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Putting Internal Marketing into practice: To what extent can an Internal Marketing Orientation (IMO) be measured?

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Nothing new about services

- Booms and Bitner (1981) created an **Extended Marketing Mix** for services by complementing the traditional 4Ps (of McCarthy's Mix) with People, Process and Physical Evidence. More recently the term Physical Evidence has been replaced with Presence to better reflect online service providers
- Berry coined the phrase **Relationship Marketing** apropos services (Berry, 1983)
- Shostack recognised that every time customers interact with service providers a "**service encounter**" occurs (Shostack, 1984).
- 'Services' marketing has long been based upon the notion that there is more to service than being served. It is predicated upon the **mutual exchange and fulfillment of promises** (Gronroos, 1990).
- Bitner et al (1993) suggested that the major output from the services marketing literature up to 1980 was the delineation of four **services characteristics: intangibility, inseparability, heterogeneity and perishability**. More recently these have been complemented with **ownership**.....not convinced? You shouldn't be

Benefits sought in service encounters

Suffice to say that consumers do not own services, rather, they **seek benefits from the service** which itself depends on those providing it, is variable and has a degree of risk.

Sought benefit	Factors to be measured
Reliability	Right first time; Consistency (billing, branding, timing)
Competence	Required skills; abilities
Courtesy	Respect; friendliness; politeness
Communication	Information; jargon avoidance
Credibility	Trustworthy; Believability; Honesty; Acts in best interest of client
Security	Risk; danger; doubt; uncertainty
Understanding	Learning customer requirements; consistency
Access	Approachability; ease of contact; opening times
Responsiveness	Employee willingness; readiness; prompt service

(Source: adapted from Parasurman et al, 1985)

Services directed at people or possessions

Nature of the Service	Directed at People	Directed at Possessions
<p>TANGIBLE ACTS</p>	<p>People Processing people have to physically present them so that they become immersed within the service process e.g. dentists, airlines, hospitals, haircutting, restaurants hotels, fitness centres.</p>	<p>Possession Processing objects are liable to breakdown or need maintenance. Here the quality of the repair service is not dependent on the owner or representative of the possession being present whilst the service operation takes place e.g. freight, repair, cleaning, landscaping, retailing, recycling.</p>
<p>INTANGIBLE ACTS</p>	<p>Mental Stimulus Processing people have to become involved mentally in the service interaction and give time in order that they experience the benefits of this type of service e.g. education, playing games broadcasting, consulting, psychotherapy</p>	<p>Information Processing (directed at intangible assets) advances in technology have enabled information processing to become quicker, more accurate and more frequent, often at the expense of people processing. E.g. airline bookings, accounting, banking, insurance, legal, research</p>

(Source adapted from Baines et al, 2013)

The notion of services having differing degrees of consumer involvement is well established (Aldlaigan & Buttle, 2001) with cognitive, conative and affective dimensions varying between consumers, service providers and sectors (ibid). The degree of involvement shapes the level of expectations as does whether the service is aimed at people or possessions

Conflating the Services Mix with sought benefits

Clearly, a key challenge for service providers is matching supply to demand whilst creating or co-creating the value customers are seeking (Richardson & Cassop Thompson, 2019)...Service providers should conflate the benefits sought with the Extended Marketing Mix for Services

Service Mix	Sought benefits	Suggestions
Process	<u>Reliability</u> :- Can the company perform the service, accurately, dependably and consistently? Does the delivery 'fit' the instructions given?	Set agreed, quantifiable, attainable standards for service delivery create systems to measure and monitor success
People	<u>Responsiveness</u> :- Can the company offer a timely service that meets customers expectations?	Establish clients' requirements Analyse internal implications - e.g. training needs, restructuring; Develop training programmes
	<u>Empathy</u> :- Does the company focus on the individual?	Determine client care objectives
	<u>Assurance</u> :- Does the company convey trust and confidence?	Ensure adequate internal education and communication; Consider performance related pay and recognition systems Set up/revise systems for service delivery
Physical Evidence or Presence	<u>Tangibles</u> :- Does the company project itself in a professional manner?	Ensure look and feel of tangible attributes (e.g. offices, cars, reception) are excellent. Create a culture where staff want to present themselves in the best possible manner; Ensure online presence is easy to find, navigate and monetize.

This paper is not about the 7Ps, service characteristics and services per se.

Customer Involvement

A 'servicescape' comes into being when a heightened consumer focus is imposed on the (purely operational) task environment. Those who study the servicescape are concerned with the co-creation of experience between designers, marketers, customers, prospects and consumers (Baker et al, 2007). The idea that, on entering a servicescape people immediately make judgments as to whether they feel welcome (ibid), is not new. These judgments will be shaped by the degree of involvement with the service. Bitner (1995, p248) cited Disney where

"each amusement park customer experiences 74 encounters in a single visit and that a negative experience in any one of the 74 can result in relationship deterioration".

Market Orientation (MO)

MO is widely recognised as signalling the importance organisations attach to their marketplace (inc. customers & competitors) (Kohli & Jaworski, 1990). In MO companies,

- the consumer should be placed at the heart of all key management decisions.
- All staff are responsible for supporting the MO, not just those in marketing department (ibid).

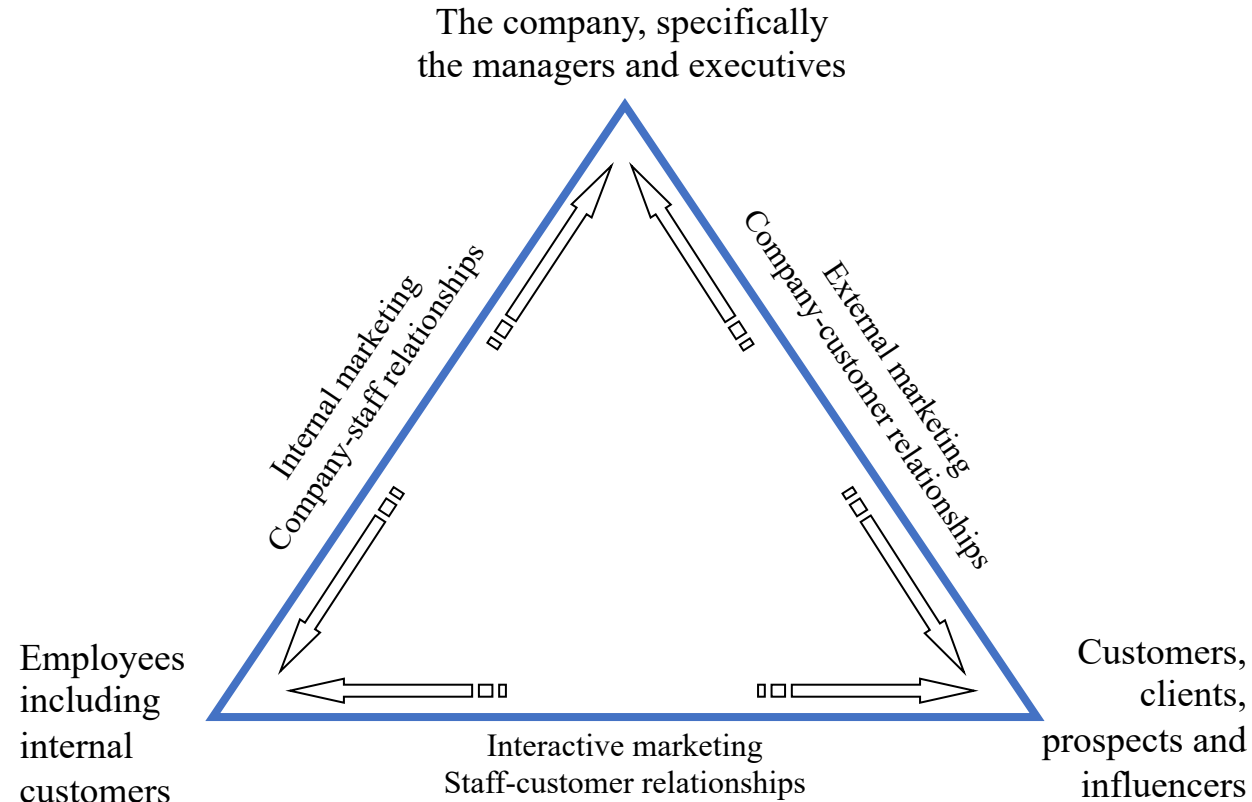
This applies to all organisations but especially small ones where marketing is often allocated to one individual who may be multi-tasking.

Kohli and Jaworski (1990) defined an MO as the organisation wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organisation wide responsiveness to it. Richardson et al (2015) refined this and defined MO as

“understanding current and future customers’ needs and wants in order to develop products and services that offer value for the customer, distinctive from the offers of other companies, which can be profitably produced. Hence companies must recognise the importance of continuing research in the marketplace and ongoing relationships with customers”.

Refined version of Kotler's Service Profit Chain

May Jo Bitner suggested the work of Gronroos influenced Kotler "who termed these essential marketing activities external marketing, interactive marketing, and internal marketing" (Bitner, 1995, p246).



In this refined version of Kotler's services triangle ...shows how IM applies to large service providers where Executives are responsible for leadership and strategy, Managers (report to the Executive) have department heads or supervisors reporting to them. The ICs of senior management teams are the staff they 'line-manage'

Internal Marketing (IM)

Rafiq & Ahmed (2000, p449) suggest there “is a great deal of confusion in the literature as to exactly what IM is, what it is supposed to do, how it is supposed to do it and who is supposed to do it”. This confusion combined with limited information available to practitioners, may explain why IM is still not widely adopted in organisations (Boukis et al, 2014). Yu-ting & Rundle-Thiele (2015) cite 43 definitions of IM over the last 30 years.

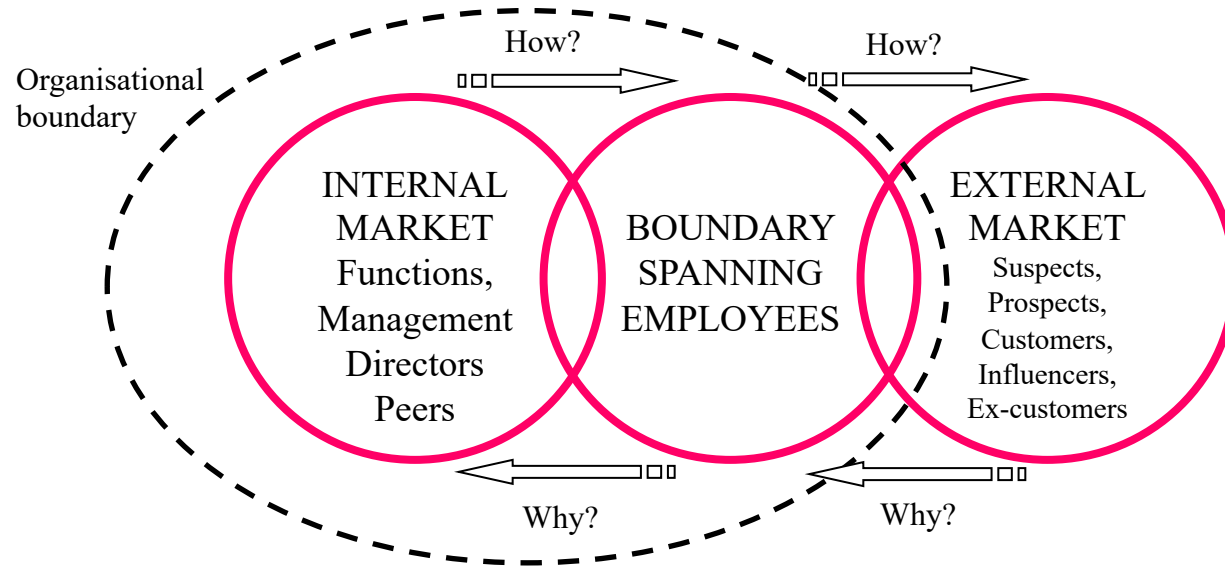
For this study, IM is considered to be something that is planned

“using a marketing-like approach to overcome organisational resistance to change and to align, motivate and inter-functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer orientated employees.”

(Rafiq & Ahmed, 2000, p454)

Boundary spanning employees at the internal-external markets interface

Kotler's service triangle is useful in recognising the three modes of marketing 'External', 'Interactive' and the key function of Internal Marketing (IM). It does not sufficiently recognise how BSEs build the bridge between the internal and external markets. It needs to better differentiate between internal support staff (and ICs) and recognise the key role of BSEs

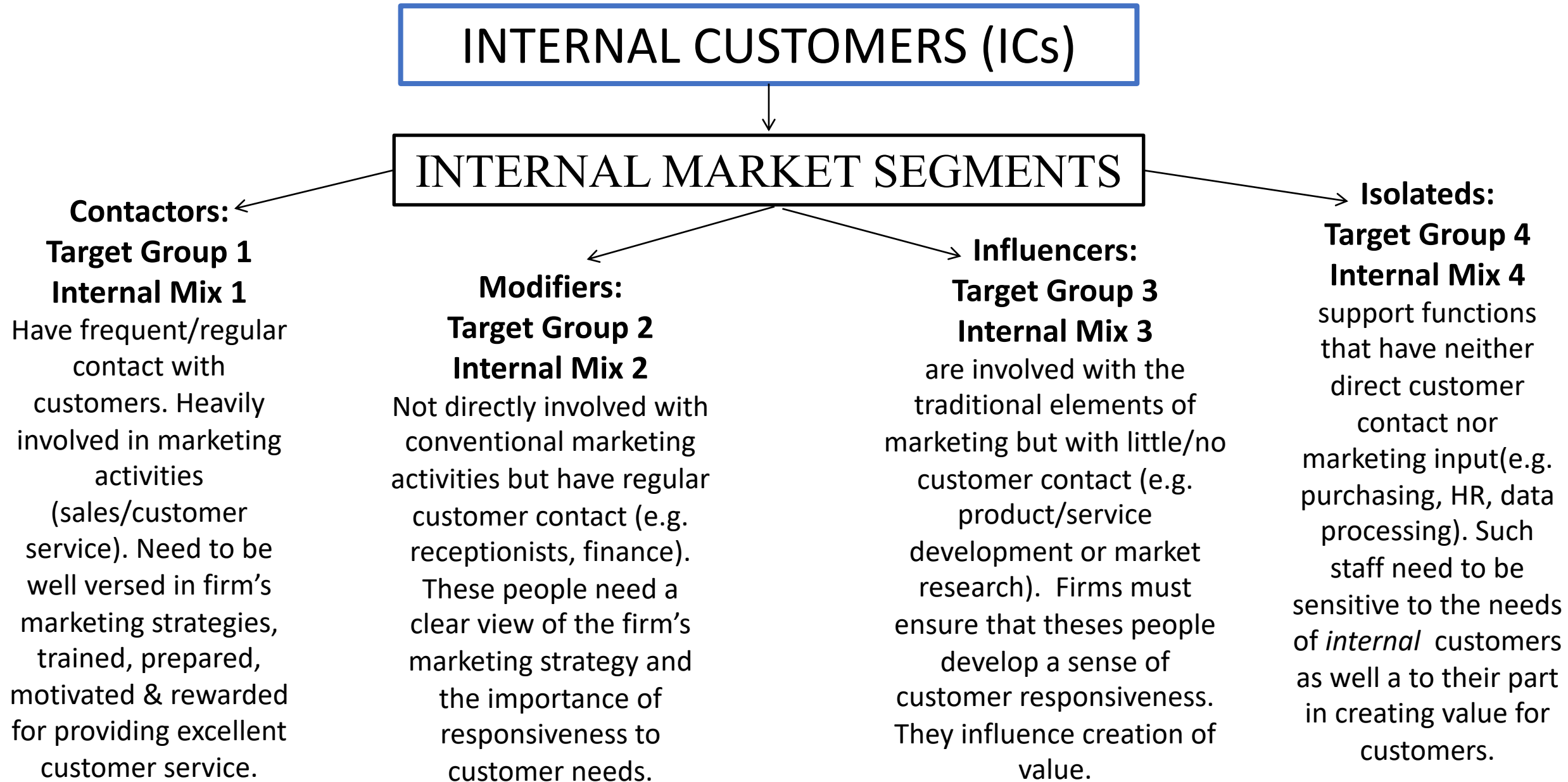


Does this work? Is BSE sufficient? Are more vectors needed, say Management to Functions and/or BSEs? Where do other functions fit in?

Key studies exploring the evolution of IMO

Author/Date	Study Summaries
Lings (2004)	Internal market orientation: Construct and Consequences
Lings & Greenley (2005)	Measuring Internal Market Orientation
Gounaris (2006)	Internal-Market Orientation and its measurement
Gounaris (2008)	IMO and employee satisfaction: some preliminary evidence
Tortosa-Edo (2009)	IMO and its influence on organisational performance
Kaur et al (2009)	Internal Market orientation in Indian Banking: empirical analysis
Lings & Greenley (2009)	The impact of internal and external MOs on firm performance
Gounaris et al (2010)	IMO: a misconceived aspect of marketing theory
Lings & Greenley (2010)	IMO and market-oriented behaviours
Kaur et al (2010)	An assessment of IMO in Jamu & Kashmir Bank through internal supplier's perspective
Tortosa-Edo et al (2010)	IMO and its influence on the satisfaction of contact personnel
Sahi et al (2013)	Revisiting Internal Market Orientation: a note
Boukis et al (2014)	IMO and different fir types as key enablers of employee brand-supporting behaviour
Ruizalba et al (2014)	IMO: an empirical research in hotel sector
Fang et al (2014)	IMO: market capabilities and learning orientation
Robledo & Aran (2014)	Empirical analysis of constituent factors of IMO -Spanish hotels
Tortosa-Edo et al (2015)	The influence of IMO on external outcomes: the mediating role of employees' attitudes
Gyepi-Garbrah & Asamoah (2015)	Towards a holistic IMO measurement scale
Robledo et al (2015)	Analysis of corporate volunteering in IMO & on job satisfaction
Ruizalba et al (2016)	IMO and work-family balance in family business

Internal Marketing: segmentation



Internal supplier-customer relationships

Lings (2004) developed 3 sub-dimensions of IMO behaviour to reflect the 3 broad sets of behaviour relating to organisations successfully implementing IM ...recognised as a seminal piece of work in IM (Gounaris, 2006; Ruizalba et al, 2014).

Internal market research - the investment and communication required to collect and generate information pertaining to the internal market; what is viewed of being of value to the employees, the internal environmental and market conditions.

The dissemination of the intelligence - the communication between different managers and employees (vertically and horizontally) throughout the organisation. Lings (2004) suggests that the aims are to communicate the organisations vision, objectives and strategies to the employees through internal mass media initiatives **and** to identify and respond to the employees needs with regard to requirements from employees' managers.

The design of job creation that provide the skills, abilities, tools and motivation to deliver (Bitner, 1995) by meeting the needs of the employees via reward, motivational and training schemes (Lings, 2004). To achieve this the following are needed

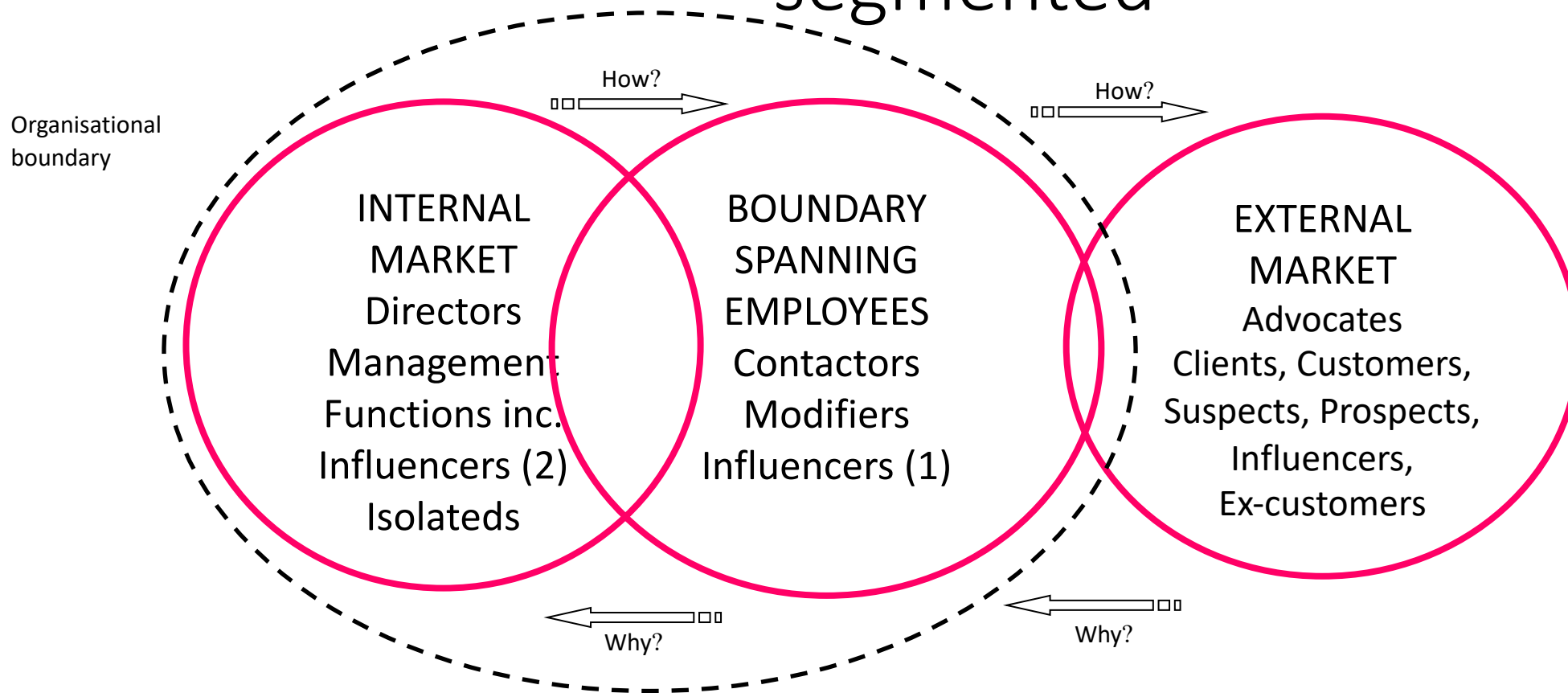
- the actual culture of the organisation needs to support this,
- effective communication both horizontally and vertically throughout the organisation
- collect and disseminate information
- supported by an appropriate managerial culture (ibid).

Problems with Lings' sub-dimensions approach

Lings Dimension	Issues
Lings (2004) three dimensions:- <ul style="list-style-type: none">• Internal market research• dissemination of the intelligence• design of job creation	Lings & Greenley (2005) suggested information generation could be both formal & informal, resulting in five behavioural components in their scale.
	Deemed too simplistic as more sub-components or multifaceted constructs (such as satisfaction) may be needed (Gounaris, 2006)
	Gounaris (2006) concludes that IMO is based on a hierarchical construct comprised of three major and ten sub dimensions
	Ruizalba-Robledo & Aran (2014) adapted the model incorporating work family balance as a sub dimension
	Ruizalba-Robledo et al (2016) suggest IMO consists of the three behavioural constructs with the first and third formed in turn by 'five first order constructs'

These differing dimensions introduce complexities - may prove **difficult to measure** which may partially explain why, despite many attempts at measuring IMO, IM has largely failed to gain ground with practitioners

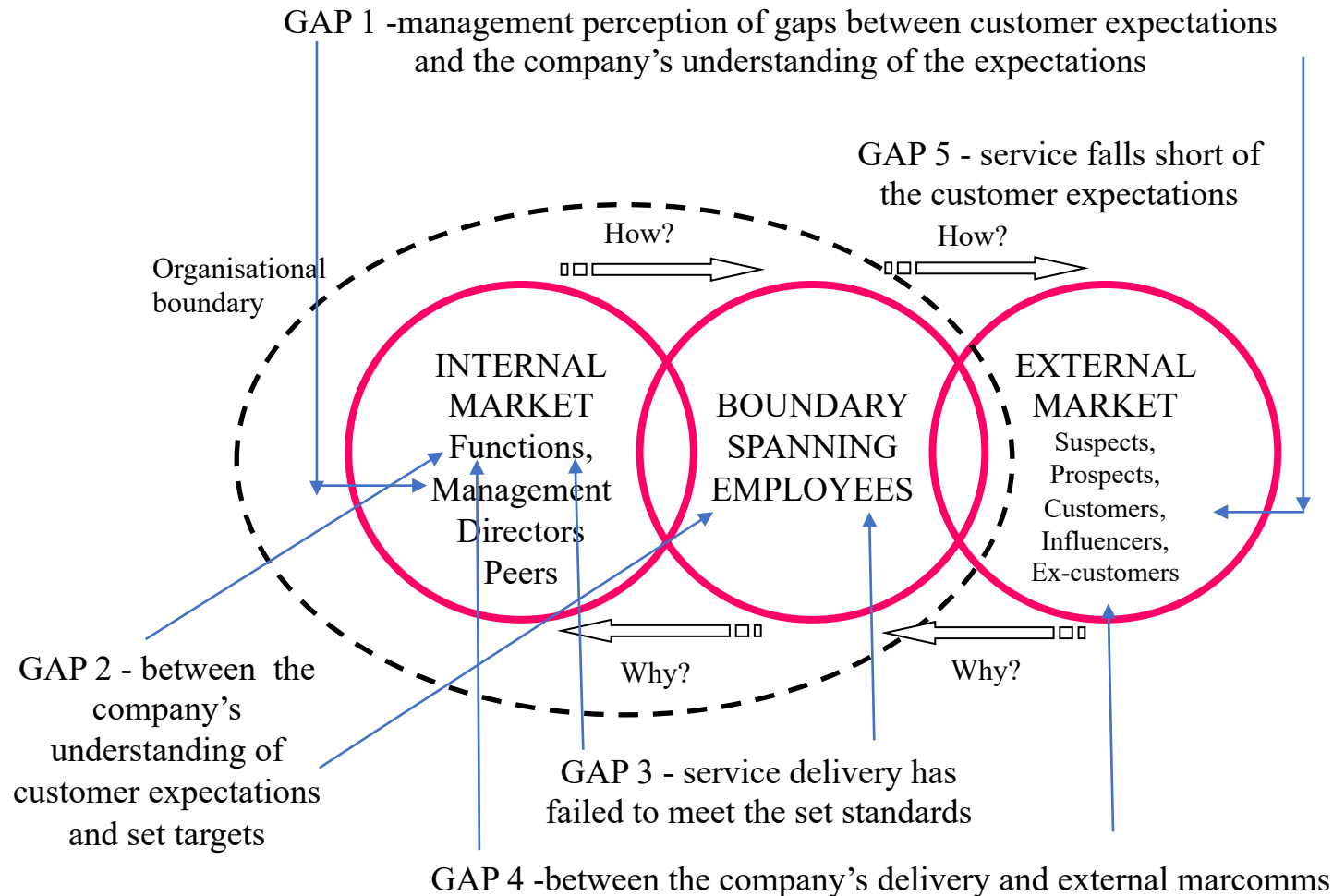
BSEs and internal segments at the internal-external markets interface- with Internal Customers (ICs) segmented



Does this work? Do the IC segments help or hinder adoption? Does the influencer problem need to be resolved with better names? Are more vectors needed, say Management to 'Contactors' and/or 'Modifiers'? Where do HR fit in? Remember.....Is the aim is to promote exploration and explanation rather than measurement?

Future Research ?

Internal Marketing (IM) with traditional SERVQUAL Gaps



Summary

As long ago as 1995 Mary Jo Bitner recognised that "issues of recruitment, training, proper support systems, use of technology in delivery, and their links to customer loyalty remain at the heart of what challenges service managers today" (Bitner, 1995, p249).

This statement is as relevant now as it was then. Possibly more so with Marketing's increasing reliance on technology (Hanlon, 2019). Yet many key authors do not address the issue of IM (see McDonald, 2017) including those who self-identify as 'Critical Marketers' (see Tadajewski and Brownlie, 2008). **No authors** conclude that IM has been adopted sufficiently.

This presentation offers an IM model that identifies BSEs and then refines it by including segmentation of the ICs. Can either of these be used to improve IM adoption? A theme from the literature is the attempts at measurement...is it time to seek to explore and explain rather than measure? Finally a potential direction for research is offered conflating the IM Model with a SERVQUAL Gaps approach.

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