on internal marketing in the car rental industry in South Africa.

## OBJECTIVES OF THE ARTICLE

The primary objective of the article was to investigate the internal marketing practices of the Avis car rental group in South Africa according to the six constructs developed. The secondary objectives were to:

1. Research the internal markets of the Avis car rental group in South Africa.
2. Explore the value-adding components which the Avis car rental group in South Africa builds into its relationship strategies with employees.
3. Establish whether the Avis car rental group in South Africa is inclined to establish long-term relationships with its employees.

## RESEARCH HYPOTHESES

To give effect to the problem statement and research objectives, a number of hypotheses and alternative hypotheses were formulated for the internal market investigated in the study.

Specifically, the null and alternative hypotheses are:

H<sub>0</sub>: The Avis car rental group in South Africa does not implement the principles of internal marketing in its internal market relationships.

H<sub>1</sub>: The Avis car rental group in South Africa does implement the principles of internal marketing in its internal market relationships.

H<sub>0</sub>: The Avis car rental group in South Africa does not implement value-adding components in its relationship strategies with employees.

H<sub>2</sub>: The Avis car rental group in South Africa implements value-adding components in its relationship strategies with employees.

H<sub>0</sub>: The Avis car rental group in South Africa is not inclined to establish long-term relationships with its employees.

H<sub>3</sub>: The Avis car rental group in South Africa is inclined to establish long term- relationships with its employees. The section below provides an overview of the theory relating to internal marketing.

## RESEARCH DESIGN

### Research approach

This study made use of a quantitative research approach and applied a descriptive research focus, since it primarily depended on the interviewing of respondents (the managers of Avis car rental branches in South Africa). Descriptive research empowers the researcher to investigate the research problem with greater clarity and to measure the stated objectives more successfully (Coldwell and Herbst, 2004:9). The study was furthermore cross sectional, since the respondents were only interviewed once.

### Research method

#### Population and sample

The population for this study included all the Avis car rental branch managers in South Africa. The target population for this study was 225 managers of Avis car rental branches in the six major cities of the country, namely Johannesburg, Tswane, Cape Town, Port Elizabeth, Bloemfontein and Durban. These cities were chosen since eighty five percent of the Avis car rental branches are located in these cities. A total of 155 managers participated in the completion of questionnaires. In terms of the small size of the population, it was decided to conduct a census. A response rate of 69% (n = 155) was obtained for this study.

#### Research instrument

The measuring instrument used was a structured questionnaire which included some adapted items from previously tested measuring instruments, for example, *the Relationship Marketing* instruments from Steyn (2000:296) and Otto (2004:358). The empirical research component of the study consisted of the completion of structured questionnaires through personal interviews. The questionnaire consisted of two sections. Section A incorporated closed-ended questions to gather demographic data on the profile of the Avis car rental branches in the six largest cities of South Africa. The biographical data of the respondents was gathered through one question in this section, namely the location of the Avis car rental branch.

Section B was in the format of a five-point Likert-type scale, comprising thirty two items on internal marketing. The purpose of these statements was to test the current and ideal application of respondents' identified relationship marketing principles in the internal market of Avis car rental in South Africa. The items on the questionnaire were structured according to six constructs, namely the internal market environment, the approach of employees towards internal marketing, motivation of employees, building blocks of internal marketing, internal marketing research areas and the implementation of internal marketing activities. The response continuum of the statements ranged from 1 - 5, where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree. The current application of the internal marketing principles was indicated as x(a) on the questionnaire, whilst the ideal implication was indicated as x(b). Effect sizes were calculated between the current and ideal application of the identified relationship marketing principles in the internal market of Avis car

rental branches in South Africa.

Structured interviews were conducted with six managers of Avis car rental branches in the largest city in South Africa, namely Johannesburg, to pre-test the questionnaire before its formal application as a data gathering instrument.

### Research procedure

Personal interviews were conducted with the managers of Avis car rental branches in South Africa. A time frame of thirty five days was used to complete the interviews. To ensure the participation of the maximum number of population elements, interviews were arranged on the premises of the Avis car rental branch.

### Data analysis

The statistical software package SAS System for Windows Release, 2002-2005: Version 9.1 Edition; SAS OnlineDoc, 2005: Version 9.1 was used for the analysis of the gathered data. The following analysis was done:

1. Means of differences between the ideal and the current application of internal marketing practices by the Avis car rental group were calculated.
2. Standard deviations for individual items on the questionnaire were calculated.
3. Explorative factor analysis (EFA) was utilized to determine the validity of the questionnaire as a measuring instrument. Maximum likelihood was used as the method of factor extraction, and a direct quartimin oblique rotation was specified. Table 1 illustrates that according to the MINEIGEN criterion, 1 factor was retained for each of the internal marketing constructs.

1. Cronbach's Alpha-values were applied to determine the reliability of the questionnaire as a measurement instrument. The calculation of Cronbach's Alpha-values was done for each construct. Hocking, Stacks and McDermott (2003:131) indicate that Cronbach Alpha-values determine the consistency according to which respondents answered the different items on the questionnaire. Nunnally and Bernstein (1994:264-265) recommend Cronbach Alpha coefficient scores above a 0.7 cut-off value. Table 2 illustrates that the statements on the research instrument were measured with scales that could be described as reliable.

2. Practical significance was determined by means of effect sizes. Cohen's d-values were used for this purpose. This study did not make use of inferential statistics (p-values), but applied the d-values of Cohen to calculate effect sizes. The effect sizes indicate the practically significant differences between the current application of the items on the questionnaire, and what the ideal application of the items should be (Ellis and Steyn, 2003:51-53; Steyn, 1999:3). Effect sizes (d-values) were calculated by using the following formula (Cohen, 1988: 20-27):

$$d = \frac{|\bar{x}_1 - \bar{x}_2|}{s_{\max}}$$

where:

d = the effect size;

$\bar{x}_1 - \bar{x}_2$  is the difference between the current situation (a-value) and the ideal situation (b-value) (e.g. respondents had to indicate on a Likert scale of 1 – 5 how they currently experience a specific scenario through a statement on the questionnaire, and how they

want to experience it as an ideal scenario); and  $s_{\max}$  is the maximum standard deviation of the two comparable groups.

Ellis and Steyn (2003:52) and Steyn (1999:3) specified below the cut off points which can be used when interpreting effect sizes below:

If  $d \approx 0,2$ , it indicates a small effect.

If  $d \approx 0,5$ , it indicates a medium effect.

If  $d \approx 0,8$  or is larger, the effect is both large and practically significant.

The major findings of the study are discussed in the section to follow.

## EMPIRICAL RESULTS

The internal marketing practices of the Avis car rental group in South Africa were measured according to six constructs, namely the internal marketing environment, the approach of employees towards internal marketing, motivation of employees, building blocks of internal marketing, implementation of internal marketing research areas and the implementation of internal marketing activities. Each of these constructs was statistically analysed to provide information on the means between the items for (a) the current application of internal marketing practices, and (b) the ideal implementation of internal marketing practices, the standard deviation and the effect size. Table 3 also provides an indication of the total number of respondents (n) who participated in the study.

The different constructs indicated in Table 3 will be discussed below.

### Internal marketing environment

The managers of Avis car rental branches in South Africa (n = 155) are of the opinion that their current application of the principles to create a positive internal marketing environment is fair [ $x(a) = 2.88$ ]. However, they view the ideal application of these principles higher [ $x(b) = 3.27$ ]. The large effect size ( $d=0.92$ ) illustrates that the managers of Avis car rental branches in South Africa perceive a practically significant difference between the current application of principles to establish a positive internal marketing environment in their businesses and the ideal application thereof.

### Approach of employees towards internal marketing

The managers of Avis car rental branches (n = 155) indicated that their current internal marketing initiatives are supported by their employees. The reason for this being that the managers established a business culture which addresses the internal needs of employees [ $x(a) = 3.11$ ]. They are, however, of the opinion that their focus on internal marketing can be strengthened [ $x(b) = 3.88$ ].

**Table 1.** Results of the EFO factor analysis.

Construct	Number of factors retained according to the mineigen – criterion	Cumulative variance declared (%)	Communalities (%)
Internal marketing environment	1 factor retained	66.22	59.19 - 75.66
Approach of employees towards internal marketing	1 factor retained	71.11	66.22 - 76.28
Motivation of employees	1 factor retained	55.44	56.66 - 72.71
Building blocks of internal marketing	1 factor retained	76.77	67.33 - 77.88
Internal marketing research areas	1 factor retained	72.66	76.33 - 86.59
Implementation of Internal marketing activities	1 factor retained	55.22	77.66 - 88.44

**Table 2.** Cronbach Alpha-values for the constructs of internal markets.

Construct	Cronbach alpha coefficient
Internal marketing environment	0.88
Approach of employees towards internal marketing	0.74
Motivation of employees	0.81
Building blocks of internal marketing	0.77
Internal marketing research areas	0.89
Implementation of internal marketing activities	0.87

**Table 3.** Constructs for the internal market of the Avis car rental group in South Africa.

Internal mark constructs					
Construct	N	Average (a) [x(a)]	Average (b) [x(b)]	Maximum standard deviation	Effect size (d)
Internal marketing environment	155	2.88	3.27	0.79	0.92
Approach of employees towards internal marketing	155	3.11	3.88	0.81	0.69
Motivation of employees	155	4.77	4.95	0.88	0.86
Building blocks of internal marketing	155	3.88	4.29	0.66	0.62
Internal marketing research areas	155	2.22	3.77	0.76	0.91
Implementation of internal marketing activities	155	3.56	3.98	0.78	0.89

The medium effect size ( $d = 0.69$ ) illustrate that the managers of Avis car rental branches in South Africa would prefer that the internal marketing initiatives which are necessary to gain the support of employees for the creation of an internal climate, to be better implemented.

The management of Avis car rental branches is also aware that the success of an internal marketing strategy will be determined by the level of support received from employees. They also realised that the creation and establishment of open communication channels with employees is a prerequisite for the successful implementation of internal marketing initiatives.

### **Motivation of employees**

The managers of Avis car rental branches in South Africa ( $n = 155$ ) are of the opinion that their current application

of the techniques to motivate employees to deliver a better performance are very good [ $x(a) = 4.77$ ]. However, they view the ideal application of these techniques higher [ $x(b) = 4.95$ ]. The large effect size ( $d = 0.86$ ) illustrates that the owners and managers of Avis car rental branches in South Africa hold the view that the motivation of employees must be a priority to ensure an increase in their performance levels.

### **Building blocks of internal marketing**

The managers of Avis car rental branches ( $n = 155$ ) view their current application of the principles which are conducive for the creation of an internal marketing climate as good [ $x(a) = 3.88$ ]. However, they are of the opinion that the ideal application of these principles should be higher [ $x(b) = 4.29$ ]. The medium effect size

( $d = 0.62$ ) illustrates that the managers of Avis car rental branches in South Africa would prefer the principles which are conducive for the establishment of an internal marketing environment to be better implemented.

### ***Internal marketing research areas***

The managers of Avis car rental branches in South Africa ( $n = 155$ ) indicated that their current application of research activities to determine the internal needs of employees are fair [ $x(a) = 2.22$ ]. They are, however, of the opinion that the ideal application of these research activities should be higher [ $x(b) = 3.77$ ]. The large effect size ( $d = 0.91$ ) illustrates that the managers of Avis car rental branches view the improved implementation of research activities to establish the internal needs of employees as a priority.

### ***Implementation of internal marketing activities***

The managers of Avis car rental branches ( $n = 155$ ) are of the opinion that the current application of their internal marketing activities is good [ $x(a) = 3.56$ ]. However, they view the ideal application of these activities higher [ $x(b) = 3.98$ ]. The large effect size ( $d = 0.89$ ) illustrates that the managers of Avis car rental branches are of the opinion that the implementation of internal marketing activities must be a priority.

The empirical results suggest that:

1. H1 can be accepted, while H1(0) has to be rejected. The Avis car rental group in South Africa does implement the principles of internal marketing in its internal market relationships.
2. H2 can be accepted, while H2(0) has to be rejected. The Avis car rental group in South Africa implements value-adding components into its relationships with employees.
3. H3 can be accepted, while H3(0) has to be rejected. The Avis car rental group in South Africa is inclined to establish long-term relationships with its employees.

Against the background of the results discussed above, the managerial implications of the study are highlighted below.

## **MANAGERIAL IMPLICATIONS**

The heart of a service business is the interaction with the customer. Raising the quality of the interface with the contact employee, should result in raising the perceived quality of the service. If the contact employees do their job better, the quality of the interaction will be enhanced

(Bowers and Martin, 2007:88-89). The employees of a business must therefore be acknowledged for the contribution which they make to create a competitive advantage for the Avis car rental group through their service delivery to customers. It is therefore only possible to improve internal marketing relationships within the Avis car rental group if such relationships are professionally managed. The improved management of internal market relationships can furthermore also improve on the customer market relationships within the Avis car rental group in South Africa. The implementation of internal marketing activities within the Avis car rental group in South Africa can be accommodated more successfully by focusing on the aspects provided below.

### **Internal marketing environment**

Attracting, developing and motivating employees as internal partners foster an internal customer orientation (Ward and Dagger, 2007:284). Day (2000:28-29) recalls the efforts made by many businesses to make employee satisfaction and retention a top priority in recognition of the damage that high employee turnover and disgruntled employees can cause to customer relationships. The outcome of this article is in accordance with the literature by stating that the managers of Avis car rental branches need to manage their employees more professionally as internal customers of the Avis car rental group in South Africa. This aspect is important, since the satisfaction of employee needs is required to ensure the satisfaction of external customer needs. The professional management of employees can also strengthen their future loyalty towards the internal marketing initiatives of the Avis car rental group. It is therefore important that the planning and development of internal products such as training, promotion, merit offerings, performance bonuses, profit sharing and the participation of employees in management decision making be done in collaboration with the employees of the Avis car rental group. Zampetakis and Moustakis (2007:418) are also in agreement with this finding by emphasising that internal marketing is a planned effort to align, motivate and integrate employees towards the effective implementation of corporate and functional strategies.

In addition, the development of long-term objectives must encompass the personal values and preferences of employees. This will ensure that the Avis car rental group establishes a business culture which is susceptible to the personal preferences and value system of employees, thereby increasing the current level of internal customer satisfaction. The formulation of objectives by the Avis car rental group must occur within an environment which is characterised by trust, support and understanding, which is supportive of teamwork amongst employees and which supports management's decision making. This finding is in accordance with the views of Harwood, Gary and

Broderick (2008:120) which state that crucial to the success of an internal marketing philosophy within any business, is a set of shared values that are understood and shared by all employees at all levels within the business.

### **Approach of employees towards internal marketing**

The different items which constituted this construct could be more successfully applied by the management of the Avis car rental group in South Africa. This will ensure the creation of a positive attitude amongst the employees of the Avis car rental group towards the internal marketing initiatives of the Avis management. A greater focus should therefore be placed on gaining the cooperation, trust and commitment of employees to ensure the success of the internal marketing initiatives of the Avis car rental group. It is also important for the management of the Avis group to realise that the long-term satisfaction of customer needs will be determined by the ability of management to build positive relationships with its employees. This, therefore, implies that the internal customer orientation of employees will determine their external customer orientation. This is in line with the view of Ahmed and Rafiq (2003:1177-1180) who stated that the cooperation, trust and commitment of all employees in the business are required to ensure the success of internal marketing. This implies that the focus of all parties should be on the achievement of communal objectives. In the supply chain, every member contributes to customer value, as well as the internal service quality of the business.

### **Motivation of employees**

A positive internal climate can be created to stimulate the motivational levels of employees of Avis car rental branches in South Africa. This can be achieved by focusing on the satisfaction of the individual needs of employees with regard to their working environment, working conditions and company benefits. The continuous research of employee satisfaction levels and training needs is also important to stimulate their motivation levels within the business. Steyn, Ellis and Musika (2004:37) agree with this finding of the study by stipulating that employee performance and attitude play an important role in service delivery to external customers. Employee satisfaction impacts on employee attitudes, which in turn influences employee performance and interaction with external customers. Employee interaction with external customers plays a pivotal role in the ultimate success of the business.

The involvement of employees in the decision-making processes of the business and the stimulation of creativity and initiative amongst employees are requirements for their continuous motivation within the Avis car rental

group. Furthermore, new employees must be recruited and current employees must be retained by offering them a market-related salary consisting of a fixed salary, a commission structure and a profit-sharing benefit which must be designed in conjunction with the employees. Ballantyne (2000:274-280) argues that from the employee's perspective the price of the job-product is the opportunities foregone, because of the time spent on the job. In other words, the employee pays for the job-product by not spending his or her time playing golf, watching rugby or spending time with the children. The most obvious way to offset the price of the job-product is to raise the pay. The higher the wages, the easier it is for the employee to justify working versus doing other things.

Employment opportunities within the Avis car rental group must become more structured in the future regarding aspects such as the responsibilities associated with the specific job, transferability to the head office of the franchise in specialised areas such as marketing, book-keeping, financial management and public relations, the salary package structure (that is, a basic salary or a basic salary plus commission) and training opportunities.

Furthermore, financial and educational motivations must be developed according to the level of seniority of the employee (e.g. additional commission or bonuses payable to Avis employees who work for branches whose targets are in excess of the minimum requirement, educational development through a tertiary institution in the areas of sales and marketing, and the implementation of a merit system according to the performance delivered).

### **Building blocks of internal marketing**

The management of Avis car rental branches needs to emphasise the application of a formal evaluation system. Such an evaluation system needs to measure the quality level of employees' internal service delivery. In addition, the Avis car rental group in South Africa can improve on its level of internal service delivery by formulating and applying internal service delivery standards. Through this process, Avis will empower itself to satisfy the internal customer needs of employees. Staff meetings can also be used as a forum where the individual needs of employees are identified and addressed. The individual recommendations, enquiries and complaints of employees must be addressed at these meetings. Team building sessions between the management and employees of the Avis car rental group in South Africa can also be used to create trust and commitment between the two parties. This aspect is of great value if the management of the Avis car rental group wants to build a stronger relationship with its employees. This finding is further strengthened by the argument that recognition is a key element to treating employees as customers. Positive, continuous recognition of superior performance which takes place in front of the employee's

peers and colleagues, offsets the price of the job product. People enjoy spending time doing what they do well and appreciate being recognised for it (Bowers and Martin, 2007:92).

It is therefore important for the management of Avis car rental branches to add value to the service which they deliver to their employees as internal customers of the business. This implies that the emotional development, personality and experiences of employees must be considered when developing internal marketing initiatives. This will ensure that internal products are developed on an individual basis, for each employee to address his/her personal needs. By applying this principle, the management of Avis car rental branches in South Africa can stimulate the motivational level of their employees. These findings are in agreement with the literature, since a significant relationship was found between job enrichment characteristics and job satisfaction, and eventually between job satisfaction and service quality in the South African retail industry (Gounaris, 2008:74-75). Chaston (2000:332-349) investigated possible actions to establish a stronger internal customer orientation in British clearing banks, and concluded, *inter alia*, that management's improved understanding of internal customer needs will be helpful in establishing an internal customer orientation.

### **Internal marketing research areas**

Steyn (2000:169) stipulates that a business must undertake an internal environmental analysis to develop an understanding for the different internal customer groups of the business, their different needs and attitudes with regard to their working conditions and level of satisfaction, as well as the factors that influence their needs and attitudes towards the business. Bowers and Martin (2007:91) further argue that market research may be applied to employees so that the firm becomes more familiar with their wants, needs and abilities.

These arguments are in line with the finding that the management of Avis car rental branches in South Africa must follow a more structured approach to the planning and implementation of research activities to determine the needs and satisfaction levels of employees. A stronger emphasis must be placed on the research of employee needs to strengthen their inclination towards the internal marketing initiatives of the Avis car rental group in South Africa. It is therefore important for the Avis group to communicate the value of such research to their employees.

### **Implementation of internal marketing activities**

The management of the Avis car rental group in South Africa must improve on its level of internal

communication. This will ensure the creation of an environment within the Avis car rental group that will install mutual respect, trust and concern for the needs and wants of both management and employees. Management can furthermore make use of different mediums to improve its level of communication to employees. This encompasses the use of individual discussion sessions, internal news letters, as well as formal and informal information sessions to create a platform for improved communication within the Avis car rental group. Informal information sessions can be used as an informal promotional technique to positively change the attitude of employees. Kalla (2005:304-306) agrees with this finding by stating that continuous communication with employees is necessary to ensure their commitment towards the internal marketing initiatives of the business. Such communication must also include feedback from employees to establish the internal marketing culture and climate of the business. The internal communication initiatives of the business must stimulate supportive working relationships, a factor which is peculiar to the following characteristics, namely consideration, support, trust and empathy.

### **Conclusion**

An outcome of internal marketing is the establishment of relationships between management and employees and between the different functions of the business. The employees of the business must be willing to support the internal marketing initiatives of the business since they are expected to approach the external customer base of the business, in a professional and efficient manner. The successful application of the principles of internal marketing on the internal market of the business is a prerequisite for effective external marketing (Herington, Johnson and Scott, 2006:367,369).

This article provided both a theoretical and empirical perspective on the internal marketing practices of the Avis car rental group in South Africa. The findings concluded that the management of Avis car rental branches in South Africa must follow a more structured approach to the planning and implementation of research activities to determine the needs and satisfaction levels of employees. Management can furthermore make use of different mediums to improve its level of communication to employees. This encompasses the use of individual discussion sessions, internal newsletters, as well as formal and informal information sessions to create a platform for improved communication within the Avis car rental group. Informal information sessions can be used as an informal promotional technique to change the attitude of employees.

The article concluded with a focus on the managerial implications of the findings. The major managerial implications of the study were that the Avis car rental

group must be marketed as an employer which supports the personal development and growth of employees. Employees must also be acknowledged for the contribution which they make to create a competitive advantage for the Avis car rental group through their service delivery to customers. It is therefore only possible to improve internal marketing relationships within the Avis group if such relationships are professionally managed. The improved management of internal market relationships can furthermore also improve on supplier and customer market relationships within the Avis car rental group in South Africa.

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