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THE INFLUENCE OF INTERNAL MARKETING ELEMENTS ON THE BRAND AWARENESS OF CAR RENTAL CUSTOMERS IN SOUTH AFRICA

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200737585

Thesis
submitted in fulfilment of the requirements
for the degree
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in Marketing Management
in the
Faculty of Management
at the
University of Johannesburg

JOHANNESBURG

October 2011

Supervisor: Prof M Roberts-Lombard
Co-supervisor: Dr HB Klopper
DECLARATION

I declare that the Doctoral thesis, which I hereby submit for the degree PhD (Marketing Management) at the University of Johannesburg, is my own independent work and has not previously been submitted by me for a degree at another university.

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October 2011

Language editing declaration:

I hereby declare that I have performed the language editing of the thesis titled "THE INFLUENCE OF INTERNAL MARKETING ELEMENTS ON THE BRAND AWARENESS OF CAR RENTAL CUSTOMERS IN SOUTH AFRICA".

E. Marnus
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DEDICATED

I dedicate this study to Daan, our children and my mom and thank them for their love and understanding — I love you very much.
EXECUTIVE SUMMARY

Despite the extensive research undertaken in the subject area of services marketing, much is still unknown about services internal marketing, specifically internal marketing mix elements and how they affect brand awareness in services organisations. This study attempted to address this limitation. The study revolved around eleven internal marketing mix elements and their influence on brand awareness dimensions in the South African car rental industry.

Services organisations of which car rental companies are an example play a vital role in South Africa’s economy, as services organisations contribute 74% to the country’s Gross Domestic Product (GDP). Car rental companies like many other services organisations, are operating in a complex and extremely competitive environment. In order to attract and retain external customers, car rental companies need to focus on programmes to enhance their services delivery. Employees are the most valuable asset of an organisation, especially in the services environment. Internal marketing programmes aimed at employees are crucial to motivate them to improve service delivery to external customers.

The four traditional internal marketing mix elements, namely internal product, price, promotion and place, as well as the three services internal marketing mix elements, namely internal people, process, and physical evidence are well known in product and services markets. However, this study contributed to the body of knowledge by adding four recent internal marketing mix elements, namely internal personal relationships, packaging, positioning and performance.

Brand awareness refers to the strength of a brand’s presence in the customer’s mind. Awareness is measured according to the different ways in which customers remember a brand, ranging from recognition (exposure to the brand) to recall (what can be recalled...
about the brand) (Aaker, 2004:10). Brand awareness recall is associated with three dimensions, namely trustworthiness, overall evaluation and loyalty.

In order to establish the influence of the eleven internal marketing mix elements on the brand awareness as perceived by the customers of selected car rental companies, an empirical investigation was conducted. The primary objective of this study was to determine the perceived influence of the different elements of internal marketing on the brand awareness as perceived by selected car rental customers in South Africa.

Avis First Car Rental and Hertz were prepared to participate in this study. Combined they have a market share of more than 55%, thus it was believed that they were a fair representation of the car rental industry in South Africa. Probability sampling in the form of directly proportional stratified sampling was used in terms of selecting only customers of the three car rental companies, not including employees. The purpose of this study was to determine the effect of internal marketing on the brand awareness perceived by customers, therefore, only customers were selected for the purpose of the study. The sample unit included customers who rented cars from the Avis, First Car Rental and Hertz over a period of three months, namely November 2010 until January 2011. The sampling elements were customers who rented vehicles at airports, namely OR Tambo, Cape Town, Durban, Bloemfontein, Port Elizabeth, East London, George, Nelspruit, Kimberley and Lanseria and city branches, including Johannesburg, Cape Town, Durban, Bloemfontein, Port Elizabeth, East London, George, Nelspruit and Kimberley. The required sample size of respondents was between 375 and 750 and the actual sample size was 581. The measuring instrument was a questionnaire that included a current and ideal situation. The main technique for analysing data was structural equation modelling and equivalence testing to determine if there was any difference between the status quo and ideal situation as perceived by car rental customers.

The empirical investigation conducted among customers of Avis, First Car Rental and Hertz revealed that significant positive relationships existed between the services
internal marketing element process and brand recognition, trustworthiness, overall evaluation and loyalty; as well as between the recent internal marketing element internal performance and trustworthiness, overall evaluation and loyalty. These relationships imply that if car rental companies improve their internal process and performance, the brand awareness of the car rental company would improve. Other internal marketing mix elements that positively influenced brand awareness were people (employees), physical evidence, personal relationships, packaging and positioning.

Based on the positive relationships described above, as well as the strong influence internal process and performance have had on brand awareness, a model as guideline to car rental companies was developed. The purpose of the model is to emphasise internal marketing elements on which car rental companies should focus to improve brand recognition, trustworthiness, overall evaluation and loyalty amongst their customers.

The model was tested and proved to be applicable to both the status quo and ideal situation. In addition to the model, the study indicated that car rental companies should implement strategies to improve their internal marketing programmes. These strategies will contribute to improvement of employees' satisfaction and subsequently customer satisfaction. Satisfied customers will remain customers of their car rental company and ultimately profits and competitiveness of the particular car rental company will prosper. Eventually employees, customers and car rental companies and the whole economy of South Africa will benefit.
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This serves to confirm that I, Elizabeth Stephanie Conradie

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CHAPTER 1
INTRODUCTION TO THE RESEARCH PROBLEM

1.1 INTRODUCTION
Organisations across all industries recognise that services are becoming an important factor in all their business dealings to obtain a competitive advantage (Strydom, 2005:114). According to Palmer (2005:2), every industry is a service industry and the only aspect that separates industries is the size of their service component. Innovative organisations offering unique services to customers are now succeeding in markets where established organisations have failed (Lovelock & Wirtz, 2004:4). Services marketing management is about servicing and caring about people (Kasper, van Helsdingen & Gabbott, 2006:9). People encompass individuals, households, employees and organisations. In general, services deal with intangibles, in other words, things that can neither be held, touched or seen before they are utilised (Grönroos, 2000:7). Services refer to deeds, processes and experiences (Kasper et al., 2006:9; Zeithaml, Bitner & Gremler, 2006:4).

Internal marketing views the employee as an internal customer, jobs as internal products, and holds the view that all employees in an organisation serve both a customer and a supplier, even in the event where one or both of these are internal colleagues (Zeithaml et al., 2006:319). The goal of internal marketing is to establish, implement and manage a customer-focused service culture, strategy and relationships, which should result in higher levels of service quality (Boshoff & Du Plessis, 2009:15). In order to achieve the goal of internal marketing, services organisations need to recognise that marketing strategies should not only be aimed at external customers, but should also be implemented internally to achieve better internal communication. Therefore, the internal marketing mix has to be of central importance in services organisations as each element represents cues that customers rely on in judging quality and overall awareness of the brand (Mudie, 2003:1263).
Brand awareness refers to the strength of a brand's presence in the customer's mind. Awareness is measured according to the different ways in which customers remember a brand, ranging from recognition (exposure to the brand), to recall (what can be recalled about the brand), to be first in the mind (the brand appearing first in the mind), and finally to be dominant (the only brand recalled) (Aaker, 2004:10). Brand awareness is created by increasing the familiarity of the brand through repeated exposure and strong associations with the relevant cues enabling the customer to recall the brand effectively (Keller, 2003:70). Brand associations are divided into three major categories, these being attributes, benefits and attitudes (Keller, 2009:139).

Since the car rental companies in South Africa focus on the same customers and provide the same car models, both factors not fully controlled by them, it is imperative that they have to provide excellent services to customers to grow their businesses and to retain existing customers. The employees of car rental companies are their most important asset and therefore special attention is required to ensure loyalty and commitment from employees to deliver service excellence. Irrespective of the fact that the service organisation may have developed a well-conceived positioning for its brand, the brand's successful positioning and awareness depend on the role the employees play in delivering the service (Papasolomou & Vrontis, 2006:39).

It is therefore important for car rental companies to determine if internal marketing has an influence on employees' associations with the brand of the organisation. Car rental companies should realise that there is a need to instil a customer-focused service culture, which is a prerequisite for delivering consistently high quality services and for building successful service brands. Therefore, they need to embark on a process of strengthening their brands as a source of sustainable competitive advantage by implementing an internal marketing programme to compete with first-world countries (Papasolomou & Vrontis, 2006:39). Although most South African car rental companies' brands are well-known, formal research is required as it is not evident that internal marketing programmes are implemented in these companies. Furthermore, it is also not
clear what the influence of internal marketing is on the brand awareness of car rental customers in South Africa.

1.2. BACKGROUND TO THE STUDY

The homogeneity and heightened competition in the car rental industry are forcing car rental companies to consider the connection between internal marketing and brand awareness to achieve competitive differentiation. Due to increased globalisation most car rental companies in South Africa have to compete on a local and international level. Currently in South Africa there are a number of car rental companies, of which seven are most recognised due to their location at airports in South Africa. These companies include Avis, Budget, Europcar, First Car Rental, Hertz, Tempest Sixt and Thrifty.

Although all these companies were invited to participate in the study, only Avis, First Car Rental and Hertz agreed. They are respectively amongst the large, small and medium-size car rental companies in South Africa, and due to the number of employees, the number of branches and the sizes of their fleets, they could be seen as a representative sample of the total population of car rental companies.

Car rental companies in South Africa are facing a number of challenges. Organisations, such as the South African Vehicle Rental and Leasing Association (SAVRALA), were established to improve the car rental experience. The Association, together with the Association of South African Travel Agencies (ASATA) initiated a project to address a number of misunderstandings about car rental, which were not fully understood by renters and/or their booking agents. These areas include, amongst others, a 24-hour billing period, overdue rentals, additional drivers, drivers licence, damage and theft waivers and travel agent vouchers (Van den Bergh, 2010:1). However, it is clear from these programmes that the focus of SAVRALA is on enhancement of customer benefits and no attention is given to internal marketing programmes to assist employees in improving the actual car rental experience.
Many skills, activities, knowledge, performances, efforts, deeds, systems and processes are required when implementing processes, which focus on people, as in the case of car rental companies. Developing and implementing assets and capabilities, including motivating employees to serve the customer well through the delivery of excellent service quality, is a challenge to any services organisation. The interaction between customers and service employees is vital for the actual success of service delivery (Kasper et al., 2006:513). Although both product and services organisations have a component of service delivery and challenges pertaining to service quality, services organisations have realised that marketing and managing services presented issues and challenges not faced in manufacturing and packaged goods companies. Employees previously employed by manufacturing companies found that their skills and experiences were not directly transferable. Services organisations realise there is a need for new concepts and approaches for marketing and managing services organisations (Zeithaml et al., 2006:10).

Customer expectations and experiences play a vital role in the success of a services organisation. Since customers mainly rely on the contact they have had with employees of the services organisation, personal contact between employees and customers will to a large extent determine the success of the services organisation (Lovelock & Wright, 2002:50). To ensure consistency, service brands have developed internal marketing programmes in order to recruit, train and manage employees to deliver on the brand’s promises (Pina, Martinez, De Chernatony & Drury, 2006:177).

1.2.1 Why eleven Ps?

Marketing activities are traditionally structured around the four Ps related to products, namely product, price, promotion and place (distribution). In the services marketing mix an additional three Ps were added referring to people, process and physical evidence. However, marketing theorists are forever debating the relevant number of Ps and subsequently a variety of marketing mixes are being used in the various industries.
Although most literature focuses on the seven Ps of services, additional Ps of up to 22, including personal relationships, packaging, positioning and performance, were recently introduced to the marketing environment (Simister, 2009:3; Balmer & Gray, 2003:974). The inclusion of personal relationships, packaging, positioning and performance is based on motivation from researchers theorising about the necessity of expanding the original Ps, which is explained in detail in section 1.7.2, p19 of the study. To summarise, the inclusion of these four Ps refers to the critical role employees are playing in internal marketing and the way in which they interact with customers. A personal relationship between an employee and a customer enhances the quality of the service being delivered. The role of packaging in internal marketing is extended to the appearance of employees, the way they dress and present themselves to customers. Positioning refers to the manner in which employees contribute to the positioning of the organisation in terms of how employees treat customers, and performance is represented by the actual performance of employees, as well as the total performance of the organisation to ensure a positive awareness of its brand (Constantinides, 2006:414-429; Zeithaml et al., 2006:10). Therefore, all eleven elements, namely product, price, place, promotion, people, process, physical evidence, personal relationships, packaging, positioning and performance have to be considered for inclusion in the internal marketing programmes service organisations are offering to employees to ensure improved interaction with customers as suggested by the literature.

1.2.2 The role of employees and brands in service organisations
Irrespective of the nature of the service, employees working in the front line interact directly with customers. They, and other employees who interact with customers, even indirectly, need to understand the customer has needs and match the organisation’s service offering with the specific customer’s need. Moreover, they collect intelligence on competition, they help the organisation clarify what the needs of customers exactly are and assess the organisation’s ability to satisfy them. These employees promote the organisation’s visible overall image (Gounaris, 2008:402). However, the front-line employees are not the only employees who should be exposed to internal marketing.
The back-office employees are creating the perception or feeling of the brand which refers to the more invisible awareness of the brand (Aakar, 2004:10). Therefore, it is imperative that all employees should be trained, developed and informed of the vision and goals of the organisation, enabling them to deliver excellent services. Internal marketing requires the involvement of a number of departments working in unison to improve performance (Ahmed & Rafiq, 2003:1177).

Liu, Petruzzi and Sudharshan (2007:25) argue that training with an emphasis on the specific tasks that employees have to accomplish; employee empowerment, sharing information pertaining to customer needs, and rewarding employees based on the quality of customer service, they deliver result in motivated employees. Employees who complete tasks effectively become motivated to provide a high quality service, which results in higher levels of customer satisfaction. As a result, customers are satisfied, since expectations are met or exceeded and the brand awareness of the organisation will be positive (Boshoff & Du Plessis, 2009:75).

Internal marketing, also known as internal branding or employee branding, is viewed as equally important to external brand building or the brand management of customers (O'Callaghan, 2009:4; Witt & Rode, 2005:278). Another factor playing a role in business success is the establishment of favourable brand awareness (Park, Cho & Kandampully, 2009:134). Brands are often seen as a major relationship builder between a car rental company and its customers. Kasper et al. (2006:163) argue that brands are not only the product or service an organisation sells or delivers, but represent everything an organisation does and specifically what an organisation represents to its employees and its markets.

Brands are increasingly seen as valuable market assets and an essential source of differentiation in industries, which are becoming saturated with similar service offerings, such as car rental companies. Additionally, brands have certain functions such as improving loyalty, identifying the provider of the service, reducing search costs, reducing
perceived risk and signalling quality (Kasper et al., 2006:163; Aurand, Gorchels & Bishop, 2005:164). Service organisations have begun to realise that the importance of nurturing relationships between employees and customers adds to the development of employees' and customers' respect for certain functional and emotional values of the brand (Papasolomou & Vrontis, 2006:38). Subsequently, an integrated branding strategy is required to align the organisation's strategy, processes and resources to ensure consistency in the quality of the service delivery and a positive perception of the brand (LePla, Davis & Parker, 2003:3-5).

The internal marketing mix elements that will be used in this study include product, price, place, promotion, people, process, physical evidence, personal relationships, packaging, positioning and performance. In order to enhance the brand awareness of a service organisation, the organisation has to adapt its marketing activities to mix and match the internal marketing mix elements that will reinforce the brand awareness (Kotler & Keller, 2009:288). Thus, car rental companies need to implement internal marketing programmes that include at least some of the internal marketing mix elements to ensure employees deliver service excellence to customers, thereby improving the awareness of their brand amongst external customers. Customers who are aware of the brand of car rental companies and who receive excellent services should become committed to the organisation and should remain a long-term and loyal customer of the specific car rental company. Since employees of car rental companies create the customer's perceptions and awareness of the brand during the service encounter, it is important that they are exposed to internal marketing programmes. If the programmes are implemented effectively, customers have a satisfied experience and positive brand awareness is created.

Therefore, it is important for car rental companies to understand the 11Ps of the internal marketing mix and determine which ones have a greater influence on the brand awareness amongst customers, namely brand recognition and brand recall.
1.3 STATEMENT OF THE PROBLEM

Despite a strong interest in the subject amongst marketing researchers, little research has been conducted related to brand awareness in service brands (O'Cass & Grace, 2003:453). Car rental companies are regarded as services organisations due to their main purpose of providing services to their customers (First Car Rental, 2011; Hertz, 2011; Avis, 2009). Although car rental companies have internal programmes, such as loyalty and other incentive programmes to motivate employees, the success of these programmes has not been researched or linked to the internal marketing elements applicable to this study (Avis, 2009a). Hence, the researcher could not find any studies that have explored the influence of internal marketing as a means to achieving stronger brand awareness in the car rental industry in South Africa.

In addition, the researcher could not find any direct studies on how the elements of the internal marketing mix of product, price, place, promotion, people, process, physical evidence, personal relationships, packaging, positioning and performance, influence brand recognition and brand recall, which is ultimately linked to brand awareness (O'Cass & Grace, 2003:453). Customers in a services environment become aware of the brand through their experience during consumption of the service, which is created by employees of the organisation. This raises the question of whether or not internal marketing presented to employees has a positive influence on brand awareness as perceived by customers of car rental companies.

This is relevant, because if all elements do not contribute positively to the overall brand awareness of car rental companies in South Africa, it could receive reduced attention, which could damage the overall awareness and positive image of the brand of the car rental company. Additionally, if certain activities, such as award schemes or advertising training programmes for employees prove to be ineffective they could be altered and improved, thereby creating more competitiveness between car rental companies.
Figure 1.1 provides an illustration of the key relationships to be investigated in this study.

Figure 1.1 Framework of the key relationships explored in the study

Brand recall relies on associations that customers have about the brand and use to differentiate the position and highlight the attributes of the service. They are thus linked to the memory and contain meaning of the brand for customers (Aaker, 2004:110).
Brand associations are categorised into attributes, which for the purpose of this study, refer to the trustworthiness of the vehicles, benefits and perceived quality, translating into the overall evaluation of the service customers receive, and the attitude, which refers to the customer’s loyalty towards the brand.

There is a lack of clear information on the relationship between the internal marketing mix and the brand awareness dimensions of brand recognition and brand recall, namely trustworthiness, personal value and overall evaluation within the car rental industry in South Africa that has not been explored before. Therefore, the relationship needs to be explored as the enhancement of the relationship could provide direction to the car rental industry to enhance their performance and profitability.

The problem statement therefore is:

More attention is required in determining the existence of a relationship between the elements of internal marketing and the dimensions of brand awareness to include the influence it has on the brand awareness perceptions of customers and to subsequently enhance profitability within the car rental industry in South Africa.

1.4 RESEARCH OBJECTIVES

The following objectives clearly defined the objectives the study aimed to determine:

1.4.1 Primary objective

The primary research objective of this study was to determine the perceived influence of the different elements of internal marketing on the brand awareness as perceived by selected car rental customers in South Africa.

1.4.2 Secondary objectives

The secondary research objectives were:
1. To execute a secondary study relating to internal marketing and brand awareness.
2. To determine if a relationship exists between the different elements of internal marketing and the brand awareness dimensions of selected car rental companies in South Africa.
3. To determine whether there is a difference between the perceived influences of the different elements of internal marketing on the brand awareness of selected car rental companies in South Africa.
4. To determine which elements of internal marketing have the largest influence on the brand awareness of selected car rental companies in South Africa.
5. To examine and develop an integrated framework for car rental companies that will improve their internal marketing efforts and thereby enhance the brand awareness amongst their customers.

1.5 RESEARCH QUESTIONS

The purpose of the study is to investigate the influence of the eleven internal marketing mix elements on brand awareness of customers of car rental companies in South Africa. The research question can be phrased as: Is there a relationship between the eleven internal marketing mix elements and the brand awareness of selected car rental companies in South Africa? Subcomponents of the primary research question include:

- What is the influence of the internal marketing mix elements (product, price, promotion, place, people, process, physical evidence, personal relationships, packaging, positioning and performance) on brand awareness (brand recognition and brand recall) of selected car rental companies?

- Which of the internal marketing mix elements (product, price, promotion, place, people, process, physical evidence, personal relationships, packaging, positioning
and performance) have the largest influence on brand awareness (brand recognition and brand recall) of selected car rental companies in South Africa?

1.6 HYPOTHESES

As indicated in the aforementioned sections, it is important for the car rental industry's growth and ultimate success to know what the influence of internal marketing efforts is on their customers' awareness of the brand. The influence of the eleven internal marketing mix elements on the brand awareness derived from the research objectives has therefore been formulated in hypotheses that can be tested among customers. In Figure 1.2 the hypotheses are depicted.

Figure 1.2 displays the organisation which imposes its values through internal marketing on employees with the external customer in mind to achieve its objectives (Mudie and Pirrie, 2006:14). The internal marketing mix elements are independent variables, since they are not dependent on one another to exist in the organisation. The brand awareness is the dependent variable of the study, as the research aims to prove the influence of the independent variables on the brand awareness. The brand awareness dimensions that will be tested are brand recognition and brand recall, which include the associations, namely trustworthiness, personal value and overall evaluation.

In classical tests of significance, two kinds of hypotheses are used. The null hypothesis is a statement that opines that no difference exists between the parameter and the statistic being compared to it (Aaker, Kumar, Day & Leone, 2011:404). The alternative hypothesis holds that there is a difference (Aaker et al., 2011:404; Cooper & Schindler, 2007:487). These hypotheses are depicted in Figure 1.2.
Based on the primary and secondary objectives and as indicated in Figure 1.2, it is hypothesised that:

H0(1a): A relationship between the traditional internal marketing elements and brand awareness is not evident in the selected car rental companies in South Africa.
H1(a): A relationship between the internal marketing elements and brand awareness is evident in the selected car rental companies in South Africa.

H0(1b): A relationship between the services internal marketing elements and brand awareness is not evident in the selected car rental companies in South Africa.

H1(b): A relationship between the services internal marketing elements and brand awareness is evident in the selected car rental companies in South Africa.

H0(1c): A relationship between the recent internal marketing elements and brand awareness is not evident in the selected car rental companies in South Africa.

H1(c): A relationship between the recent internal marketing elements and brand awareness is evident in the selected car rental companies in South Africa.

H0(2a): There is no difference in the influences of the traditional internal marketing elements on brand awareness of selected car rental companies in South Africa.

H2(a): There is a difference in the influences of the traditional internal marketing elements on brand awareness of selected car rental companies in South Africa.

H0(2b): There is no difference in the influences of the service internal marketing elements on brand awareness of selected car rental companies in South Africa.

H2(b): There is a difference in the influences of the service internal marketing elements on brand awareness of selected car rental companies in South Africa.

H0(2c): There is no difference in the influences of the recent internal marketing elements on brand awareness of selected car rental companies in South Africa.

H2(c): There is a difference in the influences of the recent internal marketing elements on brand awareness of selected car rental companies in South Africa.

H0(3a): The influence of the traditional internal marketing elements on brand awareness of selected car rental companies in South Africa is not positive.

H2(a): There is a difference in the influences of the traditional internal marketing elements on brand awareness of selected car rental companies in South Africa.
H3(a): The influence of the traditional internal marketing elements on brand awareness of selected car rental companies in South Africa is positive.

H0(3b): The influence of the services internal marketing elements on brand awareness of selected car rental companies in South Africa is not positive.
H3(b): The influence of the services internal marketing elements on brand awareness of selected car rental companies in South Africa is positive.

H0(3c): The influence of the recent internal marketing elements on brand awareness of selected car rental companies in South Africa is not positive.
H3(c): The influence of the recent internal marketing elements on brand awareness of selected car rental companies in South Africa is positive.

H0(4a): There is no difference between the level of influence of the traditional internal marketing elements on brand awareness of selected car rental companies in South Africa.
H4(a): There is a difference between the level of influence of the traditional internal marketing elements on brand awareness of selected car rental companies in South Africa.

H0(4b): There is no difference between the level of influence of the services internal marketing elements on brand awareness of selected car rental companies in South Africa.
H4(b): There is a difference between the level of influence of the services internal marketing elements on brand awareness of selected car rental companies in South Africa.

H0(4c): There is no difference between the level of influence of the recent internal marketing elements on brand awareness of selected car rental companies in South Africa.
H₄(c): There is a difference between the level of influence of the recent internal marketing elements on brand awareness of selected car rental companies in South Africa.

1.7 SYSTEMS APPROACH AND THEORY

By stating the general aim in relation to possible sources for solutions, the theoretical and empirical logic of this study is clarified. The nature of the research problem necessitates a brief explanation of the interrelatedness of the domains within which this study falls, as well as the various theories that govern this study. These domains and theories are summarised in Table 1.1 and are discussed here and throughout the study.

Table 1.1: Systems approach

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<td>Concept 2</td>
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<td>- Brand recognition</td>
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<td>- Brand recall (trustworthiness, overall evaluation and loyalty)</td>
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Source: Author's own construct
1.7.1 Meta-theoretical approaches

The meta-theoretical approach applicable to this study is systems thinking within a systems approach. Figure 1.3 summarises the systems approach.

Figure 1.3  Systems thinking and approach

![Diagram of systems thinking and approach]

Source: Adapted from Rosi and Mulej (2008:1172)

1.7.1.1 Systems thinking and approach

The systems approach is an abstract perceptual framework that is an exceptionally good aid to understanding and practising internal marketing. The approach identifies the
principles common to all systems, the most important of which are wholeness, hierarchy, self-regulation, openness and adaptability (Rosi & Mulej, 2006:1171).

1.7.1.2 Systems theory

The development of the general systems theory is one manifestation of the fundamental changes in the nature of scientific analysis. Rather than investigating the universe in a cause-and-reaction frame of mind, researchers have realised that any cause-and-reaction relationship takes place in a more complex system of relationships. Nothing is analysed in isolation, but in terms of its relationship with others within a larger system. These systems of inter-influential happenings indicate that the whole is larger than the sum of its parts (Gummesson, Lusch & Vargo, 2010:13).

Ackoff (1981) suggested that a system is a set of two or more elements that satisfies three conditions, namely the behaviour of each element has an effect on the behaviour of the whole; the behaviour of elements and their effects on the whole are interdependent; and although subgroups of the elements are formed, all have an effect on the behaviour of the whole, but none has an independent effect on it (Rosi & Mulej, 2006:1171).

The definition of Shafritz and Ott (1992) in Gummesson et al. (2010:13) states that ‘a system is any organised collection of parts united by prescribed interactions and designed for the accomplishment of specific goals or general purposes.... The systems theory views an organisation as a complex set of dynamically intertwined and interconnected elements, including its inputs, processes, outputs, feedback loops, and the environment in which it operates and continually interacts’. Organisations are therefore not static, but have adaptive systems constitute an integral part of their environment (Gummesson et al., 2010:13).
In a service dominant environment, customers take own initiatives and are active in creating for themselves and co-creating with others. In a viable system approach, network and systems complexity is recognised (Gummesson et al., 2010:13). As depicted in Figure 1.3 the inputs represent synergy and a network entity with attributes that parts alone do not possess, the issues and processes refer to the organisational processes, which include details, attributes of parts of the process and relations among them, as well as relations with the environment. The use of internal marketing whereby brand awareness should be enhanced, is part of the process, while the outputs refer to mutual relations that form a central topic of the thinking of the organisation. The feedback loops are required to amend inputs and subsequently improve outputs.

Since the systems theory is such a complex system referring to several parts that form part of the holistic view, it can also be applied to the car rental industry, where the internal marketing elements need to have a relationship with brand awareness dimensions resulting in satisfied and loyal customers.

The theories on which the systems approach is based in the theoretical part of this study can be summarised as: Services marketing and internal marketing theory, described in Chapter 3, and the brand awareness theory described in Chapter 4.

1.7.2 World view
The services internal marketing mix elements are deployed to instil in customers the need for interdisciplinary creative cooperation as a tool towards holism, to enable and to motivate them to develop and use their capacity to meet this need. This is a precondition for a more sustained mastering of the modern turbulent business conditions (Rosi & Mulej, 2006:1171), as in the case of car rental companies.

A key factor distinguishing the services marketing from the marketing of physical products is the human element. The distinctive characteristics of services require the addition of three more Ps to overcome the limitations of the traditional marketing mix
The elements of the three additional Ps of the marketing mix are:

- People – the appearance and behaviour of service personnel;
- Process – how the service is delivered, the actual procedures and flow of activities; and
- Physical evidence – everything from the appearance, design, layout of the service setting, to brochures, signage and equipment.

The unique characteristics of services cause customers to search for evidence of the service in each of their interactions with the organisation. The additional elements of the service mix, namely people, process and physical evidence, provide customers with that evidence and allow them to form their own judgement (Mudie & Pirrie, 2006:6). The additional components of the marketing mix focused on the services sector can be fully controlled by the service organisation and can play a vital role in ensuring that marketing is customer focused, not product focused. Booms and Bitner (1981) included people and physical evidence as important environmental factors influencing the quality packaging and process of service delivery as additional marketing mix elements in services marketing.

Communication and relationship building are fundamental elements of service organisations. These elements are not adequately addressed by the 4Ps, and therefore personal relationships are included in the study (section 3.9.10). Beckwith (2001) claimed that the personal character of services makes the quality standardisation a difficult and challenging task and packaging is thus an element that can assist with the standardisation of services. Furthermore, as suggested by the systems theory, namely that the behaviour of each element has an effect on the behaviour of the whole (Gummesson et al., 2010:13), the marketing mix can be broken down into parts and elements to include people or employees which are critical for internal marketing to succeed, and process, which includes organisational process, personal relationships...
and packaging of the service offering. Since the services marketing relies largely on people, personal relationships are important when providing a service to a customer. Relationships are formed, especially in repeat services. Beckwith (2001) stated that due to changes in the marketing of services, previous product paradigms and marketing fallacies should be rejected and the focus should be to increase customer satisfaction. One of these changes includes packaging of the service offering that is therefore an internal marketing mix element on its own.

The contributions of Fryar (1991) who introduced positioning, which according to the systems theory refers to the environment in which the organisation operates, is also included in this study. Positioning is based on segmentation and differentiation of target markets. Segmentation and differentiation of internal markets have been discussed in section 3.10.1 as being important for organisations to ensure employees in the various segments receive the correct training and support. Therefore, positioning of the internal market might have an influence on brand awareness. Grove, Fisk and John (2000:74) added performance of employees, since employees are a powerful element tool of customer persuasion and a major parameter affecting the customer’s perception on the delivered service quality (Constantinides, 2006:421).

Based on the arguments above, the eleven services internal marketing mix elements as theoretical foundation for this study are products, price, place (distribution), promotion, people, process, physical evidence, personal relationships, packaging, positioning and performance.

Theories of marketing and branding support the idea that there is a functional connection between the marketing of services and the awareness of the brand (Kotler & Keller, 2009:288). The creation of a brand implies communicating a certain brand image in such a way that all the target groups of an organisation link its brand in their minds, and experience awareness with a set of associations (Danaher & Mullarkey, 2003:252). Brand awareness consists of brand recognition and brand recall performance. Brand
recognition relates to customers' ability to confirm prior exposure to the brand when
given the brand as a cue. In other words, customers are able to distinguish the brand as
having been previously seen or heard. Brand recall relates to customers' ability to
retrieve the brand from memory when given the product category, the needs fulfilled by
the category, or a purchase or usage situation as a cue. In other words, customers are
able to correctly generate the brand from memory when receiving a relevant cue (Keller,
2003a:67). Brand awareness is critical for services organisations, as customers have to
actively seek the brand and be able to recall it from memory when appropriate.

Together with the eleven internal marketing mix elements, brand awareness forms the
theoretical paradigm on which this study is based.

1.7.3 Domains

The essence of the primary objective falls within two domains, namely internal
marketing management and brand awareness management.

Dimensions such as the uniqueness of the services organisation environment, the
importance of the eleven services marketing mix elements, the brand awareness
created by employees of services organisations, and the perceptions of customers of
the brand within the context of the research objectives all point to the two domains of
this study.

1.7.4 Theories

The specific theories relevant to this study are explored in Chapters 3 and 4. These
theories include the services marketing theory, internal marketing theory and brand
awareness theory.
1.7.5 Major concept

The major concept is derived from the primary objective and is thus defined as "the influence of eleven services marketing mix elements on brand awareness". This concept is further explored in Chapters 3 and 4.

1.7.6 Concepts and constructs

The purpose of academic research is either to develop a new theory, or to change or expand existing theory. In this study, services marketing and branding theories are used to apply existing theory to internal marketing. Empirical research is applied to measure the building blocks or concepts. Concepts are generally accepted as bundles of meanings or characteristics associated with certain events, objects, conditions, situations and behaviours (Cooper & Schindler, 2007:39). However, a bundle of meanings does not provide a clear framework for research. Therefore, constructs are used to turn these bundles of meaning into an image or idea specifically invented for a given research and/or theory-building purpose (Cooper & Schindler, 2007:41). In this study each concept is linked to the major concept, and the constructs derived from these concepts contribute to the empirical investigation of the research objectives. As illustrated in Table 1.1, two concepts with their constructs are identified. The constructs were divided in tactical and strategic constructs. The tactical level refers to selling the organisation's services and to support the services. The objective of the strategic level is to create an internal environment that supports sales-mindedness, as described in detail in section 3.10, p 157. For easy reference these concepts and constructs are represented in graphic format in Figure 1.4 and are discussed afterwards. Emphasis is placed on the internal marketing mix elements, since they are the core elements to influence brand awareness.
Research constructs are described as unobservable abstract concepts that are measured indirectly by a group of related variables. Variables are described as latent variables (independent or exogenous) and observable variables (dependent or endogenous) which are measurable elements of an object and are measured directly (Hair, Bush & Ortinau, 2009:233). In practice, the term latent variable is used as a synonym for constructs or the property being studied. In this context, a variable is a symbol to which numerals or values are assigned (Cooper & Schindler, 2007:44). Therefore, the latent variables that will be measured in this study are the eleven internal marketing elements: tactical namely, product, price, place, promotion, people, process, physical evidence, personal relationships, packaging; strategic, namely positioning and performance. These elements are the independent (exogenous) variables or constructs, since they predict or explain the outcome variable of interest (Hair et al., 2009:234).

Brand awareness can be measured as recognition of the brand and recall of the brand (Aaker, 2004:12; Keller, 2003:45). Brand recall represents brand associations, namely attributes, benefits and attitude towards the brand. For the purpose of this study, the
dimensions of brand recall are trustworthiness of the vehicles (attribute), overall evaluation (benefit) and loyalty (attitude) of the brand. The brand recognition and brand recall are the dependent or endogenous variables or constructs as they are the variables the researcher is seeking to explain (Hair et al., 2009:234).

1.7.7 The relationship between constructs
As described by the systems theory and in the formulated hypotheses, this study aims to indicate that there is a relationship between the constructs that are being tested due to the influence of the constructs on one another. The relationship can either be positive or negative. A positive relationship between two constructs indicates that the two constructs increase or decrease together, compared to a negative relationship that suggests that as one construct increases, the other one decreases, or vice versa (Hair et al., 2009:234).

Should there be no relationship between the eleven internal marketing elements and the brand awareness of selected car rental companies in South Africa, the null hypothesis will be relevant. If the null hypothesis is accepted, it comprises that the constructs are not related in a meaningful way (Hair et al., 2009:235). If, on the other hand, the null hypothesis is rejected, the alternative hypothesis indicates that the two constructs are related in a way that may prove useful for the car rental companies.

1.8 SIGNIFICANCE OF THE RESEARCH
Employees who are treated well and who believe in the company they are representing, tend to deliver service excellence. Internal marketing provides the means to retrain employees, to motivate them to deliver quality service and to exceed customer expectations, resulting in a positive association with the brand, which customers are likely to share with others (Keller, 2008:155).
In today's crowded marketplace, building a powerful brand is central in giving companies a competitive edge. The association clients make with a brand in the services industries will focus strongly on the service quality they receive from the company (Papasolomou & Vrontis, 2007:8). In South Africa no formal research study could be found on how the eleven internal marketing elements, namely product, price, promotion, distribution, process, physical evidence, people, positioning, personal relationships, packaging and performance influence the brand awareness, being brand recognition and recall of car rental customers.

Although some car rental companies claim they care about employees and provide special motivational programmes for employees, no formal research has been conducted to determine if these programmes as part of internal marketing have a positive influence on the service delivered by employees (Avis, 2009).

Therefore, formal research is required to determine the influence of internal marketing on brand awareness, as the internal marketing efforts will have an effect on service delivery by employees, which subsequently should improve the awareness customers have of the brand.

1.9 RESEARCH METHODOLOGY

A well-designed research plan forms the basis of the entire research process (Cooper & Schindler, 2007:6). Research can be described as a practical activity that intends to investigate things in a systematic way. It is a process of designing, gathering, analysing and reporting information to uncover opportunities and reduce the risks of decision-making (Coldwell & Herbst, 2004:10).

Previous information which was not gathered for this study, but which was gathered for another purpose, is called secondary data (Churchill & Brown, 2007:146). Secondary
data, including books, academic accredited research journals, websites, dissertations, theses, internal company information and other written and verbal communications was used to develop the theoretical background of the study.

Primary data is data initiated by the researcher for the purpose of the proposed study. In this study, primary data was extracted in the form of perceptions from the sample population that was investigated (Churchill & Brown, 2007:146).

Cooper & Schindler (2007:14) stated that the term "empirical" signifies the requirement for the researcher to test subjective beliefs against objective reality and have findings open to further scrutiny and testing. In this study, empirical research was used to test the objectives stated previously in this chapter.

1.9.1 Research design
The objectives of the study form an integral part of the research design, since objectives ensure that information was collected from appropriate sources by using the correct data gathering techniques. They also influence the sampling methodology, the schedule and cost of the research project (Zikmund & Babin, 2010:58).

According to Coldwell and Herbst (2004:9), the research method that is partly derived from the methodological paradigm (qualitative or quantitative) fits the research objectives. In quantitative research, the methods are well planned, structured and formal because the findings play an important role in decision-making (Coldwell & Herbst, 2004:10). Quantitative research makes use of structured closed-ended questions that have predetermined response possibilities in questionnaires or surveys and are distributed to a vast number of respondents (Hair, Bush & Ortinau, 2006:171). In this study a quantitative process was used to seek data that could be expressed in numbers and statistically analysed.
1.9.2 Research format

The research format of the study is described as descriptive research. According to Cooper and Schindler (2007:138), descriptive research attempts to answer questions such as who, what, where, when or how much. Data collected through descriptive research can provide valuable information about the study units along relevant characteristics and also about associations among those characteristics (Aaker, Kumar & Day, 2007:73; Parasuraman, Grewal & Krishnan, 2004:72). As recommended by Solomon, Marshall and Stuart (2006:113), this study included a descriptive survey design to gather the necessary data from a large sample size.

The descriptive format was broken down into two types, longitudinal and cross-sectional. Longitudinal designs rely on panel data in which the same variables are measured over time.

Cross-sectional designs rely on a sample of elements from the population of interest that are measured at a single point in time (Churchill & Iacobucci, 2002:122). As the objectives of this study are to describe a current situation, a cross-sectional format was appropriate.

1.9.3 Population and sample

The target population in this study includes car rental companies in South Africa. Although seven car rental companies, namely Avis, Budget, Europcar, First Car Rental, Hertz, Tempest Sixt and Thrifty, were invited by the researcher to participate, only three agreed to participate, namely Avis, First Car Rental and Hertz. Therefore, the sampling unit for this study included customers of Avis, First Car Rental and Hertz over a period of three months, between November 2010 and February 2011. These three companies are representing car rental companies in South Africa due to all three companies having more than 30 branches and fleets in excess of 6,000. Avis, First Car Rental and Hertz combined have a market share of more than 55%, thus it was believed that they were a
fair representation of the car rental industry in South Africa. They are also regarded as large (Avis), medium (First Car Rental) and small (Hertz) car rental companies, so all three categories were represented.

Probability sampling in the form of directly proportional stratified sampling was used in terms of selecting only customers of the three car rental companies, not including employees. The purpose of this study was to determine the effect of internal marketing on the brand awareness perceived by customers, therefore, only customers were selected for the purpose of the study. In probability sampling, there is a likelihood that any given population element will be included in the sample, because the final sample elements are selected objectively by a specific process (Iacabucci & Churchill, 2010:287). Directly proportionate stratified sampling was used in the study, as the goal was to draw a probabilistic sample from a population to describe the population's characteristics or parameters, based on statistics calculated from the sample. A stratified sample divides the population in mutually exclusive and exhaustive subgroups and samples are chosen from each of the subgroups (Churchill, Brown & Suter, 2010:340). In a directly proportionate stratified sample the population is divided into groups according to characteristics (Aaker et al., 2011:345). In this study, the subgroups were Avis, First Car Rental and Hertz customers because of the car rental company of which they are customers. The 80-20 rule was applied, as customers of the car rental companies rented vehicles regularly during the period of observation (refer section 5.8.3, p285).

The sample unit that was used in the study included customers who rented cars from the Avis, First Car Rental and Hertz over a period of three months, which included business and holiday months. The sampling elements were customers of Avis, First Car Rental and Hertz who rented vehicles at airports, namely OR Tambo, Cape Town, Durban, Bloemfontein, Port Elizabeth, East London, George, Nelspruit, Kimberley and Lanseria, and city branches, including Johannesburg, Cape Town, Durban, Bloemfontein, Port Elizabeth, East London, George, Nelspruit and Kimberley. The
airports and related cities were identified as the major airports in South Africa and therefore they were selected for this study. The required sample size of respondents was between 375 and 750 and the actual sample size was 581.

The customers of car rental companies would aid in measuring the perceived influence of internal marketing elements on the brand awareness of the selected car rental groups.

1.9.4 Data collection instruments, sources and procedures

The data collection of this study was conducted by means of a survey. According to Aaker et al. (2011:346), surveys allow the researcher to observe and gather evidence. A questionnaire was designed for the sample frame. The questionnaire included a demographic section to classify respondents, being customers. In the second section of the questionnaire the eleven internal marketing mix elements were tested, based on information from the literature. The third section of the questionnaire focused on brand awareness, namely recognition of the brand and brand recall as described in the theory of the relevant chapter. A five-point Likert scale, ranging from 'strongly disagree' to 'strongly agree', was used for all questions within the questionnaire (Vagias, 2006:1). The Likert scale is a highly used and reputable rating scale that requires respondents to indicate a degree of agreement or disagreement with each of a series of statements about the objects (Cooper & Schindler, 2007:238). An ideal situation was also included, ranging from 'not important' to 'extremely important' for items 1 – 55 in the questionnaire. The importance for customers was measured to determine how important certain statements were to customers, which should indicate if the ideal situation is close to the actual situation, or far removed from it.

The survey, comprising of an online questionnaire was administered through email and upon completion was sent directly to the Statistical Consultation Service of the University of Johannesburg. An online survey format allowed for a wide reach that was
relatively inexpensive and was faster than offline methods. Furthermore, there was no interaction between the researcher and the respondents, therefore interviewer error and bias were diminished (Hair et al., 2006:230). Confidentiality and anonymity of respondents were also guaranteed.

A pre-test was conducted to detect possible weaknesses in the questionnaire. An important purpose of the pre-test was to discover the respondents’ reactions to questions and it also helped to discover repetitiveness or redundancy (Cooper & Schindler, 2007:238). Due care was taken to ensure validity, reliability and generalisability by performing various statistical procedures, for example, by means of performing factor analysis and by calculating Cronbach Alpha correlation coefficients (Rootman, 2011:45).

1.9.5 Data analysis
Statistical analyses procedures to process the quantitative data collected were performed in this study. The measuring instrument used and the data gathered were subjected to thorough analyses to determine the reliability and the empirical results of the hypothesised relationships among the variables investigated. The computer programmes SPSS and Mplus version 6.1 were used to perform the data analysis.

Structural equation modelling (SEM) was the statistical technique used for the study's empirical investigation because SEMs are well recognised as the most important statistical method to evaluate a series of simultaneous hypotheses about the impacts of latent variables and manifest variables on other variables, and take the measurement errors into account (Lee, 2007:1). Hair, Black, Babin and Anderson (2010:634) describe SEM as a multivariate statistical technique for building and testing statistical models, sometimes called causal models. It is a hybrid technique that encompasses aspects of confirmatory factor analysis (CFA), path analysis and multiple regression to estimate a series of interrelated dependence relationships simultaneously (Hair et al., 2010:634).
SEM has the ability to assess relationships comprehensively and therefore it is suited for theory testing which focuses more on a systematic and holistic view of research problems than on theory development (Hair et al., 2010:635). As stated by Hair, Anderson, Tatham and Black (2006:705), SEM allows multiple and interrelated dependence relationships to be estimated simultaneously and it is particularly useful when one dependent variable becomes an independent variable in subsequent dependence relationships. Furthermore, SEMs are suitable to incorporate latent variables into the analysis, and to account for measurement error in the estimation process (Cooper & Schindler, 2007:583; Lee, 2007:2).

The data was analysed by following various procedures. The data analysis consisted of conducting descriptive statistics, such as the frequency distributions and means in order to summarise the sample data. SEM was conducted to determine the model fitness. Goodness-of-fit tests determine if the structural framework being tested should be accepted or rejected. It is imperative to examine several fit indices when evaluating a framework, and never to rely solely on a single index (Lee, 2007:14). Goodness-of-fit information included, for example, the Chi-square test, the Root Mean Square Error of Approximation (RMSEA), the Chi-square test of model fit (CFI/TLI) and Standardised Root Mean Square Residual (SRMR). The validity of the questionnaire (measuring instrument) was considered by evaluating the validity of its constructs. Construct validity was verified by means of considering the factor loadings in the CFA. This is part of the SEM procedure using a comparison of the variance figures. SEM also has a built-in testing of reliability, but in addition, the Cronbach alpha (α) coefficients were computed to assess the internal consistency reliability of the measuring instrument and items that were used in the study. The hypothesised relationships were tested by evaluating the point and interval estimates of the parameters provided during the SEM procedure. This allows the researcher to reject or accept hypotheses based on the results. Therefore, SEM as used to examine a series of interrelated dependence relationships simultaneously, was applied to test and estimate relationships between the independent (exogenous) and dependent (endogenous) variables.
Finally, statistical analysis was performed to compare the current situation and ideal situation as perceived by the customers of car rental companies. Equivalence measurement was used to perform the comparison. Three levels of equivalence are possible, namely measurement/unit equivalence, construct/structural equivalence and full-scale equivalence (Byrne & Van de Vijver, 2010:108). The steps followed to measure equivalence in this study includes an omnibus test of equality of covariance matrices across groups (measurement invariance), configural (factor structures) invariance, structural or functional invariance; and confirmation of functional invariance by applying factor loading and path coefficients.

1.10 DELIMITATION OF THE STUDY

This study focuses on three car rental companies in South Africa and although it is believed that they will be representative of the car rental industry, it might not be the case, as smaller car rental companies might have different or no internal marketing focuses, and therefore the results and recommendations may not be generalised to a wider context.

The dimensions of brand awareness will only be investigated amongst car rental companies in South Africa, which is a service industry. If the approach is extended to other services industries or even products, the result might differ.

Furthermore, no previous research has been conducted on the eleven internal marketing mix elements and brand awareness of the car rental industry in South Africa. Therefore, this study may lack in-depth information related to the car rental industry.

1.11 CONTRIBUTION OF THE STUDY

The eleven internal marketing mix elements are still a new concept to many South Africans. No previous studies could be found that have been conducted on the influence
of the eleven internal marketing mix elements on brand awareness of car rental
customers in South Africa.

This study aims to contribute to the body of knowledge in three ways. Firstly, it
describes the complexity of the car rental industry in South Africa. This is followed by a
description of the current understanding and debate amongst researchers on the
relevance of the eleven marketing mix elements, specifically their influence on the brand
awareness of an organisation. Thirdly, the study aims to provide guidelines to car rental
companies in South Africa on how to improve internal marketing programmes which will
enable them to improve their brand awareness amongst customers. Brand awareness is
important to any organisation, as a good and well-recognised and remembered brand
will lead to higher profitability of the organisation.

This study differs from relevant prior studies since prior studies in internal marketing
conducted research amongst employees of organisations, while this study tested the
influence of internal marketing on brand awareness perceptions of car rental customers.
Customers form a perception of a service brand while the employees are serving them.
Employees who were exposed to internal marketing are likely to perform service
excellence, resulting in a satisfied experience for customers and ultimately a positive
awareness of the brand. The study is also unique because normally equivalence testing
is used in cultural studies where cultural groups are compared. However, in this study
equivalence testing was performed to determine if there was a difference in car rental
customers' perception of the status quo and ideal situations.

1.12 CLARIFICATION OF TERMS AND DEFINITIONS

In the previous sections, certain terms and definitions were used. However, for the sake
of uniformity, these terms and definitions have to be clarified.
The services marketing literature contains many definitions of services, but there are some common features in all of these definitions. The first commonality is that services deal with something that is intangible. Services refer to efforts, deeds or processes consisting of activities or a series of activities performed by the service provider, quite often in close cooperation and interaction with the customer, aimed at creating customer satisfaction (Kasper et al., 2006:57). Papasolomou and Vrontis (2006:37) postulate that service can be described as essentially intangible, not resulting in the ownership of anything, and is a form of product that consists of activities, benefits or satisfactions offered for sale.

Internal marketing is defined as 'a planned effort using a marketing-like approach directed at motivating employees, for implementing and integrating organisational strategies towards customer orientation' (Ahmed & Rafiq, 2002:11).

Branding is a name, term, sign, symbol, or design, or a combination of these that identifies the seller of a product or service and seeks to differentiate them from those of competitors (Kotler & Keller, 2006:274; Papasolomou & Vrontis, 2006:37).

Brand identity is defined as 'a unique set of brand associations that the brand strategist aspires to create or maintain. These associations represent what the brand stands for and imply a promise to customers from the organisation members' (Aaker, 2004:68).

Brand image as identified by Keller (2003:70), describes perceptions about a brand as reflected by the brand associations held in a customer's memory.

Keller (2003:71) defined brand associations as 'informational nodes linked to the brand node in a memory that contains the meaning of the brand for consumers'.
Brand awareness refers to the strength of a brand's presence in the customer's mind (Aaker, 2004:10).

1.13 DIVISION OF THE STUDY

Chapter 1 provides an introduction to the study, including the problem statement, objectives and research methodology. The rest of this study is divided into the following chapters:

Chapter 2 describes the complexities and current state of the car rental industry in South Africa. An overview of the three companies, Avis, First Car Rental and Hertz, which are participating in this study, is provided.

Chapter 3 focuses on the theory of services marketing and internal marketing. Services marketing and the service marketing triangle are explained. The history of the elements of the internal marketing mix is also discussed, as well as the development of the traditional four Ps up to the eleven Ps currently in existence.

Chapter 4 discusses branding, the theory of branding, brand awareness and internal branding.

Chapter 5 outlines the research methodology with detailed reference to the research design, population, sample, measuring instrument, and the proposed statistical analysis.

Chapter 6 records the analysis of the empirical research.

Chapter 7 provides a conclusion to the study. Findings and recommendations in the form of practical internal marketing strategies are discussed and suggestions for further research are presented.
CHAPTER 2
THE CAR RENTAL INDUSTRY IN SOUTH AFRICA

2.1 INTRODUCTION
The South African automotive industry is a complex and challenging industry, which incorporates the manufacturing, distribution, servicing and maintenance of motor vehicles and components. Distribution has the following role-players; government, retailers, company cars, including car allowances and car rentals. The automotive industry represents the third largest sector in the South African economy, after mining and financial services (The Department of Trade and Industry, 2009:73).

Car rental companies, which are the focus of this study, have come a long way in achieving a competitive edge globally. However, despite the marketing efforts, car rental companies still face challenges in retaining both employees and external customers. Car rental companies are competing in a very competitive market and have to continuously be innovative to maintain a good standing among customers and potential customers.

The car rental companies in South Africa which were willing to participate in this study are representing the largest and medium market in terms of employees, number of branches and size of fleets. Furthermore, all three, namely Avis, First Car Rental and Hertz are international companies and all branches of each of the car rental companies have service excellence levels they have to achieve and maintain (Duvenage, 2009).

This study investigates the influence of internal marketing mix elements on brand awareness perceived by car rental customers, and in order to understand the market wherein the study is being conducted, it is important to view the car rental industry.
In the following sections the automotive industry in general, and with a particular focus on car rental companies, is discussed.

2.2 THE AUTOMOTIVE INDUSTRY

The automotive industry in general is constantly facing various challenges. The recent international financial and economic crisis has triggered a sharp drop in the demand in the transportation sector, thereby severely impacting the commercial vehicle business worldwide. One recent challenge that affected both national and international commercial vehicle markets was the fourteen-month recession ending in 2009. In the United States of America, the year-on-year sales declined with 37 percent, yet in March 2009 sales were up with 24.5 percent from the previous month. In May 2009, new vehicle registrations in Western Europe fell by 22 percent compared to May 2008 (Automotive Industry Outlook, 2009). The world economy has however not fully recovered from the recession, and the slump is predicted to last at least 2-3 more years.

The industry in South Africa has come a long way in the last decade, since the lifting of local content requirements and the opening up of the domestic market (Mpahlwa, 2004:4). The South African automotive industry incorporates the manufacturing, distribution, servicing and maintenance of motor vehicles. The sector accounts for about 10 percent of South Africa's manufacturing exports, resulting in the sector playing a crucial role in the economy. The annual production in 2007 was 535 000 vehicles. The global vehicle production was about 73 million units in 2007; hence South Africa can be regarded as a minor contributor. Locally however, the automotive sector is a giant, contributing about 7.5 percent to the country's gross domestic product (GDP). Furthermore, the industry is employing around 36 000 people (Mbendi, 2010).

The industry is largely located in two provinces, the Eastern Cape and Gauteng. Companies with production plants in South Africa are placed to take advantage of the
low production costs, coupled with access to new markets as a result of trade agreements with the European Union and the Southern African Development Community free trade area. All of the major vehicle manufacturers are represented in South Africa. Many major multinational companies currently use South Africa to source components and assemble vehicles for both the local and overseas markets. These large manufacturers in the country have launched major export programmes in recent years. According to the publisher of the weekly financial magazine, Finweek, there are 1 390 variants of cars, recreational vehicles and light commercial vehicles currently available in South Africa (Fin24, 2010).

Vehicle manufacturers with production plants in South Africa are BMW, Ford, Volkswagen, Daimler-Chrysler and Toyota. Large component manufacturers with bases in the country are Arvin Exhaust, Bloxwitch, Corning and Senior Flexonics. Apart from new vehicle manufacturers, there are in the region of 200 automotive component manufacturers in South Africa, and more than 150 others that supply the industry on a non-exclusive basis. South Africa exported R30.3 billion worth of auto components in 2006. Catalytic converters continue to be the country’s most exported vehicle parts, accounting for almost half of all component exports. Other components exported include engines, silencers and exhausts, radiators, wheels and tyres, stitched leather car seat covers, car radios and sound systems, and axles, especially for heavy trucks. Most exports are headed for Europe, including the United Kingdom, France, Spain, Germany, the United States and countries in sub-Saharan Africa (Mbendi, 2010).

The automotive industry, in many respects a benchmark for the other prioritised economic sectors, has managed to achieve cooperation amongst all role-players to such an extent that it is now fully integrated in the global framework of parent companies and multinationals (Mpahlwa, 2004:4). Amongst the stakeholders playing a vital role in the industry, are the Department of Trade and Industry, business chambers and various associations such as The National Association of Automobile
Manufacturers of South Africa (NAAMSA), the Response Group Trendline (RGT), the National Automobile Dealer Association (NADA) and the Retail Motor Industry Organisation (RMI), as well as the Southern African Vehicle Rental and Leasing Association (SAVRALA) (Automotive Industry Outlook, 2009).

These organisations play a critical role in ensuring that the standards and conditions in manufacturing and sales of vehicles in South Africa are maintained and enhanced at all times. The automotive industry is an important contributor to the overall economy in South Africa and therefore domestic sales and export of South African manufactured vehicles have to be monitored closely.

The Department of Trade and Industry produced a report in 2004, indicating that new vehicle sales in 2004 almost reached a double-digit growth in industry sales volumes due to incentives such as private leasing to consumers outside companies, and a car allowance to employees. Car rental services comprised 12.9 percent of the total passenger car sales (Mpahlwa, 2004:3). Globally, the car rental industry generates more than 19.4 billion dollars per annum (Pachon, Iakovou & Ip, 2006:222) and in South Africa, members of the SAVRALA were responsible for a revenue of 2.9 billion rands at airports in 2007 compared to 3.2 billion in 2008 (SAVRALA, 2010). NAAMSA has recently reported that new-vehicle sales exceeded the initial industry expectations of 7 percent growth rate in 2010 to reach 24 percent, compared to the low levels of growth experienced during the past three years. During 2006/7, there was a decrease of 5.1 percent in new-vehicle sales, followed by a further decline of 21.1 percent in 2007/8. During the recession of 2008/9, sales dropped by an all-time low of 25.9 percent (Mbendi, 2010).

Vehicle exports were in the region of 170 000 units in 2007. NAAMSA expected this to jump to 285 000 in 2008. South Africa currently exports vehicles to more than 70 countries, mainly Japan (around 29 percent of the value of total exports), Australia (20 percent), the United Kingdom (12 percent) and the United States (11 percent). African export destinations include Algeria, Zimbabwe and Nigeria (Mbendi, 2010). Exports of
South African produced vehicles during May 2010 registered an increase of 10,586 units, or an improvement of 77.9 percent, to 24,179 vehicles in comparison to the 13,593 vehicles exported during May 2009. This is a further indication of an improved demand internationally for South African produced motor vehicles which should support industry export sales in going forward (Vermeulen, 2010).

Recently, the RGT in association with NAAMSA published the actual sales versus trends for passenger cars purchased by dealers, including the car rental companies, which are displayed in Figure 2.1.

**Figure 2.1: Passenger car dealer sales in the market versus trends**

![Passenger Car Market Actual vs Trend - NAAMSA](image)

Source: NAAMSA (2011)
From the graph above, it is obvious that car sales dropped during the recession in 2009, but increased again in 2010 and 2011. New vehicle sales statistics for May 2010 indicated that every segment has registered strong gains compared to the corresponding month last year. Industry sales of 35 167 units show an improvement of 35.3 percent compared to the 28 952 vehicles sold in May 2009 (Staff Reporter, 2010). Industry sales of 35 167 units for March 2011 again show an improvement of 35.2 percent compared to the 28 464 vehicles sold in March 2010 (NAAMSA, 2011).

Vermeulen (2010) said: 'The exceptional revival in sales of new cars and commercial vehicles since the beginning of the year suggests that the industry has moved into a growth mode. Whilst the improvement should be viewed in relation to the low sales registered this time last year due to the impact of the global financial and economic crisis at the time, it is encouraging that aggregate industry sales for the first five month of 2010 remain 24.6 percent ahead of the corresponding five months in 2009'.

The total NAAMSA industry sales indicated 33 182 vehicles, of which 87.1 percent or 28 888 units represent dealer/retail sales, 4.6 percent are sales to the car rental industry, 4.7 percent are industry corporate fleet sales and 3.6 percent are sales to government (Staff Reporter, 2010). By implication, the car rental industry is the third highest in purchasing new cars, with corporate fleet sales slightly higher with 0.1 percent.

Factors that contributed to the strong recovery in domestic sales include a drop in interest rates since 2008, the relatively stable new vehicle prices, an improvement in loan finance approval rates, as well as pent-up replacement demand. Furthermore, the strong demand by the car rental industry during the early part of 2010 also supported the growth in sales (Staff Reporter, 2010). This might be due to the International Federation of Association Football (FIFA) Soccer World Cup hosted by South Africa in 2010. However, according to Vermeulen (2010) it is expected that the industry has moved into a growth phase and that vehicle sales will grow by about 15 percent for the year, whilst export sales are projected to grow by about 32 percent. It is further
expected that this growth should be sustainable due to high demand (Vermeulen, 2010).

The trend described by Vermeulen (2010) is evident in the latest statistics published. NADA published their latest sales for February 2011, and according to their figures, the rental car industry purchased a number of 3,144 passenger cars during February 2011 as depicted in Figure 2.2.

**Figure 2.2: Passenger vehicle sales for February 2011**

![Bar chart showing passenger vehicle sales for February 2011](chart.png)

Source: National Automobile Dealer Association (2011)

The RGT that does trends and analysis in collaboration with NAAMSA made statistics available highlighting the types of vehicles purchased by dealers during the months of February and March 2011. Their analysis is presented in Figure 2.3.
Figure 2.3: Volumes of passenger car sales per manufacturer for February and March 2011

Source: NAAMSA (2011); Response Group Trendline (2011)

It can be viewed by the graph above that the volume of sales for March is higher or equal for most car manufacturers. The graph also indicates that the average is higher for March than it was for February 2011. In table 2.1 the sales of passenger vehicles for 2009 compared to sales for 2010 are summarised:
Table 2.1: Passenger car sale volumes per year: 2010

<table>
<thead>
<tr>
<th>PASSENGER SALES</th>
<th>YEAR</th>
<th>SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales June</td>
<td>2010</td>
<td>26 810</td>
</tr>
<tr>
<td>Total Sales June</td>
<td>2009</td>
<td>21 309</td>
</tr>
<tr>
<td>Total Sales May</td>
<td>2010</td>
<td>25 724</td>
</tr>
<tr>
<td>Total Sales May</td>
<td>2009</td>
<td>18 876</td>
</tr>
<tr>
<td>Total Sales January-June</td>
<td>2010</td>
<td>179 304</td>
</tr>
<tr>
<td>Total Sales January-June</td>
<td>2009</td>
<td>123 194</td>
</tr>
</tbody>
</table>

Source: Response Group Trendline (2010); NAAMSA (2010)

In Table 2.2 the latest statistics on passenger sales until February 2011 are displayed.

Table 2.2: Passenger car sale volumes per year: 2011

<table>
<thead>
<tr>
<th>PASSENGER SALES</th>
<th>YEAR</th>
<th>SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales February</td>
<td>2011</td>
<td>26753</td>
</tr>
<tr>
<td>Total Sales January</td>
<td>2011</td>
<td>27564</td>
</tr>
<tr>
<td>Total Sales December</td>
<td>2010</td>
<td>23006</td>
</tr>
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</table>

Source: Response Group Trendline (2011); NAAMSA (2011)
The total passenger vehicle sales for 2009 indicates a number of 123,194, compared to 179,304 in 2010, an increase of 56,110 units. Again, this trend can be contributed to the recovery after the recession, or due to the FIFA World Cup. However, sales have kept on improving, even after the World Cup, as is evident in the sales from December 2010 until February 2011.

Statistics announced by SAVRALA for the period until June 2010 indicated a growth of 2% on the previous year to a number of 1.1 million rentals, while revenue per rental day rose a meagre 2.3% to R287.00. Overall revenue rose 8% year on year to R1.8 billion in the first half of 2010. As stated by Duvenage (2011), although the revenue increased into double digits in June-July 2010 compared with the corresponding period in 2009, the growth for the last six months of 2010 will be muted. However, revenue growth in August and September 2010 fell to 6% and 7% year on year (Baumann, 2010:3).

The resilience of the automotive industry sector in continuing its growth path and rising to the challenges of an increasingly demanding and competitive global environment is commendable. The South African automotive industry, although small in global terms, is successfully competing in several areas and niches against the biggest and the best in the world (Mpahlwa, 2004:3).

It is clear that the South African automotive industry cannot be viewed in isolation from global automotive dynamics. With the automotive industry highly integrated on a global scale, national sovereignty is almost inapplicable. One can no longer talk of a South African automotive industry, but rather of the automotive industry in South Africa (Rhys, 2000:1). The structure and trends in the global automotive industry reveal that continued participation in and benefit from the global value chain will depend on the extent to which entities at each level of the industry hierarchy enhance their capabilities to meet increasing demands placed on them by the market dynamics (Kaggwa, Pouris & Steyn, 2007:689).
Although globalisation is opening up market opportunities, it also presents threats to the South African automotive industry. Dominant international competitors have entered the South African car rental industry. One sector of the automotive industry affected by globalisation is the car rental industry. Car rental companies are also competing on a global scale and some car rental companies in South Africa are in fact international companies with branches in various countries. Other car rental companies have formed alliances, such as First Car Rental that partnered with Sixt Rent a Car. Many well-known international car rental companies have a presence in the country, causing an increase in competition. However, it is not only the competition that is increasing; customers are also demanding more from these organisations (Cateora & Graham, 2005:28).

Therefore, market dynamics, such as globalisation, are not only influencing the product market, but globally the services market is also being transformed by factors similar to the ones affecting the automotive industry (Lovelock, Wirtz & Chew, 2009:9). Although the automotive industry falls within the product environment, these products are used in various ways to deliver services to a variety of customers. Car rental companies are purchasing new vehicles (products), which are used to provide a service to car rental company customers. In the next section the car rental industry in South Africa is discussed.

2.3 THE CAR RENTAL INDUSTRY IN SOUTH AFRICA
As can be seen from the previous section, it is critical for the automotive industry in South Africa to stay abreast of competitors. The automotive industry, of which the car rental industry forms a critical part, functions in an extremely complex environment and hence is also affecting the car rental industry in South Africa. In Figure 2.4 a broad framework within which the car rental industry operates is outlined and discussed.
Figure 2.4: Structure of the car rental industry in South Africa

Source: Developed for the purpose of this study
2.3.1 The Department of Trade and Industry

The Department of Trade and Industry in South Africa is responsible for formulating policy, legislation and a regulatory environment conducive to boosting enterprise development and job creation. It relies on a group of specialised, regulatory and financial development agencies and institutions in supporting its economic growth, employment and equity ideals, and in delivering products and services to the economic citizens of the country (Matona, 2009:7).

The National Industrial Policy Framework is the overall policy vehicle for industrial development, and the recently approved Industrial Policy Action Plan (IPAP) is being used to implement the policy. The IPAP plan has four priority sectors it is focusing on, of which the automotives and components is one. In addition to the plan, the Automotive Production and Development Programme (APDP) was launched in the 2008/9 financial year, the successor of the Motor Industry Development Plan (MIDP), and will run from 2013 to 2020, with the aim to increase annual vehicle production to 1.2 million units by 2020. It will also facilitate growth of the country's component and vehicle manufacturing industries (Tobias-Pokolo, 2009:1).

Organised labour is represented by the three main labour federations in South Africa, namely Cosatu, Fedusa and Nactu (The Department of Trade and Industry, 2010).

2.3.2 Chambers of Commerce and Industry

The Chambers of Commerce and Industry's mandate is to create and sustain a business environment in which business can grow and prosper, to facilitate broad-based economic empowerment, and to improve the conditions under which business operates (Mbendi, 2010).
There are a number of chambers in South Africa and regional branches are located across the country. The National Economic Development and Labour Council is one that stems from the Department of Trade and Industry.

2.3.3 National Economic Development and Labour Council

The National Economic Development and Labour Council (NEDLAC) was established to bring Government together with organised business, organised labour and organised community groupings on a national level to discuss and try to reach consensus on issues of social and economic policy. This is called "social dialogue". NEDLAC's aim is to make economic decision-making more inclusive, and to promote the goals of economic growth and social equity. The main Government department is the Department of Labour, out of which Nedlac is funded, but the Departments of Trade and Industry, Finance and Public Works are also centrally involved in NEDLAC (NEDLAC, 2010).

NEDLAC's most senior body is the Executive Council, which consists of Ministers and senior officials of Government, General Secretaries and senior office bearers of Labour, captains of industry and senior officials of employer organizations, as well as senior representatives of the NEDLAC Community Constituency. It meets four times per year and discusses key strategic issues facing South Africa's economy (Mbendi, 2010). Once per year, NEDLAC holds an Annual Summit, which provides an opportunity to review the work conducted during the year and give direction for the coming year. NEDLAC also engages in research and information sharing which can help the constituencies (government, business, labour and community) in developing economic policy (NEDLAC, 2010).

NEDLAC's work is conducted in four chambers which discuss different aspects of social and economic policy. These are the Labour Market Chamber, the Trade and Industry
Chamber, the Development Chamber and the Public Finance and Monetary Policy Chamber. The Trade and Industry Chamber is discussed in the following section.

2.3.4 Trade and Industry Chamber

The Trade and Industry Chamber seeks to reach consensus and make agreements on matters pertaining to the economic and social dimensions of trade, as well as industrial, mining, agricultural and services policies, and the associated institutions of delivery (NEDLAC, 2010).

Most of the substantive work of the Chamber is done in Task Teams comprising of representatives of stakeholders who have specific knowledge of the relevant subject matter. The Chamber is required to meet at least six times in each financial year. Representation in the Chamber is made up of six mandated representatives from Organised Labour, Business and Government. The Chamber has several substructures, including the Fund for Research into Industrial Development, Growth and Equity subcommittee (Fridge), which is funded by the Department of Trade and Industry, and aims to enhance competitiveness by South African industry, through research projects proposed and guided by the constituencies (Mbendi, 2010). The automotive industry forms part of this substructure.

2.3.5 Business Unity South Africa

Organised business is represented by the newly-formed Business Unity South Africa (BUSA), which brings together the Black Business Council (BBC) and Business South Africa (BSA). BUSA is one of the stakeholders of NEDLAC and was created in October 2003 through the merger of the Black Business Council and Business South Africa. The merger created the first truly unified organisation for business in South Africa (BUSA, 2010).
BUSA represents South African business on macro-economic and high-level issues that affect it at the national and international levels. The organisation’s function is to ensure that business plays a constructive role in the country’s economic growth, development and transformation, as well as to create an environment in which businesses of all sizes and in all sectors can thrive, expand and be competitive. Members of BUSA include, amongst others, the National Association of Automotive Component and Allied Manufacturers (NAACAM) and NAAMSA (BUSA, 2010).

2.3.6 NAAMSA

NAAMSA is an important source of information about the motor industry in sub-Saharan Africa. After 50 years of being the official body representing new vehicle manufacturers, it is currently going through major changes in line with the transformation of the industry. The NAAMSA membership base has grown substantially to include major importers and distributors of new vehicles, as well as local manufacturers and assemblers, resulting in it being the pre-eminent organisation for all franchise holders marketing vehicles in South Africa (NAAMSA, 2010).

Every month, NAAMSA releases the latest new vehicle sales figures, which have become recognised as significant barometers of the country's economic activity, consumer trends and general fiscal health. The compilation of these sales statistics is a sophisticated operation on a par with similar motor industry marketing information gathering in the industrialised nations of Europe and North America (NAAMSA, 2010).

2.3.7 RGT

The RGT, in association with NAAMSA, has been the sole source and supplier of new vehicles sales data to the South African motor industry for the past 26 years. RGT is also the exclusive NAAMSA approved supplier of new vehicle specification and pricing
data. In addition RGT provides a range of economic data, analyses and consulting support to a wide variety of clients across all industries (RGT, 2010).

2.3.8 NADA
NADA is a professional body that represents the interests of businessmen who own or operate new vehicle franchise motor dealerships and qualifying used car only outlets in South Africa. The objective of NADA is commitment toward the enhancement of the image of the retail motor business; facilitating the interface between dealers and the motor manufacturers who supply them, building rewarding relationships between dealers and their customers, and bringing relevant issues facing its members to the attention of government at all levels. In all forums, NADA is the fully representative and respected voice of the retail motor industry in South Africa. NADA is one of the 12 Constituent Associations of the RMI, and also has affiliations with a number of similar organisations worldwide (NADA, 2010).

2.3.9 RMI
The Retail Motor Industry (RMI) is a member-based organisation and represents members as a collective voice in negotiating better trading conditions. RMI is also the major employer representative of the Motor Industry Bargaining Council, playing a significant role in labour negotiations as well as the industry’s social benefit schemes, dispute resolution processes and exemption procedures. The organisation is affiliated with, and participates in the affairs of other bodies sharing common interest with RMI members, i.e. NAAMSA, the South African Bureau of Standards, the Department of Trade and Industry and the South African Petroleum Industry Association (SAPIA). (RMI, 2010).
2.3.10 SAVRALA

SAVRALA was established in the early 1980s and has been active since its inception in steering industry standards, serving to raise the professional profile of the vehicle rental, leasing and fleet management industries, and striving to ensure and protect its members’ interests at the highest levels of the government sector. SAVRALA is a trade association representing close to 90% of South Africa’s combined vehicle rental, leasing and fleet management industries (SAVRALA, 2010). Therefore, any car rental company in South Africa may apply for membership of SAVRALA. SAVRALA is managed by a National Executive Committee and the office bearers include a President, General Manager, Chairman and Vice Chairman – Rental, and Chairman and Vice Chairman – Leasing (SAVRALA, 2010).

Members of SAVRALA have acknowledged the benefits of interacting competitively but cohesively for the common good of the industry. A key objective of SAVRALA remains the addressing of industry generic issues to ensure the long-term sustainability of the industry as a whole (SAVRALA, 2010). As a result of complaints from customers regarding unfortunate car rental experiences, SAVRALA has reiterated the importance of membership of SAVRALA, which is strictly defined, and industry involvement alone does not constitute automatic qualification for membership (SAVRALA, 2010).

To maintain professional industry standards, compliance with SAVRALA’s Code of Conduct, Constitution and Charters is mandatory for any car rental company wishing to join the association. The Code and Charters establish standards of good practice for the passenger vehicle rental, leasing and fleet management industries, and are intended to ensure that customers who obtain car rental or leasing facilities from association members receive the highest levels of service, honesty and integrity in all their encounters (SAVRALA, 2010). Car rental companies that are members of SAVRALA are obliged to uphold the association’s Rental Charter which states that as a SAVRALA member, the car rental company pledges to provide their customers with (SAVRALA, 2010):
• Complete details of pricing, revealing all charges before commitment to a rental contract;
• Vehicles that are serviced and inspected to the manufacturer's operating specification as a minimum standard and complying with all statutory requirements;
• Vehicles that are fully valet and inspected for safety and comfort before each rental. A selection of low mileage, current model vehicles are provided;
• An appropriate range of risk protection products and other services;
• Commitment to SAVRALA's Code of Conduct; and
• An effective complaints procedure with access to a conciliation service administered by SAVRALA.

As one of their initiatives, SAVRALA is assisting car rental companies to clear the grey areas in the rental process in order to create an easier and less complicated car rental process. Thereby they are able to reduce billing errors, invoice queries and make the experience more satisfactory (SAVRALA, 2010).

From the previous discussions and statistics it seems as if not only the services industry, but also the car rental industry in particular are growing on an annual basis. With the FIFA World Cup that took place in South Africa in 2010, car rental companies also experienced growth in demand for vehicles, particularly micro buses. This in itself presented challenges, as most of the SAVRALA members usually run at maximum utilisation of this category of vehicle. In addition to prepare for an adequate number of vehicles, SAVRALA also trained over 700 chauffeur drivers. Of these, 30 percent comprised employed drivers with the balance targeted at unemployed graduates (Van den Berg, 2010).

According to Perumal (2010), the car rental industry in South Africa is known for delivering world class customer service, but it is important to have properly trained and enthusiastic employees to welcome visitors to this event and ensure that car rental
companies play their part in contributing to a memorable South African experience (Perumal, 2010). Therefore, internal marketing programmes need to be implemented to train employees in service excellence and thereby ensure they convey the brand of the organisation to external customers resulting in brand awareness of the particular organisation (Papasolomou & Vrontis, 2006:39).

2.4 AVIS CAR RENTAL
2.4.1 History of Avis
Avis was founded in 1946 in Detroit, Michigan, United States of America by Warren Avis (who sold his interest in 1954), and was the first company to rent cars from airport locations. The company grew rapidly during the 1950s through franchised and corporate-owned expansion. In 1963, Avis introduced the award-winning "We try harder" campaign and the tagline has remained the company's slogan until today (Avis, 2009).

During the 1970s, Avis launched its innovative proprietary reservation technology, called the Wizard system. Avis changed ownership multiple times in the 1970s and 1980's and became employee-owned in 1987. During that same year, Avis introduced the Roving Rapid Return, a handheld computer terminal allowing customers to bypass the Avis counter. Two years later, the company launched Avis Cares® a programme aimed at promoting renter and employee safety (Duvenage, 2009).

In 1996, HFS Incorporated acquired Avis and took over as a separate public company except for the franchising rights, Wizard system, and reservation operations. In 2000, the company introduced Avis Interactive, the first Internet-based reporting system in the car rental industry, which was significantly enhanced and re-launched in 2006. In March 2001, Cendant Corporation purchased all of the outstanding shares of Avis Group Holdings and later that year moved its world headquarters to Parsippany, New Jersey.
In 2006, Cendant Corporation separated into four independent companies, namely Realogy, Wyndham Worldwide, Travelport and Avis Budget Group, Incorporated, which is now the parent company of Avis Rent a Car System (Duvenage, 2009; Perumal, 2009).

2.4.2 Avis the company

Avis Rent A Car System and its subsidiaries operate one of the world's leading car rental brands. They provide business and leisure customers with a wide range of services at approximately 2 200 locations in the United States, Canada, Australia, New Zealand and the Latin American / Caribbean region (Avis, 2009). Avis is also operating in other parts of the world through Avis Europe, including South Africa. Avis Europe is a separate company, which licenses the Avis brand from the Avis Budget Group. All together, Avis currently has over 4 000 branch offices and approximately 30 000 employees worldwide, as per the 2008 statistics. Avis is one of the largest car rental companies in the world (Avis, 2009a) and owns 40 percent of the car rental market in South Africa (Superbrands, 2010). Furthermore, Avis was ranked in the 2008 Brand Keys® Customer Loyalty Engagement Index as one of the world's top brands for customer loyalty (Perumal, 2009).

Glen van Heerden was the father of car rental in South Africa. He learned about corporate identity in the United States of America and realised the importance of the location of a car rental company. Since he listened to what customers had to say, he was able to ensure that Avis South Africa was the first in many new developments within the car rental industry in South Africa (Avis, 2009).

Avis South Africa has a total number of 1 622 employees and Avis has always been aware of the fact that employees are their strength. This is a quality that has emanated from the boardroom to the offices, rental counters and dispatch yards within Avis over decades. Although Avis does not always do things correctly, their efforts to focus on
the development and caring of employees are a key trait which managers throughout the organisation are striving for. Therefore, a few initiatives focusing on internal marketing have been implemented to add to the strength, support and caring of employees. These programmes include the Brand Ambassador, Europe Assist Accident Support, Employee Wellness and AIDS Assistance programmes (Duvenage, 2009).

Since the inception of South Africa's new democracy, the country has been in need of assistance from the private sector to assist with the upliftment of impoverished communities and Avis has embarked on initiatives to support those through the Brand Ambassador Programme (Perumal, 2009).

According to the Chief Executive Officer of Avis, Wayne Duvenage, some of the reasons contributing to the success of Avis in obtaining around 37 to 40% market share include (Duvenage, 2009):

- Strong brand awareness by its employees;
- A customer-centric philosophy where all staff strive to provide service quality;
- Embarking on measuring service delivery through intensive customer satisfaction surveys since 2003;
- International brand awareness;
- Investing in people and empower employees;
- Understanding their market and identifying new market opportunities all the time;
- Pioneering the industry and adding new and associated businesses;
- Embracing transformation and moving from Level 6 to Level 2 Broad Based Black Employment Equity (BBBEE) in 3 years;
- Strong sustainability focus – first company in South Africa to become Carbon neutral;
- Largest fleet and location footprint in South Africa;
- South Africa is leading in the international brand; and
- Not co-branding with any car rental company.
As described by Perumal (2009), some of the challenges Avis experience are:

- Complexity of the car rental industry, including different vehicles, various lengths of rental time;
- Different target markets, business versus individuals; and
- Bad experiences in other countries affect the South African brand.

Services provided by Avis include car rentals, chauffeur drive, point-to-point delivery, luxury cars, van rental, coach charter for all types of events, truck rental with drivers where required, Zeda Car Sales and fleet services (Perumal, 2009).

According to Duvenage (2009), the differentiating factor ensuring Avis’ success is its focus on people, being both employees and customers. People are more important than the cars they rent, and this factor is one of the key reasons they are regarded as being extremely competitive in the car rental industry.

2.5 FIRST CAR RENTAL

2.5.1 History of First Car Rental

First Car Rental is an international car rental company that was established in Europe. First Car Rental is partnered with Sixt Rent a Car, which was founded in 1912 and was voted Best Car Rental Company in 2008 in Europe for the third consecutive year. SixtAG is Germany’s largest car rental company and one of the leading full service leasing providers.

First Car Rental offers worldwide car rentals in over 125 countries and 17 000 locations. The fleet of First Car Rental ranges from plain models to top of the range luxury cars (First Car Rental, 2011).
2.5.2 First Car Rental in South Africa
During 2000, the First Car Rental brand was born in South Africa from a strategic desire to be the leading car rental company in South Africa and beyond. The company is listed as one of the top four car rental companies in South Africa and has more than 6,000 vehicles in use. They have more than 44 branches across South Africa, including all major airports, business and tourist destinations and a number of 383 employees (First Car Rental, 2011). According to SAVRALA statistics, First Car Rental has displayed prolific growth over the past decade and enjoys a market share of 11% (Storey, 2011).

Combined Motor Holdings (CMH) Car Hire (Pty) Ltd, a Johannesburg Stock Exchange (JSE) listed group, trading as First Car Rental, is owned 85% by CMH and 15% by Thebe Investment Corporation (Thebe Tourism Group), which is one of South Africa’s leading black economic empowerment companies. Thebe Investment Corporation is an African company with a passion for empowerment. The company was established in 1992 by the Batho Batho Trust, a community-based trust whose first chairman was Nelson Mandela (First Car Rental, 2011).

Thebe Investment Corporation was the pioneer of broad based black empowerment (BBBE) in South Africa, and over the years has become one of South Africa’s most successful investment management companies. The Thebe Tourism Group is a 100% owned subsidiary of Thebe Investment Corporation. Formed in 2001, the group is the oldest black empowered South African tourism group and has a significant portfolio in tourism and related industries, offering innovative, integrated market-driven products (First Car Rental, 2011).

Under the auspices of the holding company, First Car Rental centred its brand positioning on empowering their people to deliver service excellence through innovation. This is driven and supported by their five Fs which are realised through (First Car Rental, 2011):
• Full value service and systems;
• Friendly, knowledgeable and committed people;
• Flawless values;
• Free spirited, pro-active attitude; and

As stated by Storey (2011), First Car Rental is first in car hire and first in service.

2.6 HERTZ CAR RENTAL

2.6.1 History of Hertz South Africa

In September of 1918, the pioneer of auto renting, Walter L. Jacobs, at the age of 22, opened a car rental operation in Chicago. Starting with a dozen Model T Fords, which he repaired and repainted himself, Jacobs expanded his operation. Within five years, the business generated annual revenues of about $1 million. In 1923, Jacobs sold his car rental concern to John Hertz, President of the Yellow Cab and Yellow Truck and Coach Manufacturing Company. In 1932, Hertz opened the first rent-a-car facility at Chicago’s Midway Airport. In 1953, the Hertz properties were bought by the Omnibus Corporation, which divested itself of its bus interests and concentrated solely on car and truck renting and leasing. A year later, a new name was taken -- The Hertz Corporation -- and it was listed for the first time on the New York Stock Exchange. Park Ridge Corporation was merged into The Hertz Corporation in 1993, and a year later Ford purchased the outstanding shares of Hertz and Hertz became an independent, wholly-owned subsidiary of Ford. In 2001, Hertz became a wholly-owned subsidiary of Ford when Ford reacquired the outstanding 18.5% of Hertz’ stock. Hertz was acquired by three leading private equity investment companies: Clayton, Dubilier & Rice; The Carlyle Group, and Merrill Lynch Private Global Equity in 2005 (Hertz, 2011).

Hertz is the largest worldwide airport car rental brand, operating from more than 8 500 locations in 146 countries worldwide. Currently, Hertz’s Worldwide Reservations Centers handle approximately 40 million phone calls and deliver approximately 30 million reservations annually. Product and service initiatives such as Hertz #1 Club
Gold, NeverLost customised, onboard navigation systems, SIRIUS Satellite Radio, and unique cars offered through the company's Prestige, Fun and Green Collections, set Hertz apart from the competition (Hertz, 2011).

2.6.2 The company, Hertz South Africa
Hertz South Africa was established in 1919, then called Delville Wood Motors Car Hire. Bob Murray bought the company and changed the name to African Car Hire. Hertz entered the South African market in the late 1950s when Murray was granted the Hertz franchise for South Africa. In 1986, political pressure resulted in American branded companies to disinvest in South Africa and Hertz was withdrawn. However, it returned in 1997 after the change in the political environment and Hertz has achieved phenomenal growth since then (Hertz, 2011).

In 2007 the company introduced the Hertz Indlela ("the direction") campaign. This campaign represents a personal and professional road which each employee is travelling to reach his destination. A Indlela Passport was provided to each employee to monitor progress and development. Key areas of the Indlela programme include customer feedback and compliments, demonstrating commitment and enthusiasm, participating in projects and events, peer nominations, and going the extra mile. The programme also displays Hertz' values, i.e. integrity, continuous improvement, passion, teamwork, transparency, diversity, commitment and accountability (Prouse, 2011).

Hertz also went public in 2010 and ran an extensive bill board and television advertising campaign in their distinctive black and yellow colours. The underlying strategy of the campaign was to bring more emotion into the brand that was actively renovating the car rental market. Their aim is to live the slogan: “first, biggest and best!” (Prouse, 2011).
2.7 CHALLENGES OF CAR RENTAL COMPANIES

Since the implementation of the concept of car rental, the industry has faced various challenges. In 1969 the concept was virtually unknown in South Africa and it was imperative to change travel habits and lifestyles to create a market need for car rental. Getting a foothold at airport terminals took years of lobbying and negotiation. Furthermore, prior to 1994, due to the instability of the political status, potential for regional travel was a real challenge. It was only after the normalisation of the political situation that car rental companies could expand into neighbouring countries (Superbrands, 2010).

Figure 2.4 provides a broad framework within which car rental companies are operating. Due to the roles and responsibilities of each of these role players, the demand for car rental companies to succeed in South Africa places a huge responsibility on the industry as being one of the major contributors to the economy. Firstly, they are part of the automotive industry, which is crucial to South Africa in terms of Gross Domestic Product (GDP) and employment (Nyadzayo & Roberts-Lombard, 2010:2). Secondly, car rental companies are important customers of motor dealerships and have to choose vehicles on behalf of their customers, which must suit the individual needs of customers (Duvenage, 2011). According to Van der Merwe and Visser (2008:190), South African customers in 2007 could choose from about 1,390 variants from 50 different brand names. Presently, these variants and different brands have increased to include brands such as Tata and Chana (cars from the Asian market), each with at least four variants (NAAMSA, 2010). This in itself presents challenges to car rental companies, since the broader the choice options, the more difficult it becomes to choose a brand and variant that will suit the individual needs of various customers. Thirdly, due to technology and globalisation, increased competition and increased customer mobility have changed the way in which customers seek information and purchase services and products. Car rental companies thus have to stay abreast to ensure customers value their offerings (Harwood, 2002:25). Furthermore, the technological advancements have caused the
car rental industry to undergo dramatic changes. For example, the trend of using the internet for online bookings and check-ins, as well as other product offerings, has changed the way of conducting business, making it convenient for both the customer, as well as the supplier. In addition, the 'Green Evolution' of the automobile industry is also assisting in the re-inventing of the image of the industry (Koncept-analytics, 2010).

Fourthly, car rental companies are also an extended service offered by travel agents and obtain customers via travel agents. Although this arrangement enhances the opportunity for car rental companies to increase their number of customers, there is a risk involved. Since the travel agent is the main brand holder, car rental companies, together with hotels or other accommodations and other services brands included in the package offered by the travel agent, have to present their brand on a secondary level. Should one of the other companies not deliver on the brand promise or service quality, the brand of the car rental company will also be in jeopardy. As was discussed in section 2.3.10, due to misunderstandings and grey areas between travel agents and car rental companies, SAVRALA had to step in and held several workshops with travel agents and car rental companies to enhance the car rental experience of customers. Hence, in order to mitigate the risk of misunderstandings between travel agents and themselves, most car rental companies in South Africa have become members of SAVRALA, which offers them a set of standards to comply with and ethical values to which all car rental companies have to adhere (SAVRALA, 2010).

Fifthly, with up to ten car rental groups in South Africa vying for their piece of the market, the industry is facing strict competition on price. According to Baumann (2010:3), the price growth is very limited and car rental groups are not able to price their vehicles 1c more than their competitors. Duvenage (2011) agrees and says that in order to achieve price growth, the industry would have to rely increasingly on dynamic pricing and yield management where rentals will be determined by demand. Furthermore, it seems likely that the pricing pressure will lead to consolidation in the industry (Baumann, 2010:3).
A sixth challenge facing the industry is the twin challenges posed by the implementation of toll gates on highways in the Gauteng Province, as well as the introduction of the Administrative Adjudication of Road Traffic Offences (AARTO) system by the South African National Road Agency (SANRAL) in 2011. SAVRALA (2010) estimated that the tolls will cost the industry and its customers about R60 million per annum. The challenge posed to the car rental industry is the billing of customers for the tolls as soon as they return their vehicles, for which a real-time settlement system is required. Lastly, the strong rand which was experienced in South Africa in 2010 is a concern in the short term, particularly in the inbound or international market (Baumann, 2010:3).

2.8 CONCLUSION

Chapter 2 provided insight information and an overview of the automotive industry in general, as well as the car rental industry specifically. This background is important for the foundation of the study as it describes the environment within which the study is conducted.

It is clear that the car rental industry in South Africa presents challenges to car rental companies. In order to remain competitive, it is critical for the car rental companies to differentiate their brands in service delivery. Avis’ key focus is on people, including employees and customers. They have several programmes to provide a better quality of life to employees and customers. First Car Rental focuses on empowering employees to deliver excellent services through innovation. Hertz added value in terms of equipment rental and mobility solutions, thereby continuously improving shareholder value.

These three leading car rental companies in South Africa each has his own uniqueness and a certain way of creating brand awareness. To enable them to enhance their brands and deliver on their brand promises, this study is investigating the influence of
their internal marketing programmes on the brand awareness as perceived by their customers.

In the following chapter internal marketing is discussed, as well as specifically explaining the eleven internal marketing elements that are tested among customers of the car rental companies. These elements include product, price, promotion, distribution, process, people, physical evidence, positioning, personal relationships, packaging and performance.
CHAPTER 3
INTERNAL MARKETING WITHIN A SERVICES MARKETING FRAMEWORK

3.1 INTRODUCTION

In Chapter 2 the industry within which the theoretical framework was applied, was discussed. Chapter 3 provides a broad overview of the services environment in which an organisation operates and the importance of internal marketing within services organisations.

The effects of globalisation, local economic conditions, developments in the service and specifically car rental industry, as well as increasing competitive pressure, require from service organisations to put competitive marketing strategies in place to improve competitiveness and retain customers (Petzer & Steyn, 2006:162). In service organisations the focus should be on the actual service that is being delivered to customers by every employee. The behaviour of employees is the primary means through which shareholders experience the organisation they have invested in. Excellence in service is a very positive attribute around which to build brand values. Central to the service delivery by employees is internal marketing, which takes as its central philosophy the notion that employees should be treated as customers (Papasolomou & Vrontis, 2007:8).

The objective of this chapter is to address the issues surrounding services, including the services organisation with a specific focus on employees, internal marketing and the internal marketing mix elements applicable to this study. The chapter is divided into three parts. Part one describes services and marketing within the services environment, emphasising the organisation and its employees. The second part investigates internal marketing and its development. Lastly, part three discusses the internal marketing mix elements (product, price, place, promotion, people, process, physical evidence, personal relationships, packaging, positioning and performance).
3.2 A DESCRIPTION OF THE CONCEPT “SERVICES”

Services comprise an integrated part of people’s lives, whether using a travel agent, undergoing an operation, a church service, an outing at a restaurant or a day at school (Boshoff & Du Plessis, 2009:3). Increasingly, the industrialised countries in particular are finding that the majority of their gross national products are being generated by their service sectors. It is clear that the service sectors in many countries provide the bulk of the wealth and are an important source of employment and exports for many countries (Kasper et al., 2006:27).

A general distinction between goods and services is that goods can be described as objects, devices, or things, i.e. tangibly dominant, whereas services are described as deeds, efforts, or performances, i.e. intangibly dominant (Zeithaml et al., 2006:47). Hence, service knowledge is gained through the experience of receiving the actual service (Grönroos, 2000:18). Boshoff and Du Plessis (2009:53) added that pure services usually add value to, or make available, a tangible product. Unlike the consumption of goods, the consumption of services often takes place where the service is produced, e.g. the renting of a car.

Whilst quality can be measured objectively by such indicators as durability and the number of defects in tangible products, in services or intangible consumption, service quality can be assessed only by measuring customers’ perceptions of the service delivery process (Dhurup, Singh & Surujlal, 2006:483). O’Cass and Grace (2003:454) suggest that product-related attributes are essentially described as the components of the core product function sought by customers. In terms of services, the service-related attributes refer to the process of the core service. For example, when renting a car, customers are paying for the rental of a car. In other words, they are paying for the process through which they obtain the car. The price charged for the service, or the premises within which the renting is done, is external to the process itself. Internal to the process is the car itself, the reliability and cleanliness of the car, the fuel provided and employee expertise in the renting process (Dhurup et al., 2006:483).
In the next section the managing of services, the organisational structure, culture and communication in a service environment are discussed as these components are critical for successful service delivery (Papasolomou & Vrontis, 2007:8).

3.3 MANAGING ORGANISATIONS IN A SERVICES ENVIRONMENT

In managing services successfully, it is important for organisations in a service environment to understand the characteristics of services. The distinguishing features or characteristics of services are important in the design of an appropriate marketing mix for the service organisation. The identification of these characteristics was the concern of much of the earlier research and conceptual development of services marketing. The core characteristics are now widely recognised as intangibility, inseparability, perishability, heterogeneity (Mudie & Pirrie, 2006:3) and ownership (Strydom, 2005:21). All these characteristics include the intervention of employees in providing the service and refer to the invisible part of portraying brand awareness of the organisation. Each of the mentioned characteristics is briefly described:

3.3.1 Intangibility

Intangibility is the dominant characteristic of services and is described as the lack of tangible assets which can be seen, touched or smelled prior to the purchase (Zeithaml et al., 2006:22). The intangible characteristic of services presents service marketers with several problems. The lack of physical attributes within services makes it difficult to display or communicate services readily and easily to customers (Lovelock & Wirtz, 2004:124). The intangible nature of services often implies that customers use price as a basis for assessing quality and they may place greater emphasis on personal information sources. This leads to customers having higher levels of perceived risk (Gilmore, 2003:10). For example, a customer making use of an electronic booking for a rental car requires payment confirmation and proof thereof to reduce the risk of having to pay again when picking up the rental car.
3.3.2 Inseparability

Inseparability refers to the simultaneous production and consumption of a service, therefore it is often difficult to separate the service provider from the service performance (Mudie & Pirrie, 2006:4; Zeithaml et al., 2006:26). Customers are normally present at and during the service performance and play an active role in the service production process. The quality of the service performance is dependent on the interaction between the service provider and the customer (Hoffman & Bateson, 2006:37). Service organisations must acknowledge the influential role that service employees play in the service process. The service employees or the service providers are often seen as the service itself (Tarantino, 2006:6).

The inseparability of production and consumption implies that very few service offerings can be mass-produced, but almost every service offering can be customised to customers’ needs and demands. Customisation is advantageous for service organisations, because customers use the degree of customisation of service offerings to measure the quality of services (Zeithaml et al., 2006:26).

3.3.3 Perishability

The intangible nature of services causes that they cannot be inventoried, stored, warehoused or re-used (Gilmore, 2003:11). This characteristic is of major concern to service marketers, since it inevitably leads to supply and demand problems. The capacity lost in services can never be regained, and to equalise supply and demand is a difficult task. These distinct service problems present service marketers with the challenge of developing strategies to recover from service process failures. Research has shown that resolving customer problems effectively has a powerful impact on customer satisfaction and loyalty (Strydom, 2005:28). The perishability characteristic of services creates the opportunity for the organisation to develop creative planning for capacity utilisation and management of future demand (Mudie & Pirrie, 2006:5).
3.3.4 Variability (Heterogeneity)

An unavoidable consequence of simultaneous production and consumption is variability in the performance of a service (Zeithaml et al., 2006:23). The intangible nature of services implies that standardisation and quality are difficult to control because of the human involvement and dependence on fallible employees (Mudie & Pirrie, 2006:11). The intentional or unintentional customisation of the service process and output performances by service employees for individual customers increase the difficulty of promoting services (Hoffman & Bateson, 2005:39).

Service quality is profoundly dependent on the ability of customers to articulate their needs and level of service demands. Therefore, organisations can put into practice service quality control and measurements by recruiting service orientated employees and training them to provide a service that will meet or exceed customers' expectations (Strydom, 2005:26).

3.3.5 Ownership

Customers receive only the right to a service process when they purchase it. Subsequently, it is assumed that payment for services buys only the right of access to a service, and not physical transfer of ownership to customers. Customers often feel uncertain about whether the service they have obtained is the right service and also experience uncertainty about the consequences of the service purchase. Since services are produced and consumed simultaneously, the option of "returning" a service does not exist. The inability to own a service also has direct implications on the distribution of services. Service customers usually only have access to a facility where a service is performed (Strydom, 2005:28).

Since customers experience the service offering at the facility where the service is performed, service organisations have to institute a culture of service excellence and engage employees to ensure the culture is deployed throughout the organisation.
3.3.6 Service culture

Employees in an organisation behave according to influences which spread from the culture and values of the organisation. A service culture normally develops over time and exists when a service orientation and an interest in customers are the most important values in the organisation (Grönroos, 2007:390). However, instilling a service culture in an organisation does not mean that other values have to lose their importance, but a service culture should be the top priority concern in strategic, operational thinking and performance of the organisation. Grönroos (2011:418) describes a service culture as ‘a culture where an appreciation for good service exists, and where giving good service to internal as well as ultimately, external customers, is considered by everyone a natural way of life and one of the most important values’.

A service culture means that an organisation’s employees can be characterised as being service orientated. Service orientation is described as shared values and attitudes that influences people in an organisation so that interactions between them internally and interactions with customers are perceived favourably. A service orientation that is a characteristic of a service culture improves service quality as perceived by customers (Grönroos, 2011:419). As stated by Boshoff and Du Plessis (2009:198), there is a strong link between service culture and the service process, and a strong relationship between the service process and service quality.

Therefore, organisations have to equip and enable employees to understand and accept the mission, strategies, process and marketing campaigns in order to understand the importance of service orientation and customer consciousness. Employees who identify with the overall values and strategies of the organisation, tend to be more satisfied, resulting in labour turnover to decrease, and ultimately customers are more satisfied with the service provided (Boshoff & Du Plessis, 2009:198). However, employees, especially contact employees who are not well informed, will not be able to perform well as part-time marketers and in delivering service quality when they do not know about aspects like new services and marketing campaigns associated with these services (Grönroos, 2007:391).
Kotler (2003:609) who focuses on marketing campaigns of service organisations suggests that together with the internal knowledge of employees, marketing of services organisations calls for special marketing solutions. The characteristics of services in many instances create problems for service marketers who are not experienced by product marketers. If these problems are not carefully managed, organisations may experience negative influences on service quality that will ultimately reduce customer retention and organisation profits (Lovelock & Wirtz, 2004:152). In the following section the marketing of services is discussed in more detail.

3.4 SERVICES MARKETING THEORY

Services marketing is about promises made and promises kept to customers (Zeithaml et al., 2006:10). It is integral to service organisations and the object of the activity is people, who are reactive, not passive compared to products (Tarantino, 2006:6). In the services marketing theory concepts, frameworks and strategies were developed as the result of interlinked forces of many industries, organisations, and individuals who have realised the increasingly important role that services are playing in the current world economy (Strydom, 2005:18).

One of the marketing solutions is new technological developments that provide opportunities to organisations to perform services in such ways that the customers' physical presence is not always compulsory (Mudie & Pirrie, 2006:19). Fax, cellular phones and electronic mail are examples of the technology-based services which have replaced traditional services. The Internet has made it possible for customers to access services via their computers and to some extent replace and enhance the services of traditional service providers.

Technology, especially information and communication technology may facilitate processes performed by the service provider (Gummesson, 2002:586). While electronic services provide a number of advantages to both the customer and the provider of the service, the use of high technology services can create a sustainable competitive
advantage in a number of ways (Kasper et al., 2006:324). One of the advantages is that through the substitution of labour, considerable cost reductions can be realised by the service provider. Cost reductions can create a direct competitive advantage for companies that follow a low-cost strategy, i.e. in all industries where service has become a commodity-like product.

Another advantage is the use of modern information and communication technology that has led to an increase in the quality and the value add of existing services. This is especially important for organisations that compete by differentiating their offer by providing high quality service (Gummesson, 2006:16). Car rental companies are an example of this, since booking a rental car and making an electronic payment are done electronically in many cases and the better the technology, the more successful the customer experience will be (Duvenage, 2011).

As stated by Kimmel (2005:134), electronic services have to offer extra value to the customer, or provide higher levels of utility at a lower price. One of the most cited reasons for the success of e-commerce in general is the creation of time utility; the services are available around the clock, seven days of the week, without requiring the customer to travel to a service outlet. Another important reason is the creation of place utility; the convenience of being accessible from many different places, or virtually everywhere, e.g. mobile phones and car rentals which offer 24-hour services and door-to-door-delivery (Kasper et al., 2006:325). Content or form utility is also a utility that creates value, since electronic services are considered to be very rich in content, in terms of the amount and detail of information they provide. Finally, electronic services create price utility to the customer, because part of the cost reduction realised by the service provider can be shared with the customer, which can make electronic services attractive to certain segments (Zeithaml et al., 2006:9).

Performance and information are factors that play an important role in online services. Certain quality dimensions, such as responsiveness, service reliability, ease of use, competence, access, systems reliability, timeliness and security have to be in place for organisations offering services online (Kimmel, 2005:134). These dimensions also play
a vital role for car rental companies that provide customers with information and booking services via their websites.

A further advantage of electronic services is the reduction in human errors and the speed with which information and documents can be exchanged. Electronic services already occupy an important share in the car rental environment and as the development of communication technology will continue, many opportunities will arise to explore the advantages high technology services can offer (Kimmel, 2005:134). For customers, the main drivers of the use of electronic services remain convenience and ease of use (Kasper et al., 2006:335). However, both educating customers and communicating the benefits of a service present continuing challenges for service marketers (Mudie & Pirrie, 2006:21), especially since the service is not always visible and tangible.

Although technology has contributed to reduce human intervention in providing services to customers, in many instances service organisations are still relying on employees to provide services to customers who prefer to interact directly with the employees of an organisation. Because of the nature of services, in particular being intangible and perishable, a formal, traditional marketing department cannot be responsible for the total marketing process of a service organisation and as a result, many marketing activities are often performed by all the employees of the organisation (Boshoff & Du Plessis, 2009:196). Contact employees who have direct interaction with customers represent the organisation and can directly influence customer satisfaction, therefore they are perceived as ‘part-time marketers’ of the organisation (Gummesson, 2002:586). It is therefore important to integrate and carefully manage the functions, activities and behaviour of employees who deliver service to customers and coordinate the relationships between the organisation, employees and customers. In assisting organisations to manage these relationships, the services marketing triangle was developed, which is described in the following section.
3.5 THE LEGS TO SERVICES MARKETING

In services, personal interaction between the service provider and the customer is critical. The presence of a human in providing the service and the associated personal interaction create variability in the service provision for each individual customer (Palmer, 2005:12).

A strategic framework known as the services triangle visually reinforces the importance of people in the ability of organisations to keep their promises and succeed in building relationships (Zeithaml et al., 2006:35). The framework assists marketers in addressing marketing challenges which revolve around issues such as understanding customers' needs and expectations of services, making services tangible to customers, and keeping and dealing with promises made to the customers (Zeithaml et al., 2006:36).

3.5.1 Services marketing triangle

The three points of the service triangle, displayed in Figure 3.1, represent the organisation's management, customers and employees. Between each of the three points of the triangle different marketing processes such as external marketing, interactive marketing and internal marketing have to be carried out successfully for service processes to succeed, to build relationships, and to maintain these relationships with the internal and external customers.
In the following sections the three legs of the services marketing triangle as depicted in Figure 3.1 are described:

- **External marketing**

  Service organisations, like many product companies, spend money on marketing activities, including sales and promotion. Successful marketing enables the organisation to acquire and retain customers. However, it defeats the purpose when the marketing costs are higher than the revenues generated. Hence, it is crucial to consider the efficiency, effectiveness and productivity of marketing in the service organisation (Keh, Chu & Xu, 2006:266). They described marketing productivity as including both the dimensions of efficiency (doing things right) and effectiveness (doing the right things). When the organisation is able to achieve both high efficiency and high effectiveness, it attains productive marketing, which results in low marketing costs and satisfied customers (Keh et al., 2006:266).

  Lings and Greenley (2009:42) have another perspective on satisfying customers and they argue that the impact of internal market orientation on external market orientation,
and the combined impacts of these orientations on performance result in profitability and customer satisfaction. The organisation's market sensing and responding competencies result in the organisation knowing what its customers want and what the market offers, which enables the organisation to respond with a service that meets the needs of target customers better than competing offerings (Lings & Greenley, 2009:44).

External marketing, therefore, represents the promises which organisations make to their customers with reference to services they offer and how delivery of the offerings will be conducted. The external communication activities of the service provider play a key role in the formation of customers' expectations, because their expectations are affected by the service provider's direct and indirect marketing messages (Kasper et al., 2006:79). The service employees are the "brand", representing the organisation with the ability to directly influence customer satisfaction (Zeithaml et al., 2006:355). Therefore, service employees have to be able to meet the expectations of their specific customers in terms of personal style and technical competence (Woo & Fock, 2004:189). Furthermore, organisations have to match or exceed competing services that are directed at the same types of customers (Lovelock & Wirtz, 2008:367).

To provide a service that addresses the expectations of customers, it is vital for the organisation to match customers to the organisation's capabilities. Managers need to think carefully about how customer needs relate to operational elements, such as speed and quality, the times when service is available, the organisation's capacity to serve many customers simultaneously and the physical features and appearance of the service facilities (Lovelock & Wirtz, 2008:367). The result of carefully targeting customers by matching the organisation capabilities and strengths with customer needs should be a superior service offering in the eyes of those customers who value what the organisation has to offer. As stated by Boshoff and Du Plessis (2009:45), 'the result should be a win-win situation, where profits are earned through the success and satisfaction of customers, and not at their expense'.

Organisations that succeed in providing an experience from which customers derive value, enhance their value proposition and also improve their competitiveness. This
means that the customers' experience becomes an integral part of the offering. Therefore, the value is not only determined through the service provided, but by the value created as perceived by the organisation's customers (Angelis, De Lima & Siraliiova, 2010:10).

- Interactive marketing

Interactive marketing is about keeping the promises made by the organisation to customers along with delivering a quality service to the customer. It is the actual contact between the service employees and the customers, and is called the service encounter. This is the moment where organisations actually display their capabilities and how they can meet pre-determined expectations (Kasper et al., 2006:79). In interactive marketing it is essential that an organisation is responsive to customers' needs.

Grönroos (2007:326) introduced the concept of interactive marketing to cover the marketing impact on customers during the consumption phase where the customer of a service typically interacts with systems, physical resources and employees of the service organisation. Hence, interactive marketing performs a vital function in the establishment of a relationship between the organisation and the customer, since it is through interactions with employees that customers form a perception of the integrity of the organisation's service promises (Angelis et al., 2010:10). The reliability of services is tested every time a customer interacts with the employees and the service provider which they represent. These service encounters are subconsciously also responsible for the creation of the brand in the mind of the customer (Lovelock & Wirtz, 2008:363).

Although the service itself remains important, people and social processes add value. Interactions may include negotiations and sharing of insights in both directions (Lovelock & Wirtz, 2008:363). Therefore, employee attitudes and behaviours, such as customer orientation, job satisfaction, organisational commitment and role stress, are contributing factors to the interaction between the organisation and customers. Employees have to be motivated and willing to participate at all levels of the organisation to act in a marketing capacity, generate and disseminate information, and
respond in a customer-focused way to the best interest of the organisation (Lings and Greenley, 2009:43).

On the other hand, customers are the co-creators of value, which is a desirable goal because it assists organisations to understand customers’ point of view and identify their needs and wants (Payne, Storbacka & Frow, 2008:90; Lusch & Vargo, 2006:284). However, customers will only participate if they anticipate benefits from the relationship. Organisations should therefore realise that employees cannot choose to accept or reject customers’ participation, but their interactions with customers shape the returns they gain from the interaction process (Chan, Yim & Lam, 2010:50).

The dialectic process between employees and customers further requires that managers understand the value proposition involved, and that capturing this interactive process is important for successful service definition, development and delivery. However, these interaction points with customers provide many opportunities for mistakes, and therefore, organisations need to pay specific attention to their front-line staff and the services they are providing (Angelis et al., 2010:11).

- Internal marketing

Through internal marketing, the organisation reveals that it consists of individuals and departments that are considered to be each other’s customers. However, both educating customers and communicating the benefits of a service present continuing challenges for service marketers (Kasper et al., 2006:80). Employees do not only provide a service to the external customers, but also to each other within the organisation.

Internal marketing hinges on the assumption that employee satisfaction and customer satisfaction are interlinked, therefore internal marketing must precede external marketing. Service organisations must realise that achieving objectives and creating change can only be achieved through motivated, boundary spanning employees (Lings
& Greenley, 2009:44). Service providers need to recruit, train and provide tools to employees to perform superior service (Kasper et al., 2006:81). The success of services relies on the internal marketing activities to be carried out successfully and to be aligned with one another to ultimately convey a positive awareness of the brand to customers (Lings & Greenley, 2009:45). Internal marketing can thus be described as the enabler of the promise made to customers.

Since internal marketing is the focus of the study, the following sections describe the various aspects of internal marketing in more detail.

### 3.5.2 The relationships of internal marketing

The main objective of internal marketing is to identify and satisfy employees' needs as individual service providers, and to promote customer consciousness among employees in order to improve customer satisfaction via employee-customer interaction (Kang, James & Alexandris, 2002:279).

Figure 3.2 depicts the relationships of internal marketing as adapted by Ahmed and Rafiq (2003:1178) to include relationship marketing, which is a field that dominates the real life arena (Gummesson, 2006:185). Grönroos (2007:327) describes relationship marketing as: ‘marketing is to establish, maintain, and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by mutual exchange and fulfilment of promises’.

Gummesson (2006:185), on the other hand, describes relationship marketing as: ‘marketing based on relationships, networks, and interaction, recognising that marketing is embedded in the total management of the networks of the selling organisation, the market, and society. It is directed to long-term, win-win relationships with individual customers, and value is jointly created between the parties involved.'
In both definitions, the importance of fulfilling customers' needs is highlighted. As customers are increasingly more refined in their expectations of service organisations, they furthermore tend to establish a more intimate and enduring relationship with the organisation (Roberts-Lombard, 2009:410). Hence, relationship building, networking and interacting with customers are critical to ensure customer satisfaction and loyalty towards the organisation. This can be achieved in a wider context if strategies are implemented more effectively to overcome inter-functional conflict, and internal communication is improved (Ahmed and Rafiq, 2003:1177).

In Figure 3.2, the role of relationship marketing in services organisations is highlighted. However, the importance of information technology in services marketing (described in section 3.4) also affects all dimensions of service delivery, which has resulted in the expansion of the service triangle to include technology with relationship marketing. The services triangle has therefore become a pyramid, which suggests that interactive marketing can be the result of interactive relationships between employees, customers and technology to produce the desired services. Developments in information technology offer opportunities to organisations to perform services in ways that customers' physical presence is not always compulsory (Strydom, 2005:35).

As stated by Montgomery and Chester (2009:521), recent innovations in technology and software have created a sophisticated and rapidly evolving data collection apparatus that can assist service organisations in obtaining information about their customers. By compiling demographic data, purchasing history and responses to past marketing messages, digital marketers can create and refine marketing messages tuned precisely to the psychographic and behavioural patterns of a specific customer (Montgomery & Chester, 2009:521). However, the success of customers' interaction with technology only will depend on their willingness to interact with the organisation without human intervention. This will require from customers the skills, ability and motivation to receive services in this manner (Strydom, 2005:35).

Figure 3.2 schematically represents the services marketing triangle, including the added relationship marketing and information technology functions described above.
The services marketing triangle as discussed in section 3.5 has indicated that interaction is required between the organisation, employees and customers to ensure a successful relationship, which can be provided through information technology resulting in customer satisfaction and loyalty towards the services organisation. However, internal marketing should be a strategy of the organisation’s management to achieve external marketing goals and ultimately a profitable organisation. In the next section, internal marketing as a management strategy of services marketing is discussed. The organisational structure, culture and communication are key elements towards this strategy and are also described.
3.6 INTERNAL MARKETING AS A MANAGEMENT STRATEGY OF SERVICES MARKETING

In the previous section internal marketing as an important leg in the services marketing triangle was briefly discussed. It was further explained that employees play an important role in delivering a brand’s service experience to external customers. This view is consistent with the systems theory (described in section 1.7.1), which states that an organisation is a complex set of dynamically intertwined and interconnected elements, including its inputs, processes, outputs, feedback loops and the environment. Internal marketing is regarded as part of the organisational processes, since the processes designed to empower employees to provide service excellence to customers will ultimately lead to a positive output.

Roberts-Lombard (2006:200) articulate that the concept of internal marketing emerged from services marketing where its original goal was to motivate employees to deliver service excellence when interacting with customers. In the internal marketing theory, the underlying principle is that effective service delivery requires motivated and customer-conscious employees (Otto, 2004:51).

In the subsequent sections, the definitions of internal marketing and management of internal marketing, such as a management philosophy and management strategy, are discussed.

3.6.1 Definitions of internal marketing

The definitions of internal marketing are discussed against this background in Table 3.1.
Table 3.1: Definitions of internal marketing

<table>
<thead>
<tr>
<th>Definition</th>
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<th>Key message</th>
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<tr>
<td>&quot;Viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organisation&quot;</td>
<td>Berry, Hensel and Burke (1976)</td>
<td>Employees are internal customers; jobs are internal products; needs of internal customers have to be fulfilled; objectives of the organisation have to be addressed.</td>
</tr>
<tr>
<td>'Internal marketing means applying the philosophy and practices of marketing to people who serve the external customers so that (1) the best possible people can be employed and retained and (2) they will do the best possible work'.</td>
<td>Berry (1981:26)</td>
<td>Marketing practices and philosophy; employees who interact with external customers; employ and retain best people to do the best work.</td>
</tr>
<tr>
<td>'Everybody should see himself as a customer of colleagues, receiving products, documents, messages, etc. from them, and that he should see himself as a supplier to other internal groups'.</td>
<td>Lee (2001:46)</td>
<td>Customer of colleagues; supplier to internal groups.</td>
</tr>
<tr>
<td>&quot;Internal marketing focuses on achieving effective internal exchanges between the organisation and its employee groups as a prerequisite for successful exchanges with external markets&quot;</td>
<td>Straughan and Cooper (2002:253)</td>
<td>Effective internal exchanges between organisation and employees; required for successful exchanges with external markets.</td>
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<td>'Planned effort to overcome organisational resistance to change and to align, motivate and integrate employees towards the effective implementation of corporate and functional strategies'.</td>
<td>Ahmed and Rafiq (2002:11)</td>
<td>Motivate employees; effective implementation of strategies.</td>
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### Definition

<table>
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<tr>
<th>Definition</th>
<th>Author</th>
<th>Key message</th>
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<tr>
<td>'The process of planning and executing marketing activities aimed at the creation and improvement of exchange processes within the firm, with the objective of accomplishing the firm's personal objectives and processes in a more efficient and objective way.'</td>
<td>Jordaan and Prinsloo (2004:141)</td>
<td>Process of planning; executing marketing activities; creation and improvement of exchange processes; accomplish organisation’s objectives; more efficient.</td>
</tr>
<tr>
<td>'Marketing by a service firm to train and effectively motivate its customer-contact employees and all the supporting service people to work as a team to provide customer satisfaction.'</td>
<td>Kotler and Armstrong (2006:300)</td>
<td>Training and motivation of employees; work as a team; provide customer satisfaction.</td>
</tr>
<tr>
<td>'A planned effort using a marketing-like approach to overcome organisational resistance to change and to align, motivate and interfunctionally coordinate 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.'</td>
<td>Ferrel and Hartline (2008:324)</td>
<td>Planned effort; marketing type of approach to overcome organisational resistance; motivate and interfunctionally coordinate and integrate employees; effective implementation of strategies; customer satisfaction through creation of motivated and customer focused employees.</td>
</tr>
<tr>
<td>&quot;Involves actions such as employee attraction, socialisation, empowerment, participation in decision-making and establishment of open information.&quot;</td>
<td>Gounaris (2008:404)</td>
<td>Appoint the right employees, empower them, let them participate and keep communication transparent between them and management.</td>
</tr>
</tbody>
</table>

Although internal marketing is applicable to both a product and service type of organisation, from the definitions above it is evident that internal marketing plays an even more critical role in service organisations. This is because there is a strong focus on employees in internal marketing, and in a service organisation the ultimate evaluation of the organisation is based on the experience customers have had with
employees (Kotler & Armstrong, 2006:300). Therefore, based on the definitions provided above, internal marketing is defined as follows for the purposes of this study:

'Internal marketing strategies and integrated activities applied by services organisations to attract, train, develop, motivate and retain customer-focused employees encompassing change management, implementation of external marketing activities, organisational goals and satisfied customers'.

3.6.2 Internal marketing as a management philosophy

From the definitions stated above it can be deduced that in service organisations employees play an important role and for these organisations to be successful, employees have to buy into their responsibilities (jobs) before the organisation can sell its services to customers. Kotler and Armstrong (2006:300) argues that employers should apply market research, market segmentation and traditional marketing activities to attract employees and make them perform in a desired way. External marketing should therefore be applied internally.

The underlying purpose of internal marketing is therefore to develop marketing programmes aimed at internal markets which are in line with the external marketing programme (Gummesson, 2006:197). Internal marketing forms part of the quality and initiatives to deliver service excellence and include the following core elements (Grönroos, 2007:389; Berndt, 2004:87):

- To ensure that employees focus on the same corporate goals as the organisation;
- To create an awareness of internal and external customers; and
- To establish teamwork amongst employees.

Researchers, however, have different views regarding objectives of internal marketing and some, such as Grönroos (2007:389), identified the following objectives for internal marketing from a relationship-oriented perspective:
• To ensure that employees are motivated for customer-focused and service-minded performance and thus successfully fulfil their duties as part-time marketers in the interactive marketing process;
• To attract and retain good employees;
• To ensure that internal services are provided in a customer-oriented manner in the organisation or between partners in a network context; and
• To provide employees who render service internally or externally with adequate managerial and technological support, which enables them to fulfil their responsibilities as part-time marketers.

Gummesson (2006:198) described the objective of internal marketing within relationship management as the creation of relationships between management and employees, and between functions. The employees can be viewed as an internal market and this market must be reached efficiently in order to prepare employees for external contacts, therefore, efficient internal marketing becomes an antecedent to efficient external marketing.

From the objectives discussed above, the primary objective of internal marketing can be summarised in the following two components (Roberts-Lombard, 2006:206):

• The efficient management of employees to become customer and service focused;
  and
• The implementation of internal programmes to motivate the employees of the organisation.

Therefore, internal marketing portrays the management philosophy of treating employees as customers. Managing this philosophy forms part of the organisation's management strategy of the internal marketing function, and is discussed in the next section.
3.6.3 Internal marketing as management strategy

As was discussed in section 3.5, internal marketing is one of the legs of the services marketing triangle and is thought to influence employee attitudes and behaviours, in particular employee motivation to provide good customer service (Lings & Greenley, 2009:45). Since employees of services organisations are playing such a vital role in the delivering of service to external customers, it is not only essential for them to understand the organisation's offerings and processes, but equally important for them to be knowledgeable and skilled to handle internal relationships. Furthermore, employees need to understand their roles and responsibilities, enabling them to perform their tasks efficiently (Gummesson, 2006:199).

Internal marketing examines what is required and by whom it is required (Ahmed & Rafiq, 2003:1184). In most instances, the organisation predetermines much of the employee's role as described in a formalised job description, which is more or less well-specified, depending on the service delivery process (Kasper et al., 2006:374). Internal marketing can be used to identify the type of role that is required by employees to execute strategies. The identified role is contingent to organisational circumstances and situations and is linked to the specific skills and capabilities of the specific employee (Lings & Greenley, 2009:45). Internal marketing makes the assessment of employees for specified roles more visible, since internal marketing looks at a deployment of individual competence from an opportunity-cost point of view, taking into consideration both the organisation's and the employee's perspective (Angelis et al., 2010:11).

Once the roles of employees have been clarified, the relationships between them and the rest of the organisation have to be managed. This requires understanding and managing of internal relationships, functions and interactions in an effective and profitable manner. Successful reciprocal exchange relationships within the organisation can be established through understanding and intimacy, trust and commitment (Ahmed & Rafiq, 2003:1181). Equally important from the employees' perspective is psychological safety (Grönroos, 2007:389). Psychological safety is a state in which people feel safe to be candid in what they think and how they feel (Parish, Cadwallader
& Busch, 2008:36). Psychological safety implies a state in which people feel safe to raise their opinion without fear of being unaccepted. People act transparently and with integrity when they are psychologically safe from threats. This implies that internal marketing processes must be conditioned in trust; trust in leadership, trust in the processes and systems, and also trust in the rules defined and maintained within the organisation.

By treating employees as internal customers psychological safety is realised and trust between the employees and the organisation is built (Ahmed & Rafiq, 2003:1181). According to Little and Mirandi (2003:1182), trust is important in any relationship because it reduces uncertainty, increases security and creates an accommodating environment for both parties involved in the relationship. An organisation that understands its employees will be able to satisfy their needs and to build trust between them (Angelis et al., 2010:11; Morgen & Hunt, 1994:24).

To be able to achieve its goals, an organisation needs to build trust and commitment, which can only be done if the organisation intimately knows and understands its employees and itself (Luna-Arocas & Camps, 2008:27). Internal marketing assists in developing and growing trust and commitment within the organisation if interactions are aligned through explicit considerations of stakeholders’ needs; the needs of employees are taken care of, and the organisation clearly indicates that it values its employees (Boshoff & Du Plessis, 2009:197).

Human resources play a critical role in internal marketing management, since it offers tools that can be used in internal marketing, such as training, hiring and career planning. Internal marketing offers guidance on how these and other tools should be used, i.e. to improve interactive marketing performance through customer-focused and skilful employees (Grönroos, 2007:387).

In effectively managing an organisation, a variety of inter-functional and well-established activities as part of an overall process aimed at a common objective is required. Internal
marketing allows management to approach all of these activities in a more systematic
and strategic manner and gear them towards the external performance of the
organisation (Grönroos, 2007:387). Even although internal marketing emerged from
services marketing, it has expanded to be applicable to any type of organisation, not
merely services, and has led to internal marketing being a general technique for the
implementation of internal and external organisational strategy (Gummesson,

In the next section the history and evolution of internal marketing are described.

3.7 THE HISTORY OF INTERNAL MARKETING

Winter (1985) was one of the earliest theorists who indicated the prominence of internal
marketing as a technique for managing employees towards the achievement of
organisational goals. He emphasised that the role of internal marketing is to align,
educate and motivate employees towards organisational objectives enabling employees
to understand and recognise the value of the internal marketing programme, as well as
their role within the programme (Winter, 1985:70). In other words, the emphasis of
internal marketing appears to be an implementation methodology (Ahmed & Rafiq,
2002:7). George (1990), on the other hand, argued that internal marketing is a
philosophy for managing human resources of the organisation holistically, integrating
the multiple functions (Ahmed & Rafiq, 2003:1177). This view is expressed more
forcefully by Glassman and McAffee (1992), who focused on the role of internal
marketing in integrating marketing and employee functions to the extent that employees
become a resource and asset for the marketing function (Glassman & McAffee,
1992:55). In this phase, the role of internal marketing as an implementation
methodology is made more explicit in the context of services. Piercy and Morgan (1991)
showed that external marketing tools and techniques could be applied internally. Their
model acknowledges the broader nature of external marketing efforts by incorporating
relationship marketing and also integrating interactive marketing efforts into the model.
Two schools of thought are prominent in the internal marketing theory. Brink and Berndt (2004:84) suggest that these schools of thought firstly view that internal marketing pertains to the position offered to the employee, and the second thought refers to internal marketing as any type of marketing within an organisation which centres on employees' attention to internal behaviours that need to be altered in order to enhance the organisation's external marketplace performance (Brink & Berndt, 2004:85; Ballantyne, 2003:1256).

The work of Ahmed and Rafiq (2003:1177) tends to fall within the first school of thought as they explain that internal marketing commences by viewing employees as internal customers and the jobs they perform as internal products. Keleman and Papasolomou-Doukakis (2004:122) are of the opinion that internal marketing is the service philosophy of treating employees as internal customers with the intent of increasing their level of satisfaction. Satisfied employees delivering service excellence can be retained and can ensure more satisfied external customers.

Ahmed, Rafiq and Saad (2003:1222) argued that internal marketing is a comprehensive move towards developing employees through an all-embracing internal marketing programme involving recruitment, training, motivation, communication and retention efforts implemented by an organisation to improve brand awareness.

However, very few organisations actually apply the concept of internal marketing in practice and one of the reasons might be the confusion in the literature as to exactly what internal marketing is (Ahmed & Rafiq, 2003:1178). The diversity of interpretations and definitions in turn has led to difficulties in the implementation and widespread adoption of the concept. Grönroos (2007:385) agreed that the term "internal marketing" might not be very appropriate. Employees who have no marketing training and who do not consider themselves to be involved in marketing, may have a negative view of marketing and not want to be involved in anything labelled marketing. However, the term "internal marketing" is used to describe the concept in principle, what it includes
and how it can be implemented (Grönroos, 2007:386). In the following section the evolution of internal marketing is described.

3.7.1 The evolution of internal marketing

In the early developmental stage, the focus of internal marketing was on employee motivation and satisfaction because the roots of the internal marketing concept lie in efforts to improve service quality and ultimately brand awareness of the organisation. The emerging importance of services to almost every organisation has enhanced the notion that a well-trained and service-focused employee is the most critical resource of an organisation (Parkes, 2008:23).

The focus of an organisation's management on employee satisfaction can be attributed to the fact that in the marketing of services much of what customers purchase is labour, or human acts of performance (Ahmed & Rafiq, 2003:1178). Consequently, attraction of the best employees, their retention and motivation become of critical importance, specifically in situations where the quality of the service is the only real differentiating factor between competitors. Achieving employee satisfaction depends fundamentally on treating employees as customers, as stated by Parish et al. (2008:36).

Winter (1985) identified the potential role of internal marketing as a technique for managing employees towards the achievement of organisational goals. He emphasised the implementation mechanism of internal marketing as: 'Aligning, educating and motivating staff towards institutional objectives is the process by which personnel understand and recognise not only the value of the program, but their place in it' (Winter, 1985:69). This development of internal marketing as an implementation mechanism was also posited out by George (1990) who argued that internal marketing had potential as cross-functional integration within the organisation. George (1990:64) expressed the view that internal marketing is a philosophy for managing the human resources of an organisation in a holistic process whereby multiple functions are integrated. Glassman and McAfee (1992:54) were more forceful in their view that the
role of internal marketing impacts on the organisation so extensively that by integrating marketing and human resources functions, the employees become a resource for the marketing function.

Subsequently, during the evolution of internal marketing, models were developed to support the theory and concept. The two following models below that mainly focus on improvement of services are most relevant to this study, since internal improvement of marketing activities will result in profitability for the organisation and satisfied customers as explained in section 3.5.

3.7.2 Internal marketing models
The literature on internal marketing focuses on mainly two models, those of Berry (1981) and Grönroos (1994). Both these authors emphasise the improvement of service quality in their models, but they differ in their methods in terms of achieving it. In the Table below the distinguishing factors of both models are outlined (Grönroos, 2007:32; Berry, 1981:44).
### Table 3.2: Distinctions between Berry and Grönroos' Internal Marketing Models

<table>
<thead>
<tr>
<th>Model component</th>
<th>Berry</th>
<th>Grönroos</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer-oriented employees</td>
<td>Berry's model claims that treating employees as customers will lead to changes in attitudes of employees, in other words, employees become service orientated, which leads to improved service quality and competitive advantage in the marketplace.</td>
<td>Requirements for customer-oriented employees include supportive recruitment practices, requisite training and a participative management style to provide employees with discretion in the service delivery process. In other words, employees are receiving more control over their work, which should lead to job satisfaction and subsequent motivated, customer-oriented employees.</td>
</tr>
<tr>
<td>Employees as customers</td>
<td>Treating employees as customers implies that needs and wants of employees are taken into account and an effort is made to make their jobs attractive to them.</td>
<td>Employees need to be informed of changes in marketing strategies and campaigns before they are implemented externally in order for them to realise the importance of their role in service delivery.</td>
</tr>
<tr>
<td>Management's role in internal marketing</td>
<td>Human resource management has to adopt a new approach and should involve the application of marketing techniques to attract and retain customer-oriented employees.</td>
<td>To enable the organisation to achieve the above, a supportive management team is compulsory.</td>
</tr>
</tbody>
</table>

Berry's model suggests that employees need to be customer conscious and sales minded enabling them to take advantage of interactive marketing opportunities, which will lead to better service quality, higher sales and eventually higher profits. Grönroos' model focuses more on recruitment practices, training and a participative management style to empower employees to use their own discretion in delivering the service. Both models focus on customer-oriented employees, employees as customers and management's role in internal marketing, but the mechanisms they employ, as well as the objectives of each model, vary. Furthermore, the two models are not fully completed, as Berry's model does not include ways to motivate employees besides the
marketing approach, while Grönroos' initial model did not include a marketing approach to motivate employees.

George (1990:67) similarly accepts the opinion of Grönroos by asserting that internal marketing implies that employees are 'best motivated for service-mindedness and customer-oriented behaviour by an active marketing approach, where marketing activities are used internally'. This was later confirmed by Kang et al. (2002:278) who added that the relationships between employees within an organisation are a prerequisite for successful interactions with external customers. By adding marketing techniques internally moves Grönroos' model closer to that of Berry, in that both sets of approaches stress the need to motivate employees and advocate the use of marketing techniques to achieve it. Recent advances in the field of internal marketing have led to the identification of employee behaviours associated with internal marketing and their conceptualisation as a multidimensional construct (Lings & Greenley, 2009:45).

Ahmed and Rafiq (2002) combined the models of Berry and Grönroos and added a number of additional features to include the elaboration of the relationship between customer satisfaction, customer loyalty and increased profits. Their model is depicted in Figure 3.3.
As stated by Ahmed and Rafiq (2002:15), profits are also increased by word-of-mouth promotion by satisfied customers. Furthermore, the model suggests that the antecedents of employee satisfaction are a function of adequate training, employee discretion and participative management. Employees' jobs need to meet their needs. In order to achieve the organisational goals, communication between marketing and contact employees is essential.

The model developed by Ahmed and Rafiq (2002:15) has the following advantages:
The model emphasises the fact that the Berry and Grönroos models are not competing models, but highlight different aspects of internal marketing. The new model uses these differences to build a more comprehensive conceptualisation.

The model postulates that a large number of implicit assumptions and relationships need to be tested empirically.

The model indicates the methods involved in the implementation of internal marketing.

The model might be more complex than the original two models, but it provides a more complete view of internal marketing.

The model developed by Ahmed and Rafiq (2002:17) indicates that major issues in the marketing field are linked, such as customer orientation, customer satisfaction and customer loyalty. There are also linkages between employee satisfaction, customer satisfaction and customer loyalty. Therefore, the model provides an integrating framework for these issues.

Although the model displays the mechanisms of internal marketing, it is very complex. Therefore, a simpler model developed by Ahmed and Rafiq (2002:20) and displayed in Figure 3.4 explains the framework of internal marketing of services.
The relationships indicated in the model are derived from the internal marketing literature. The motivation of employees through marketing associated activities is explicitly stated in early literature and onwards. Grönroos, amongst others, recommended marketing associated approaches to improve the interfunctional coordination and therefore customer orientation. More recently, the central reason for interest in internal marketing has been the potential contribution of internal marketing to the effective implementation of strategies by using increased interfunctional coordination and employee motivation (Ahmed & Rafiq, 2002:20; Kang et al., 2002:278).
Customer orientation is central to the framework and is achieved by using marketing approaches to motivate employees, as well as using interfunctional coordination. Leading researchers in market orientation state that interfunctional coordination is an essential facet of market orientation (Lings & Greenley, 2009:42). Shaw and Ivens (2005:80) maintain that customers are fundamentally changing the dynamics of the marketplace, as the market has become a place where customers have begun to play an active role in creating and competing for value. Employees, on the other hand, have a clear impact on all of an organisation's relationships with suppliers, customers and partners, and consequently poorly managed employee relationships affect the quality and effectiveness of an organisation's customer relationships (Galbreath, 2002:120). Empowerment in the model affects job satisfaction, customer orientation and service quality.

Therefore, the model of Ahmed and Rafiq (2002:20, 21) indicates that the impact of job satisfaction on service quality occurs indirectly via customer orientation, rather than directly between job satisfaction and service quality. An organisation that provides excellent service quality tends to be remembered by customers, thereby creating an awareness of the brand of the organisation.

As indicated by the literature regarding the evolution and models of internal marketing, internal marketing requires the development of an integrated employees activities programme that introduces employees into a work environment focusing on the goals of the organisation to support the fact that employees should be viewed as internal customers. Employees are therefore regarded as the internal market of an organisation and they need to be managed and satisfied in order to increase the external market, which is customers' perceptions of service quality and satisfaction (Kang et al., 2002:278). In the next section, the management of internal market relationships is discussed.
3.8 THE MANAGEMENT OF INTERNAL MARKET RELATIONSHIPS

Grönroos (2007:384) is of the opinion that employees' attitudes and motivation have long been a concern for management and human resources staff. Employees are an organisation's most important assets and by attracting and retaining excellent employees with the required skills in the relevant positions, could mean the difference between an organisation's success and failure within the market place (Meyer, 2006:14). Internal marketing aids in decreasing employee churn, increasing employee engagement, increasing external service quality and ultimately satisfying the external client (De Jong & Den Hartog, 2007:42). An organisation will be able to differentiate itself from competitors if it provides better service excellence to external clients, which should result in customer loyalty and higher profits to the organisation. In order to achieve these objectives, an organisation has to manage the internal market relationships and create an internal environment and implement internal action programmes so that the employees feel motivated to carry out part-time marketing behaviour (Grönroos, 2007:389). These concepts are described in the following sections.

3.8.1 Internal marketing environment

The internal marketing environment of organisations consists of two characteristics, namely tangible and intangible characteristics. As stated by Klopper, Berndt, Chipp, Ismail, Roberts-Lombard, Subramani, Wakeham, Petzer, Hern, Saunders and Myers-Smith (2006:27), tangible characteristics include organisational resources, functional departments, systems and processes, while intangible characteristics would be human capital, culture, mission and objectives. Employees are at the core of organisations, as they are responsible for delivering services to customers, therefore their needs should be taken into consideration in developing organisational strategies. Internal marketing aims to create an appropriate internal environment where employees are encouraged to generate ideas and improve external customer services (Ahmed & Rafiq, 2003:1181). Judd (2003:1309) suggested that in the internal marketing value chain, each employee
is accountable for generating customer value, either directly or through internal cross-functional relationships and teamwork.

Besides creating an internal marketing environment of innovation, organisations should also ensure a flow of knowledge between employees, as well as between the various departments. Teamwork is an important requirement to create an environment of knowledge transfer. Knowledge is more than obtaining information; it also includes an individual's perceptions based on the experiences of the individual (Willem & Buelens, 2009:152). There are two types of knowledge, namely tacit and explicit knowledge. As described by Papasolomou and Vrontis (2006:41), tacit knowledge is learned knowledge which can only be transferred from one person to another through a lengthy apprenticeship as it represents the skills and expertise that individuals possess within themselves. Explicit knowledge is knowledge that can easily be learned and communicated through books.

Organisations that create an internal marketing environment of psychological safety, form relationships with and between employees that result in trust between the organisation and the employees. Psychological safety also allows the transfer of knowledge between employees. Organisations which provide psychological safety are the ones that succeed in communicating the values and ideas within the organisation frequently to employees (Kuo & Kuo, 2010:629). Knowledgeable employees are able to conduct their functions more effectively, resulting in service excellence towards external customers (Little & Mirandi, 2003:116).

Employees should feel satisfied with their job environment and relationships with their colleagues on all hierarchical levels, as well as with management as their employing organisation (Grönroos, 2007:387). Therefore, to encourage the free flow of information between employees in various departments, but also between employees and managers, a structure whereby employees are motivated, stimulated and developed, is required. However, the flow of information and sharing of knowledge depend on the specific levels of interdependency, unit differences and knowledge complexity in the
cooperative episodes between units (Willem & Buelens, 2009:152). In order to achieve teamwork and flow of information, it is important to divide the internal market into segments. The following section focuses on the segmentation of the internal market within the organisational structure.

3.8.2 Internal market segmentation

As suggested by Judd (2003:1309) in the previous section, each employee is accountable for generating customer value. In order to communicate effectively with individual employees, the organisation should consider segmenting and targeting employees in a similar method as with the external market.

Market segmentation is the process during which groups of people or organisations with similar needs and desires are grouped together (Kotler, Ang, Leong & Tan, 2003:269). Dividing up groups of people into small niche markets enables the organisation to focus marketing activities on each group, of which the needs differ from the other groups within the market (Hooley, Saunders & Piercy, 2004:265).

Internal market segmentation comprises a group of employees with common requirements relative to their understanding of organisational concerns and their devotion to contribute to the success of the organisation, such as frontline employees, managers and back-office employees (Zeithaml et al., 2006:156). Internal market segmentation needs to occur based on identifying these requirements of diverse employee groups and the plans required to be developed according to the requirements (Banerji & Dutta, 2009:608). In order to divide groups of employees with similar needs, the following segmentation can be used (Otto, 2004:50):

- Geographical segmentation: the physical environment in which the group functions, e.g. frontline employees;
- Demographical segmentation: variables such as age and salaries determine in which group employees are placed, e.g. job levels with different salary packages;
• Psychographical segmentation: lifestyle and interests of employees are considered; and

• Psychological and behaviour segmentation: attitude and behaviour of employees within the group are similar.

Otto (2004:50) has added another segment, advantage segmentation, which focuses on the advantage gained by the various groups from internal marketing efforts. The internal marketing mix can therefore be adapted according to the requirements and the advantages thereof for the specific market segment. Organisations have to ensure that all employees understand that each market segment operates as an individual market conducting business both inside and outside the organisation. Each market segment is responsible for the management of its own operations and is accountable for its own results (Strydom, 2005:163).

Considering that customers are the main form of income for the organisation, the principal function of the entire organisation should be to support those employees who have direct customer contact and make sure that all exchanges with external customers provide them with a high quality experience (Chan et al., 2010:50). Internal marketing emphasises the value chain comprising that all employees are involved in value creation and relate to each other in terms of internal supplier-customer relationships, and are thus mutually dependent on one another to produce high levels of service quality (Gounaris, 2008:69). Since each employee in the organisation at some stage provides or receives a service from other employees or segments, it is essential that the organisation pays attention to the recruitment of the right kind of people for various positions in the organisation. Market segmentation can be applied to assist organisations in finding the right people for the required positions (Grönroos, 2007:396).
3.8.3 Organisational structure

Organisations that segment their internal market geographically have to transform the hierarchical structure of the organisation. Functions are transformed into market units by making them accountable for their own performances, as well as enabling them to take control of their own operations (Otto, 2004:51).

There are two types of organisational structures, i.e. vertical or formal and horizontal or informal organisations. A vertical organisation normally has a centralised management structure and decisions are being made at the highest level within the organisation (Willem & Buelens, 2009:152). Although the vertical organisation has its benefits as it allows employees to gain access to explicit knowledge, discipline is centralised and efficient control is exercised. It is inclined to hamper entrepreneurial behaviour within the organisation, resulting in restraining individual performance and disabling a culture of innovation (Lovelock & Wirtz, 2008:312). In a services organisation such a formal structure may result in employees feeling that demands from management are unreasonable and impossible, and subsequently, negative effects are visible in the attitudes of employees delivering the service (Grönroos, 2007:422). Communication and information flow amongst the various segments might also be deterred by such formal structures.

Due to the nature and characteristics of services, services organisations mostly require a relatively flat organisational structure with limited hierarchical levels. This flat or horizontal structure implies that frontline employees often assume more responsibility, work more independently, and have more discretionary power to take decisions immediately (Boshoff & Du Plessis, 2009:200). Furthermore, services organisations that are horizontally structured, allow cross-functional integration, embrace people, as well as allow for experimentation and lessons to be learned through mistakes, thereby creating decentralised flat structures (Strydom, 2005:162).

The core focus in a decentralised structure is on employees to become conscious of how each employee impacts on the work of other internal market segments in cross-
functional quality chains which link to the external customer (Ballantyne, 2003:275). Decentralised structures also provide managers with more independence to plan and take control. It furthermore assists in horizontal communication and encourages innovation and social interaction amongst employees (Chen & Huang, 2007:107). A decentralised organisation enables a wealth of tacit knowledge to flow, and encourages employees to make their own decisions in order to execute their job functions (Lovelock & Wirtz, 2008:313). It also allows the formation of teams and groups within the organisation, which has a positive effect on knowledge sharing and changes within the organisational environment (Huang & Chen, 2009:12137).

However, such a decentralised and flat structure of the internal market does not mean that the managerial level loses power, only that their roles are changed. They are now supposed to be coaches, demonstrate leadership, assist and encourage employees and create an open climate where service quality is a leading shared value (Grönroos, 2007:422).

3.8.4 Organisational culture

Every organisation has an unwritten culture that defines standards of acceptance and unacceptable behaviour for employees (Lowell & Hahn, 2007:6). Even if subcultures develop, often by work groups or by internal market segments, there will always be a dominant culture that unites employees, clients and communities, thus conveying to them those values that are imperative to the organisation (Pennington, 2003:251).

Lund (2003:220) refers to organisational culture as the shared beliefs, thoughts, values, theories, expectations, attitudes and standards that join an organisation's members together. It refers to the values, norms and standards that motivate what the organisation rewards, supports and expects (Lowell & Hahn, 2007:6). Mobley, Wang and Fang (2005:1394) describe organisational culture as a set of values, beliefs, common understanding, thinking and norms for behaviour that are shared by all
employees of an organisation. It is clear from descriptions of organisational culture that beliefs and values are critical for any organisation to display what the organisation “is”.

Since internal marketing focuses on employees, it assists in the process of identifying current behaviours and probes why they are occurring. Once specific employee behaviour patterns have been established, it is possible to create specific internal programmes to induce behaviours for enhanced implementation, which is taken to the very core, namely the employee (Ahmed & Rafiq, 2003:1182). Internal marketing links specific strategy programmes to develop employee competencies, which are in turn linked to each individual’s intelligence, creativity, responsibility and experience. Therefore, internal marketing does not only manage the individual, but also the collective that makes up the organisation (Kuo & Kuo, 2010:619). The influence of internal marketing extends to the formation of a corporate identity and collectiveness of the organisation to lay a foundation for an integrated organisation. It is in this integration that individual creativity is transposed to organisational effort and success (Chan et al., 2010:52).

3.8.4.1 Management’s role in the organisational culture

The successful integration of internal marketing into the overall organisational culture requires top management to take responsibility and advocate their belief that it will contribute to organisational growth, low employee turnover, low training costs and the opportunity to develop shared goals and values throughout the organisation (Yilmaz & Ergun, 2008:293). The successful integration of internal marketing into organisational culture is also dependent on the acknowledgement of top management that internal customers exist at every level of the organisation (Strydom, 2005:148).

Internal marketing is an interaction process between the organisation and its employees within a given context. Internal marketing aims to create precisely the right type of atmosphere and environment in which employees are encouraged to create, coordinate and improve the whole organisation. This means that internal marketing uses actions,
interactions and adaptations to enhance customer satisfaction, which is achieved by creating an environment in which quality enhancing behaviours become a reflexive part of employee action (Grönroos, 2007:93). Subsequently, these actions and quality enhancing behaviour of employees become a fundamental source of competitive advantage (Ahmed & Rafiq, 2003:1181). Furthermore, the values and beliefs that underlie organisational culture tend to reflect what is most important to the organisational management as they are responsible for the vision and purpose of the organisation, and presumably exemplify and reinforce the core values and beliefs through their own behaviour (MacIntosh & Doherty, 2010:108).

Hence, services organisations need to acknowledge the importance of managing interactions between employees and customers (Strydom, 2005:151). Managers need to adopt a participative management style and empower employees to use discretion in the execution of their tasks, whereby they can meet customers’ expectations and take advantage of interactive marketing opportunities (Roberts-Lombard, 2006:176). Ahmed et al. (2003:1223) differ and are of the opinion that a participative management style is not imperative for the implementation of specific internal marketing programmes, although a participative management style might lead to easier acceptance and execution of internal marketing programmes. However, in drafting internal marketing programmes, organisations have to take into consideration the management style of the applicable organisation (Ahmed & Rafiq, 2003:1179). Taking into consideration the views of marketing theorists regarding the flat and more informal structure of service organisations, it could be suggested that employees who are allowed to participate in decision-making are more empowered and motivated to implement decisions of which they were part. Joint planning and decision-making with the employees involved is a means of achieving commitment in advance to further actions that emerge from the planning process (Grönroos, 2007:394).
3.8.4.2 **Loyalty and satisfaction**

Employees who are committed to an organisation often experience job satisfaction which in turn has a positive effect on the satisfaction of customers (Gummesson, 2006:229). Hu, Kandampully and Juwaheer (2009:112) describe customer satisfaction as a cognitive or affective reaction that results in response to a once-off or multiple set of service experiences. Since the customer experience involves employees of an organisation, employees play a significant role in ensuring a satisfying experience for the customer.

It is through employees’ comprehension of delivering good service quality that theorists propose that internal marketing can lead to greater customer satisfaction (King & Grace, 2005:280). As indicated in the literature, some studies support the positive correlation between customer satisfaction and customer retention, meaning that customers who are satisfied, most likely tend to remain customers of the organisation (Nyadzayo & Roberts-Lombard, 2010:9). A contributing factor to economic success is customer retention and loyalty, which is engendered through customer satisfaction. As such, customer satisfaction has become a marketing imperative, with many organisations realising the value of satisfied customers in terms of positive brand attitudes, positive word-of-mouth and brand loyalty (King & Grace, 2005:281). Lovelock and Wirtz (2008:359) stated that Reichheld and Sasser (1990) analysed the profit per customer in various service organisations and found that customers became more profitable the longer they remained with the organisation in each of these organisations.

Businesses that fail to ensure customer satisfaction face dire consequences (Hedrick, Beverland and Minahan, 2007:64). The fact that some satisfied customers remain behaviourally loyal while others defect, provides strong evidence of variance within groups of satisfied customers (Story & Hess, 2006:407). Highly satisfied customers are more likely to become loyal to an organisation, while dissatisfied customers are driven away. Dissatisfaction is a key factor in switching behaviour (Lovelock & Wirtz, 2008:371). Hence, a service organisation that strives to be successful must move past simply satisfying customers, it should build relationships that will result in customer...
retention. A framework for customer retention management should include relationship marketing efforts, compatibility management, defection management, service failure management and service recovery efforts (Petzer, 2005:308).

The same principles as stated above apply to the internal customers, namely employees. Satisfied employees tend to remain with an organisation and display loyalty towards the organisation’s brand. Retaining employees is also more cost effective to an organisation than to employ new staff members regularly who require more training and motivation to accept the values, strategies and culture of the organisation (Boshoff & Du Plessis, 2009:200). However, retained employees need to be empowered and have to take ownership of their responsibilities, which will result in trust and loyalty towards the organisation. Loyal employees tend to work harder to deliver service quality that has a positive influence on customer retention (Otto, 2004:254).

Communication between employees and management, amongst themselves, and with customers, is critical to ensure a flow of information and knowledge which ultimately results in overall satisfaction, since misunderstandings are minimised due to the free flow of communication (Ahmed and Rafiq, 2003:1183). Communication within the organisation is described in the following section.

3.8.5 Organisational communication

Communication is an indispensable activity in the functioning of all processes, but it is critical in highly cross-functional processes (Ahmed & Rafiq, 2003:1183). Multiple functions in organisations, such as marketing and operations, have to be coordinated to achieve the goal of service delivery. Frequent and effective communication across functions – horizontal communication – is critical to ensure that operations provide input in what is being promised by marketing departments. Horizontal communication is also required between human resources and marketing departments (Zeithaml et al., 2006:490).
Organisations need to inform and motivate employees to deliver what their customers expect (Zeithaml et al., 2006:490). What employees say, how they say it, how they behave and how they function are all factors that communicate something to customers. The size of the gap between expectations and experiences of customers determines the quality perception. Hence, almost everything the organisation says about itself and almost everything the organisation does that is experienced during the service encounters, have an impact on the customer. All communication efforts and the effect thereof, shape the image of the organisation in the minds of customers (Grönroos, 2007:304).

Therefore, managers need to pay attention to the communication strategies and objectives communicated to employees to enable them to clearly understand the importance of their role in the achievement of organisational goals. This is needed, especially in services organisations, where the managerial relationship with employees has a direct influence on customers (Gounaris, 2006:436). More effective coordination within the organisation will take place if a management style, where communication between management and employees is open and two-way, occurs (Angelis et al., 2010:18).

Internal communication and coordination central to providing service excellence have to ensure consistency in communicating policies and procedures, as well as implementing communication strategies across departments and branches. Services organisations operating many branches under the same name, like in the case of car rental companies, have to enforce similar performance across branches, as customers would expect the same service and performance from every branch (Zeithaml et al., 2006:490). Therefore, the internal communication strategies need to be implemented parallel with external marketing communications to better prepare employees fulfilling the required level of performance in terms of advertised promises (Zeithaml et al., 2006:490; Ahmed & Rafiq, 2003:1183).
As described in the previous sections, internal marketing has to create an environment for internal markets and treat employees as internal customers. A service organisation should also support internal marketing activities aimed at providing service quality to internal customers, which is subsequently transferred to external customers, resulting in satisfied and loyal customers. Communication internally amongst employees and externally between employees and customers is essential to fulfil expectations of customers and create a satisfactory experience (Gregory, Harris, Armenakis & Shook, 2009:674).

The internal marketing mix is imperative in ensuring that each of the internal market segments receives the desired action and attention to create an organisation that is focused on service quality and customer orientation. In the next section the services internal marketing mix is discussed.

3.9 SERVICES INTERNAL MARKETING MIX
Few topics of the commercial theory have inspired, as well as divided, the marketing academia like the four Ps Marketing Mix framework (Constantinides, 2006:407). Since Jerome McCarthy (1964) reduced Neil Borden's (1964) twelve identified controllable marketing elements to four, i.e. product, price, place and promotion, practitioners and academics have promptly embraced the mix paradigm that soon became the prevalent and indispensable element of marketing theory and operational marketing management (Grönroos, 2000:13). Marketing activity is traditionally structured around the marketing mix, which is the most basic concept in marketing and is described as elements which organisations control and use to satisfy or communicate with customers (Mudie & Pirrie, 2006:5).

The wide acceptance of the mix among marketers is due to their profound exposure to this concept, since most introductory marketing manuals identify the four Ps as the controllable parameters likely to influence the consumer-buying process and decisions (Kotler, 2003:283). However, despite the background and status of the marketing mix as
a major theoretical and practical parameter of contemporary marketing, academics have expressed doubts and objections as to the value and the future of the mix, proposing alternatives that range from minor modifications to total rejection. It is often evident in both the academic literature and popular press that the mix is deemed by many researchers and writers as inadequate to address specific marketing situations like the marketing of services, the management of relationships, or the marketing of industrial products (Constantinides, 2006:409).

3.9.1 Views of theorists around the marketing mix
The purpose of the marketing mix is that these activities should convince internal and external customers that the product or service will actually satisfy their needs. According to the marketing literature, the practical application of the 4Ps differs from the intension of theorists and became manipulative, as well as based on the perspective of the service provider more than taking the customer into account (Constantinides, 2006:409-411; Otto, 2004:54). Gummesson (2006:197) added that the 4Ps should be regarded in view of what the organisation needs to do to reach the customer. It should not take a leading role, but rather a supportive role. The same principle applies to the internal customer (Gummesson, 2006:197).

Constantinides (2006:409-411) explains that criticism of the traditional 4Ps is based on the limited nature of components and the simple application thereof, which could cause strategic problems. Möller (2006:441) commented on Constantinides' (2006) work and pointed out criticisms against the marketing mix framework, which were raised by Constantinides. These criticisms are summarised as follows:

- The mix does not consider customer behaviour, but is internally oriented.
- The mix regards customers as passive, interaction is not allowed, and relationships are not captured.
- The mix works primarily as a simplistic device focusing the attention on management and is void of theoretical content.
• The mix does not provide assistance for personification of marketing activities.

Although some of these criticisms might be correct to a certain extent, Möller (2006:439-450) does not agree completely with the argument made by Constantinides. He suggested that more discussion is required on the theoretical foundations of marketing and importantly, to attempt to differentiate between theories of marketing, generalised textbook knowledge of marketing and marketing practice. The various theoretical schools of marketing thought, their disciplinary roots, core assumptions and limitations, as well as the questions they are posing and the answers they are providing, should also be better understood. The various interpretations of the marketing mix reflected that this is not easy, but it is one way to claim credibility as an academic discipline within the economic and social sciences (Birnik & Bowman, 2007:316; Möller, 2006:441-450).

Other researchers share the view of Constantinides that the modern customer is different, more demanding, individualistic, involved, independent, better informed and more critical. Technological developments, easy access to online commercial organisations and marketplaces, and sophistication of customers have intensified the pressure on organisations to change from mass marketing to more personalisation, interaction and direct dialogue with customers (Kimmel, 2005:135). Such approaches provide organisations the opportunity to improve communication with target groups and to identify the constantly changing and evolving needs of customers. Furthermore, organisations can respond quickly to competitive movements and predict market trends early and accurately (Constantinides, 2006:413).

3.9.2 Developments of the marketing mix
Due to the broadening of the marketing concept during the 70s, the emphasis on the exchange transaction in the 80s, the development of relationship marketing and total quality management in the 90s, and the emergence of information and communication technologies as major factors in the 21st century, the 4Ps marketing mix framework has become the source of controversy and scientific debate (Ahmed & Rafiq, 2002:28). In
addition to these developments, the customer behaviour has also evolved from mass customer markets of the 60s towards increasingly global, segmented, customised or even personalised markets of today where innovation, customisation, relationships building and networking have become issues of vital significance (Kotler & Armstrong, 2006:67).

Some of the shortcomings of the traditional 4Ps marketing framework have led several authors to suggest that the marketing mix framework should not be considered as the foundation of consumer or customer marketing management any longer. These include:

- Internal orientation: a frequent objection underlying the mix’s explicit lack of customer orientation. Kotler (1984:211), Vignali and Davis (1994:13), Bennett (1997:153) and Schultz (2001:7) have identified this in some way or another as the prime limitation of the mix.

- Lack of customer interactivity: Doyle (1994:132) and Yudelson (1999:60) argued that the mix ignores the evolving nature of the customer who demands higher value and more control over the communication and transaction process. Allowing better interaction reduces the customer defection rates and increases customer trust (Constantinides, 2006:413).

- Lack of strategic elements: Ohmae (1982:35) and Vignali and Davis (1994:14) argued that lack of strategic content is a major deficiency of the framework, making it unsuitable as planning instrument in an environment where external and uncontrollable factors describe the organisation’s strategic opportunities and threats.

Most of the authors propose alternative frameworks, while those willing to accept a role for the 4Ps, often propose modified versions, with new elements added to the traditional parameters. In services marketing, for example, early references identifying differences between tangibles and intangibles underlying the distinctive character of services marketing, are found in the works of Branton (1969) and Wilson (1972). The special character of services was emphasised by Blois (1974), Bessom and Jackson (1975) and Shostack (1977). Several alternative methodologies and marketing conceptual
frameworks for services marketing have been proposed ever since. Currently, there are additions of up to twenty-one elements in the marketing mix with an additional five to extend the mix to include electronic marketing as set out in Table 3.3.

Table 3.3: Review of Services Marketing Mix

<table>
<thead>
<tr>
<th>Author</th>
<th>Proposed additions</th>
<th>Reasons</th>
</tr>
</thead>
</table>
| Booms and Bitner (1981)       | Participants, Process, Physical Evidence | • Physical evidence is important as an environmental factor as it influences the quality perception in services.  
• Participants refer to employees and customers and are included together with process, since they are important for service delivery. |
• The personal relationship with the customer is important for successful services marketing. |
<p>| Kotler (1984)                 | Political power, Public opinion formulation | External and uncontrollable environmental factors are important elements of the marketing strategy programmes. |
| Rozenberg and Czepiel (1992)  | Post-purchase communication | Communication after the purchase is important to retain customers. |
| Heuvel (1993)                 | Personnel, Promotion         | Employee interaction with the customer and promotion of the services offering has a direct effect on the service quality and quality perception. |
| Boekema, Van Bueren, Lobstein, Costerhuis and Schweitzer (1995) | Presentation | The presentation of a retail outlet or services organisation's front desk influences the customer's choice. |</p>
<table>
<thead>
<tr>
<th>Author</th>
<th>Proposed additions</th>
<th>Reasons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goldsmith (1999)</td>
<td>Personalisation, Physical assets, Procedures</td>
<td>The trend towards personalisation has resulted in an increasing contribution of services to the marketing of products.</td>
</tr>
<tr>
<td>Yudelson (1999)</td>
<td>Performance, Perceptions</td>
<td>The marketing developments of the last 40 years require a new flexible platform.</td>
</tr>
<tr>
<td>Melewar and Saunders (2000)</td>
<td>Publications</td>
<td>The visibility of the corporate identity is the basis of the corporate differentiation and the core of the organisation's visual identity.</td>
</tr>
<tr>
<td>English (2000)</td>
<td>Personal relationships, Relevance, Response, Results</td>
<td>The traditional marketing has not been an effective tool for health services marketing. A new framework of Rs is being introduced.</td>
</tr>
<tr>
<td>Grove, Fisk and John (2000)</td>
<td>Performance</td>
<td>How the service is performed is as important as what is performed. A critical factor is therefore customer experience.</td>
</tr>
<tr>
<td>Beckwith (2001)</td>
<td>Packaging, Personal relationships</td>
<td>Marketing services in a changing world require focusing on increasing customer satisfaction and rejecting old product paradigms and marketing fallacies.</td>
</tr>
<tr>
<td>Kotler (2003)</td>
<td>Procurement</td>
<td>Factors like procurement in delivering the service have become basic elements in both retailer and service marketing mix.</td>
</tr>
</tbody>
</table>

Source: Adapted from Constantinides (2006:414-429)

Contributions over the last nineteen years of researchers such as Fryar (1991), English (2000), Grove, Fisk and John (2000) and Beckwith (2001) in the field of services
marketing, as discussed in section 1.7.2, have been included in this study to determine if these additions have any influence, and if so, what the extent is of the influence on the brand awareness of the car rental companies selected for the study.

Based on the arguments outlined in section 1.7.2, the eleven services internal marketing mix elements as theoretical foundation for this study are products, price, place (distribution), promotion, people, process, physical evidence, personal relationships, packaging, positioning and performance. Each of these elements is described in the following sections:

3.9.3 **Internal products**

In internal marketing, the product can be presented at three levels, namely the strategic, tactical and fundamental level. At the strategic level, the internal product refers to marketing strategies, and at the tactical level it may include new performance measures and new ways of handling customers. The internal product can also refer to services and training courses offered to employees. At the fundamental level the internal product is the job (Ahmed & Rafiq, 2003:1180).

Strategically the marketing strategies and marketing plans are encompassed in the internal job product. The marketing strategies that should be entrenched in employees include the values, thoughts and behaviours, while the marketing plan is the central instrument for directing and coordinating all efforts in delivering the service (Kotler & Keller, 2009:43). Various theorists agree in principal, but add their own interpretation to the internal product. O'Loughlin, Szmigin and Turnbull (2004:219) state that employee relationships are influenced by the goals, strategies, plans, processes and internal communication of the organisation. They explain that the internal product consists of related activities, training and the development of employees. Bowers and Martin (2007:91) suggested that in creating value for customers, employees' jobs as internal products should be segmented according to their core competencies.
Core competencies, however, should be developed, skills should be increased and employees should be prepared to perform through communication with customers what the organisation and its services are about (Huang & Chen, 2009:12139). Employee training and motivation are imperative for the development of employees as discussed next:

3.9.3.1 Employee training

Palmer (2005:457) refers to training as the acquirement of knowledge and skills that aid employees to perform their jobs more effectively. The end goal of training is to achieve and maintain desired behaviours on the job. To achieve this, practice and reminders are needed (Lovelock et al., 2009:291). Supervisors should meet with employees to repeat key lessons from recent complaints and compliments. Continuous training can also assist in creating shared values amongst new employees and can remind older employees of the organisation’s culture continuously (Little & Mirandi, 2003:135).

Training and learning professionalise employees. An employee who knows about cars and their features can recommend the suitable car to customers accommodating their specific needs. The employee feels professional, has a higher self-esteem and is respected by his customers (Lovelock et al., 2009:291). Middle managers should be utilised as trainers and motivators who build their employees’ confidence and capabilities (Yilmaz & Ergun, 2008:293). Training also helps to reduce person and role stress, which results in employees who are confident, dedicated and able to handle difficult customers and situations (Lovelock et al., 2009:291). In turn, external customers are receiving excellent services, which comfort them (Kale, 2007:7).

3.9.3.2 Employee motivation

Since organisations are creating highly stressful work environments often unintentional through high expectations to stay competitive, they need to find ways to ease the lives of their employees. Low motivation, low morale and low job satisfaction due to stress
lead to conflicts, poor service delivery, high employee sick leave and a high employee turnover. Therefore, employees need to be treated individually according to their needs and roles they fulfil in the organisation (Branham, 2005:151). Organisations furthermore need to assist employees through internal benefits to address their needs and wellness. Programmes offered by Avis, First Car Rental and Hertz include training programmes, emotional intelligence, stress counselling, health and wellness programmes, medical benefits and study leave as part of their efforts to create careers for their employees (Avis, 2009; First Car Rental, 2011; Hertz, 2011).

3.9.3.3 **Provide careers rather than jobs**

In a service organisation employing and training high calibre employees require job products that are designed with features that prospective employees value (Kale, 2007:5). By attracting and retaining employees who experience job satisfaction, an organisation will be able to achieve its ultimate goal as employer of choice (Huang & Chen, 2009:12137). Judd (2003:1307) states that employee satisfaction is determined by jobs that satisfy employee needs. An organisation focusing on internal marketing orientation enhances the effectiveness of marketing practice internally, which in turn results in greater employee job satisfaction levels. As a result, service employees become more customer orientated (Gounaris, 2008:406). Therefore, job products should be designed with specific job descriptions which consider the basic security needs of employees with regard to physical, material and emotional aspects (Gounaris, 2008:407; Otto, 2004:55). Furthermore, employee satisfaction and needs should be measured continuously in order to achieve retention of employees (Kale, 2007:5).

Besides all the training and wellness programmes, which aim to increase employee satisfaction, organisations, should also provide career opportunities to employees. The training programmes should firstly be aimed at improving skills and knowledge, but secondly, should be designed to take employees who have reached their limits in their current positions to a higher level. Job descriptions should match the employees’ skills and personal interests, as this will allow employees to become fully engaged because
they are performing work that they enjoy and that has meaning to them. Employees should be offered careers and not merely jobs. Careers differ from jobs in the sense that a career requires the employees' personal identity to be involved in their work (Edvardsson & Gustavsson, 2003:149). Organisations could use recruitment, engagement and retaining talented employees as a method of providing a career progression path. Palmer (2005:459) suggested that career progression refers to a mechanism, which enables employees to visualise how their working life might develop within a particular organisation. Available positions within an organisation could be advertised internally on its intranet to create opportunities for employees to move within the organisation (Branham, 2005:105).

Organisations, such as Avis, First Car Rental and Hertz use employee-training programmes and incentive schemes to train and motivate employees to achieve higher results from them. Regular surveys are being used to determine the success of these programmes. They also utilise their intranet to communicate with employees and advertise vacant positions on the intranet enabling employees to apply for these positions, rather than seeking employment with competitors (Perumal, 2009; Prouse, 2011; Storey, 2011). The next internal market mix element that is described is internal price.

3.9.4 Internal price
During the marketing efforts of an organisation price must be determined. Quesada and Gazo (2007:5) described price as the exchange of something with value between two parties. According to Kasper et al. (2006:418) customer value equals customer benefits, less price. Keh et al. (2006:267) explain price as the cost of purchases, a reward or sacrifice. The application of these explanations on the internal market implies that the internal price is being paid by internal customers. Internal price is thus the sacrifice and contributions made by employees in exchange for the organisation's internal product (Otto, 2004:128). Strydom (2005:164) had put it in another way and stated that the internal price is the cost, which an employee pays to work for an organisation.
Zeithaml et al. (2006:517) suggested that monetary price is not the only sacrifice customers make to obtain products or services. An employee's costs, for example, would not be from a monetary perspective, but rather be intrinsic in nature, such as psychological costs. Ahmed et al. (2003:1228) described psychological cost as adoption of new methods of working; projects that have to be foreseen in order to carry out new policies, opportunity cost for example; or to transfer pricing and expense allocation between departments. According to Zeithaml et al. (2006:518) psychological cost is often the most painful non-monetary cost. Fear of not understanding the job, fear of rejection amongst fellow employees or fear of outcomes such as unhappy customers are all fears being experienced by employees as sacrifices when performing their functions.

Fortunately, employee costs are not always negative. Employee costs can result in the employee obtaining new skills through being involved in new activities. However, it is important that new procedures or changes within the organisation be explained to employees to allay any fears and provide employees with appropriate information (Ahmed et al., 2003:1228).

The internal price employees have to pay also includes their commitment to the organisation, risk taking, stress and responsibilities. Sheth and Sisodia (2002:352) described employee commitment as individuals' ability and willingness to coordinate their behaviour with the organisation's needs, priorities and goals. Employees who are involved in the formulation of vision and mission, although indirectly, experience higher commitment to the organisation and feel they contribute to their own goals at the same time (De Jong & Den Hartog, 2007:41,42).

Servage (2005:304) is of the opinion that employees who are committed are more demanding, are prepared to challenge the old traditional procedures and are not prepared to continue doing routine work. They furthermore demand respect and recognition from the organisation and management. However, these employees are
also prepared to take risks on behalf of the organisation, which form part of the internal price employees are paying for the internal product.

Sacrificing security and stability combined with taking risks create additional tension for employees (Constanti & Gibbs, 2004:245). Certain organisations, especially entrepreneurial organisations are known for the risks they are taking. Decisions that are being made involve high risks for both the organisation and its employees, but the profit in the end is high and worth the risks that were taken. The innovation and risks being taken, however, go hand in hand with responsibility and commitment from employees (Constanti & Gibbs, 2004:245).

Taking responsibility for their functions is part of the internal price employees are paying. According to Servage (2005:304), responsibility correlates in most cases with risk taking. Motivated, loyal employees willing to act innovatively are able to achieve higher productivity. Creativity, innovation and entrepreneurship result in employees taking risks and responsibility for their actions. Taking risks stands in relation to taking responsibility and subsequently being exposed to stress and pressure from the organisation (Otto, 2004:135). Management and customers often underestimate the degree of stress experienced by an employee. Emotionally employees experience exhaustion, and this can result in emotional exploitation as employees are forced to suppress their true feelings, which subsequently lead to depression, isolation, fatigue and loss of identity. This is a typical emotional cost experienced by the employee (Constanti & Gibbs, 2004:245).

Therefore, programmes should be implemented supporting employees dealing with stress and demotivation. Although organisations, such as Avis, First Car Rental and Hertz, do offer rewards to employees for taking initiative and risks, as well as programmes to relief the stress, risk taking remains part of the internal price employees have to pay (Yilmaz & Ergun, 2008:293). In the next section, internal distribution is discussed, since distributing information to employees is critical for them to be
knowledgeable. Knowledgeable employees feel more secure and will be more willing to take risks and initiative (Willem & Buelens, 2009:152).

3.9.5 Internal distribution

According to Kasper et al. (2006:400), place or distribution embraces all the strategic and operational activities that make the product or service available to customers. Distribution considers the channels used, outlet locations and methods of transportation. Lovelock et al. (2009:22) suggested that distribution of the marketing mix has two components, namely non-physical distribution channels and physical distribution. Services normally make use of non-physical distribution channels to deliver some of their service elements to customers. Manufacturers require physical distribution channels to move their products from the factory to customers, either directly or through wholesale and retail intermediaries.

In the internal marketing context, distribution is representing the visible and tangible, as well as the invisible and intangible aspects of the work and working environment. In other words, it represents the setting within which transactions or exchange between the organisation and employees occur. The internal distribution captures the physical aspects of the environment and the cultural, symbolic and metaphoric aspects of the organisation within which environment employees form allegiance to the organisation (Ahmed & Rafiq, 2003:1180). Roberts-Lombard (2006:127) agreed and added that distribution concerns the location of internal marketing programmes and the responsibility for implementation thereof. Time often plays an important role in distribution, especially when speed and convenience are determinants of effective implementation and service delivery (Lovelock et al., 2009:22). Furthermore, the identification of the suitable distribution channel to communicate information to employees is imperative to ensure successful distribution (Kasper et al., 2006:404; Roberts-Lombard, 2006:127).
3.9.5.1 Non-physical internal distribution

Organisations currently have an option of distribution channels to enhance the communication required by internal distribution. According to Kasper et al. (2006:404) and Otto (2004:161) the factors that need to be considered in selecting the relevant distribution channel include:

- The organisational structure;
- Networking capabilities, such as the management of relationships with employees; and
- Segmentation of the internal market

In selecting the most relevant distribution channel, organisational structures should be aligned to the internal marketing requirements. The organisational structure should contribute positively to enhance the quality of life and productivity of employees (Otto, 2004:162). In an internal customer service orientated organisation, the effectiveness of internal marketing in delivering excellent service to the external customer is dependent on unity and cohesion within the organisation. If there is limited or no internal distribution of skills and services, employees will be unprepared to deliver effective services to external customers (Ballantyne, 2003:1255).

Every internal group, such as employees, management and other internal groups have the ability to strengthen relationships within the organisation. All employees are part of the distribution channel in some way and are thus involved in the internal marketing process. To deliver service excellence to the external customer, the internal relationship network between managers and employees should be effective and integrated. The value delivery network depends on unity and cohesion within the organisation (Otto, 2004:169). The goal of internal distribution should therefore be to create collaboration and collaborative intelligence amongst employees and managers to deliver service excellence to the customer and at the same time provide employee satisfaction.
Distribution can also be used to facilitate processes, such as with whom power resides, what the level of power within particular groups or segments of employees is, and how this needs to be altered or adapted to allow for effective strategy implementation (Ahmed & Rafiq, 2003:1180). If the internal distribution channel does not produce the required achievements, it might be required to change the organisational structure to empower employees and to ensure that the distribution channel will address the unique requirements of the organisation. Parkes (2008:23) suggested that a motivational employee environment requires structures that are accordingly adapted.

The segmentation of the organisation is important to ensure that all employees are participating in the distribution channel to implement internal marketing programmes. Segmentation also assists the organisation in managing the relationships within the organisation successfully. To enhance productivity and efficiency, it sometimes occurs that groups are being established according to their departments, which can facilitate effective management of departments. However, managers should recognise the fact that employees play different roles in each of these groups. Therefore, employees have to adapt to their roles and also have to learn new roles (Papasolomou & Vrontis, 2006:41).

3.9.5.2 Physical internal distribution

Pina et al. (2006:176) explained that physical distribution is about the physical product flow from manufacturer to customer. The physical distribution normally includes activities such as transport, storage and stock taking (Kasper et al., 2006:400; Lovelock et al., 2009:22). In internal marketing the distribution channels are being influenced by physical elements such as the working environment and technology.

The elements of physical distribution channels as seen by Kalla (2005:303) and Pride and Ferrell (2010:88) include:
• Stock taking: in internal marketing it refers to the determination of effectiveness of the information distribution and the internal marketing research efforts;
• Transport: in internal marketing it refers to the use of internal communication and distribution channels;
• Storage and stock: the information management activities which ensure successful communication and internal transactions; and
• Communication and data processing: communication regarding the effectiveness of the internal distribution channels.

The working environment is a critical element in the brand awareness of any organisation that wants to attract the most talented employees. Organisations should offer a safe, healthy and comfortable physical work environment to make employees feel safe and comfortable at work. Employees who have a sense of security tend to be more satisfied (Edvardsson & Gustavsson, 2003:149). Marsing (2006:104) added that the work environment should be a place where employees are able to reach towards their rewards and recognition. In such an environment internal relationships are built that subsequently, improve relationships with customers. The physical layout, such as open offices, furthermore contributes to the relationships amongst employees and thus has a direct influence on the internal distribution. According to Willem and Buelens (2009:154), open door offices also facilitate communication flow. Besides the physical work environment, technology is another element to consider as part of physical distribution.

Electronic distribution channels, such as the Internet and intranet play an increasing important role in changes that affect the physical work environment. Electronic media not only enhances speed of information flow, but also enhances interaction and feedback, which ultimately results in higher productivity. However, technological developments have an influence on the way in which employees operate, and have an influence on the motivation of employees due to new environments to which they have to adapt (Lovelock et al., 2009:22). Eventually, organisations have to decide what the
influence of new developments will be and how to manage these developments in the most efficient way (Burin, 2010:106,107; Otto, 2004:189).

Generally, the aim of internal distribution is to attempt to devise an internal environment and atmosphere that is conducive to the achievement of particular goals. This may mean providing more resources and support, especially where changes are required, as well as examining ways of empowering employees through structural and responsibility adjustments to achieve higher levels of satisfaction and enhanced service delivery, resulting in a positive awareness of the organisational brand (Baldauf, Cravens, Diamantopoulos & Zeugner-Roth, 2009:437,438). In encouraging employees to be part-time marketers, internal promotion is required which is discussed next.

3.9.6 Internal promotion

Organisations are using a variety of promotional tactics to communicate with target customers about the values of the organisation. Promotion, is described by Kalla (2005:303) as the communications process in marketing that is used to create a favourable predisposition towards a brand of product or service, an idea, or even a person. Ahmed and Rafiq (2002:30) described promotion as the use of the promotional mix to inform and influence internal customers' attitudes towards the internal product. Koekemoer (2004:11) described promotion as the combination of actions, resources and media used by a marketer to inform and remind potential customers about a particular service or product offering and to attempt to persuade them to purchase or use it. Chen and Huang (2007:105) are of the opinion that the core purpose of internal promotion is to create knowledge and skills within the organisation as it allows employees to understand what, when and how to fulfil their roles. As stated by Baldauf et al. (2009:441), promotion activities such as advertising are successful in generating brand equity for an organisation. Gummesson et al. (2010:12) refer to the Internet, electronic mail and mobile communication as promotional vehicles that offer a new infrastructure for commercial and social relationships. Based on these descriptions, it can be concluded that internal promotion is the application of promotional mix tactics to
influence employees favourably towards the internal product and thereby create a positive awareness of the organisation's brand.

The internal promotional mix is a blend of communication tools used by an organisation to execute the promotion process and to communicate directly with the internal market. These communication tools include personal selling, sales promotion, advertising, public relations and publicity, and direct marketing (Gummesson et al., 2010:12; Baldauf et al., 2009:441; Kotler & Keller, 2006:536). However, authors are not in agreement when it comes to which tools or elements should be used in the promotional mix (North & Enslin, 2004:154).

Tustin and Pienaar (2005) are of the opinion that interactive relations with customers and events, including sponsorships, should be separate elements and not be seen as part of the public relations functions (Tustin & Pienaar, 2005:123,124). Tsuji, Bennett and Leigh (2009:513) claim that virtual advertising has a higher success rate on creating brand awareness of an organisation than other marketing media and promotional activities, while Montgomery and Chester (2009:518) focus on the Internet as the most successful tool to reach target audiences.

Whichever tool is preferred, it nevertheless is true that each of the tools or elements is capable of communicating in a different way to achieve a different kind of impact on employees as are explained next (Montgomery & Chester, 2009:518).

3.9.6.1 Personal selling

Personal selling refers to face-to-face presentations to individuals and groups about the organisation. Personal selling is the backbone of internal marketing, since the presenter or manager has implicit authority behind what is said. Furthermore, it can deliver a completely customised message based on feedback from the receiver of the message (Kotler & Keller, 2009:536; Kasper et al., 2006:416).
To ensure that employees are paying the internal price, effective communication is imperative. Communication refers to an exchange of ideas, facts and emotions, by two or more individuals, with words, letters and symbols based on the problem of how those symbols will be received and interpreted. Communication is achieved when the sender and the recipient of the message have meaning in common, that is when the meaning the sender wanted to share is identical to the meaning the recipient receives (Conradie, 2004:25). Internal communication should be two-way, as interaction between managers and employees result in employees sharing their ambitions, needs and anxieties with managers. The insight managers get from active listening to employees can prevent employees from wanting to leave the organisation due to detrimental stress and fear (Kale, 2007:9). Furthermore, internal communication should be managed effectively so that employees and management are in agreement about what is communicated to the customer (Zeithaml et al., 2006:488). Therefore, communication with employees should be specific, correct and direct (Otto, 2004:209).

Correct and direct communication with employees can be achieved by communicating with them personally. Meetings between management and employees are an ideal way of personal communication. The management of car rental companies have regular meetings with employees to discuss sales targets, strategy and achievements. Individual meetings between managers and employees are also taking place to discuss career developments. At meetings, employees have the opportunity to provide feedback and to receive feedback regarding important developments and trends within the organisation (Kale, 2007:9).

Personal selling implies a long-term relationship where expectations can be managed and dialogue with employees can take place. This is vital to the effectiveness of internal marketing because employees will have high levels of knowledge about the organisation and their specific roles enabling them to provide quality service to external customers (Ahmed & Rafiq, 2003:1183).
3.9.6.2  Sales promotion
Sales promotion is described as a communication tool that comes with an incentive. Sales promotions are usually aimed at a specific time period, price and/or customer group. The objective is to encourage customers to use the service sooner or more frequently (Lovelock et al., 2009:179; Zeithaml et al., 2006:497). Kasper et al. (2006:417) added that sales promotion is used effectively where services have a low perceived risk, which are bought frequently, which are familiar to the customer and which differentiate themselves from competing services by price. This assists internal marketing initiatives as it encourages employees to develop new skills and change their behaviour according to the needs of the organisation to grow.

It is clear from the notion of customers that employees should be offered some benefits in order to change their behaviour. Cash bonuses, awards, recognition programmes and competitions are examples of incentives that organisations use to motivate employees to increase productivity (Ahmed & Rafiq, 2003:1183). Car rental companies make use of these types of incentive programmes to motivate employees to excel in their service delivery to customers. These programmes for example include the Brand Ambassador programme of Avis and the Indlela programme of Hertz (Hertz, 2011; Avis, 2009).

3.9.6.3  Advertising
Advertising is described as a paid, mass-mediated attempt to persuade (Yurchisin & Damhorst, 2009:458). Zeithaml et al. (2006:497) refer to advertising as any paid form of non-personal presentation and promotion of products or services by an identified sponsor. It is regarded as the most dominant form of communication and is often the first point of contact between the organisation and its customers (Lovelock et al., 2009:178). The Internet, virtual advertising and advergames are increasingly being used by organisations to increase brand exposure (Cauberghe & De Pelsmacker, 2010:5; Gummesson et al., 2010:12,13). Advergames are computer games that were created to act as advertisements in promoting brands. They are simple in design and can easily be
distributed on different platforms, such as via electronic mail or on mobile phones (Cauberghe & De Pelsmacker, 2010:5).

Kasper et al. (2006:416) state that advertising can be used to influence or manage customer expectations, especially core services aimed at mass markets. Although the use of mass media advertising, such as television or newspapers to communicate with employees is rare, advertising is important to consider the second target audience (Ahmed & Rafiq, 2002:31). Advergames is one way of increasing communication and advertising the organisation’s brand to employees (Cauberghe & De Pelsmacker, 2010:5). Employees are responsible for determining quality and therefore have to be motivated and willing to deliver the service on levels as promised in the advertisements. It is essential to design clear messages in advertisements, since the message conveyed by the advertisement must meet several expectations of both customers and employees. (Chen & Huang, 2007:106).

Internal advertising can be turned into a positive advantage by portraying employees with positive customer focused attributes, which employees can then attempt to emulate. Posters displayed at the various branches of car rental groups, induction and refresher training courses and an internal newsletter are some of the channels being used by car rental companies to advertise the organisation to employees (Prouse, 2011; Storey, 2011; Perumal, 2010). According to Strydom (2005:115, 136, 138), advertising aids the implementation of internal marketing as it creates awareness amongst employees of the organisation’s strategies and goals that it desires to clarify for employees.

3.9.6.4 Public relations and publicity
Public relations comprises the management, through communication, of perceptions and strategic relationships between an organisation and its internal and external stakeholders (Koekemoer, 2004:14). Similarly to advertising, public relations and publicity aim to generate positive interest in an organisation via communicating
messages to a mass market, but normally public relations are not being paid for (Lovelock et al., 2009:179). Public relations is based on high credibility; is able to reach target markets who prefer to avoid advertisements or sales people; and has the potential to dramatise the organisation (Kotler & Keller, 2006:556). Public relations involves the preparation and distribution of press releases, including photos that feature stories about the organisation, its services and its employees, which then create publicity for the organisation. The core of public relations is to promote a mutual understanding between the organisation and groups that have a common interest in the organisation (Kasper et al., 2006:417). Therefore, organisations use public relations to establish a good image and reputation amongst their customers and other stakeholder groups (Lovelock et al., 2009:179; Zeithaml et al., 2006:498).

Public relations and publicity are also used to highlight positive events in an organisation, such as sponsorships of sport events or high-profile activities, community involvement and support, profits achieved and other achievements an organisation has successfully reached. Conversely, public relations are strategically applied to do damage control if an adversity and bad publicity strikes an organisation (Koekemoer, 2004:14).

Public relations and publicity can be used to communicate with the internal market of an organisation by utilising internal events such as road shows, teambuilding sessions, the various cultural and historical days, such as Heritage Day, World Aids Day, breast cancer month, to build positive internal relations and publicity amongst employees. Avis, First Car Rental and Hertz participate in these events to provide shared values, goals and direction to employees. These events are used to build emotional bonds with employees and provide them with an opportunity to meet the real person behind the working colleague. All these activities are a form of public relations and internal publicity since they provide a social and friendly environment to employees and ensure the retention of talented employees (Prouse, 2011; Storey, 2011; Perumal, 2009).
Zeithaml et al. (2006:499) describe direct marketing as an interactive system of marketing that uses one or more advertising media to affect a measurable response at any location. This description distinguishes direct marketing from the other communication tools in three ways (Zeithaml et al., 2006:500):

- Direct marketing uses a combination of media to increase effectiveness;
- Direct marketing is often designed to elicit a direct response or immediate action;
- Direct marketing transactions can occur anywhere, such as at home, by mail or any place the marketer can communicate with the customer.

Kasper et al. (2006:417) argue that direct marketing is a specialised form of marketing that aims at building and maintaining a relationship between the organisation and its target market. The concept of direct marketing has expanded beyond only mail to any medium that elicits two-way measurable communications whereby a marketer, after finding the target audience, communicates with them directly and personally. The latest developments in technology have opened new possibilities in the area of direct marketing while the traditional methods remain effective as well (Montgomery & Chester, 2009:519).

Electronic services delivery, such as telephone, cell phone or Internet services result in dramatic changes of the landscape (Kasper et al., 2006:22). Customers are empowered by means of cell phones, the Internet and new intermediaries, such as web-based, channels (Gummesson, 2010:12). Together with the trend towards the co-modification of services, it raises fundamental questions about the roles of professionals and customers during the service encounter; this counts for medical doctors, lawyers, accountants, travel agents and car rental organisations alike (Barr & McNally, 2003:714). Where possible, the marketing-related service trends should be translated into strategic policies and definite ideas on new services, internal marketing
programmes, including direct marketing, as well as the improvement of the quality of services resulting in improved brand awareness of an organisation.

Direct marketing includes tactics such as telemarketing, direct mail, electronic communication and the Internet (Finin, Ding, Zhou & Joshi, 2005:418). It can be used both as a form of distribution and as a promotional tool (Baidauf et al., 2009:441; Montgomery & Chester, 2009:518). As stated by Finn et al. (2005:418), impersonal one-way communication media, such as memos, letters, organisational newsletters and videotapes often lack credibility in the eyes of employees. These media may however be effective in communicating detailed information with employees without expecting a reply. However, media like electronic mail and the intranet of the organisation, although not intimate, allows for interaction between the organisation and its employees and has the advantage of speed (Banerji & Dutta, 2009:605). These new media tactics are briefly described below:

- **Electronic communication**

  E-mail, in combination with the organisation's website and the Internet can be integrated to reach employees interested in a certain type of message successfully. The Internet fulfils three functions, namely a communication, information and distribution function. The communication function of the Internet commenced with e-mail and has contributed to become an interactive, two-way communication medium (Lovelock et al., 2009:179). Because of its interactive nature, the Internet provides increasing opportunities to communicate with target markets in a way that they receive the exact information they are seeking. Applications are numerous, since Internet conferences can be held for employees who are located at branches countrywide and virtual meetings can be held with employees (Banerji & Dutta, 2009:606).

Intranet is described as applications developed on Internet technology intended for a predefined user group. Organisations frequently employ intranets to achieve the goals of internal marketing in terms of aiding in information sharing, open communication and collaboration within the organisation (Lehmuskallio, 2008:96). Intranets have numerous
benefits to the organisation as they reduce monetary and time costs of printing manuals, newsletters and flyers for employees, it allows for vast amounts of content that can be communicated, it is collaborative and can integrate various systems (Rowe, 2007:602). The intranet is therefore applied as an internal marketing device that the organisation use to communicate various types of information electronically to employees to satisfy their needs, inform them and connect them (Kasper et al., 2006:417).

• **Wikis and social media**

Wiki stems from the Hawaiian term “quick” or “super fast”. It refers to a website that allows any individual to edit its content (Long, 2006:157). As stated by Gorman (2005:225), wikis encourage users to share information by freely contributing new content, presenting content and changing content or providing their own opinion about the content. Wikis are a powerful internal marketing tool as they can be used to integrate the knowledge of experts such as managers and specialists, including marketing and information technology professionals with operational and frontline employees (Long, 2006:158).

Social media, for example Facebook, Twitter, Linkedin and Youtube are new technology made available to individuals and organisations to interact on a global scale. Kaplan and Haenlein (2010:59) describe social media as: ‘a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content’. Social media marketing is a powerful medium to market an organisation, but it should be done with prior planning and a proper strategy. Organisations have limited control over these mediums, therefore a well-developed strategy is required to determine exactly what about and with whom the organisation wants to interact (Kaplan & Haenlein, 2010:62). High levels of external customer understanding, employee empowerment, internal knowledge and communication, efficiency and productivity are required to ensure successful integration of these new technology tools (Willem & Buelens, 2009:152).
Car rental companies use direct marketing tools, such as the new media described above extensively and ensure that it integrates well with all other messages, including interactive messages from employees. For example, Avis, First Car Rental and Hertz use their intranet to communicate various types of information to employees and also store important documents and forms on the intranet with easy access to employees to conduct their work efficiently (Prouse, 2011; Storey, 2011; Duvenage, 2009).

In summary, it can be concluded that promotion is the communications process itself. The promotional mix represents the tools to communicate, and communication is used to manage the process and activities so that a synergetic effect is achieved. Therefore, the internal market should be informed of the objectives of the organisation before the message can be designed. Once the message has been designed, the promotional mix can be determined (Birnik & Bowman, 2007:1469).

The following three elements of the internal services marketing mix refer to people, process and physical evidence. These three elements were added to the original marketing mix to specifically address issues in the services environment where services are usually produced and consumed simultaneously. Each of these elements will be discussed in more detail next:

3.9.7 Internal people
The people element in the marketing mix involves all the human role players participating in the service delivery process and therefore influences the customer's perceptions. These role players include employees, customers and other customers in the service environment. Although the role players might not even be aware of the fact, in various ways they provide cues to customers regarding the nature of the service on offer. For example, the way they dress, personal appearance, attitudes and behaviours all influence the customer's perceptions (Zeithaml et al., 2006:26).
Customers see frontline service employees as an integral part of the service experience and as a result, they often perform three distinct roles, namely are operations specialists, marketers and are part of the service product. These employees are perceived as boundary-spanners that provide a link between the external environment and internal operations. They have to perform two functions, that is information transfer and representation. They play a critical role in understanding, filtering and interpreting information to and from the organisation and its external stakeholders (Boshoff & Du Plessis, 2009:202). Unfortunately employees cannot always control customer's perceptions, but through marketing communications the expectations of the customer could be managed (Zeithaml et al., 2006:27).

Well-managed organisations devote special care to selecting, training and motivating employees to provide excellent services to satisfy customers (Lovelock et al., 2009:24). One way of motivating talented employees who have been trained and who understand their role in fulfilling customer expectations is to empower them to make certain decisions. The empowerment of employees will be discussed in more detail in the next section.

3.9.7.1 Empowerment of employees

Employee participation in the organisation's development depends on the level of employee empowerment. Employees can benefit by empowerment in two ways. Firstly, the benefits of employee empowerment include financial benefits for them when the organisation is making a profit, and secondly, empowerment provides them with the opportunity to participate in organisational strategic planning (Otto, 2004:248). As stated by Palmer (2005:445), employees who are empowered are predisposed to:

- Have control over the manner in which their jobs are performed;
- Be aware of the customer's situation;
- Be accountable for their own work and productivity; and
- Share accountability for organisational performance and equity in rewards.
In order for these activities to take place, employees have to be provided with the discretion required to fulfil their roles successfully. Discretion should be accompanied by trust, collaboration and loyalty amongst employees and between employees and management (Palmer, 2005:445). Judd (2003:1308, 1309) described four categories of people, which were identified by Levitt (1986) in an organisation, namely contactors, modifiers, influencers and isolateds. These categories of people should be managed by the organisation empowering them to fulfil their roles.

Contractors have direct contact with customers, and have to be aware of their central role in achieving customer satisfaction and gaining competitive advantage (Judd, 2003:1308). In the traditional marketing role, they would typically implement the marketing strategy, provide customer service, and interact directly with customers as frontline employees. In the new paradigm, they are responsible for in-depth knowledge of the marketing strategy, they have to understand customers’ needs and be responsive to these needs to reinforce a favourable image of the organisation. Managers of these employees have to recruit suitable employees capable of being responsive to customers’ needs. They also have to provide training to employees and provide them with customer relationship management skills. Furthermore, managers have to motivate and reward employees to gain a competitive advantage for the organisation (Gounaris, 2008:77).

In car rental companies, contactors are typically frontline employees who issue rental vehicles to customers, marketers who market the services of the car rental company to individuals, and businesses and contact centre staff who service customers telephonically. Therefore, they need to be trained well and be motivated to provide services to customers in a responsive way to reinforce a favourable awareness of the brand of the car rental company (Prouse, 2011; Storey, 2011; Duvenage, 2009).

Modifiers are not involved in marketing the organisation and interact with customers more indirectly. They are generally your administration and finance employees. However, these employees need to understand the marketing strategy, be aware of the
customers' needs and how the organisation responds to their needs. It is critically important that modifiers understand how their own responsiveness will affect customers' perceptions of the organisation (Judd, 2003:1309).

Modifiers in car rental companies would include secretaries and administration employees, as well as financial management employees who issue accounts to customers. Since modifiers have some level of contact with external customers, they have a chance to influence their ideas, feelings, intentions and actions towards the organisation and its marketing initiatives (Burin, 2010:79). Because of their roles that have an impact on customers' perceptions of the organisation, modifiers have to be screened for required communication skills and need to be further trained in communication skills. They should be assessed partly on how effectively they represent the organisation when interfacing with customers and be rewarded accordingly (Lings & Greenley, 2009:43).

Although influencers generally do not have direct contact with external customers, they play an important role indirectly in the implementation of the marketing strategy. Therefore they are required to have in-depth knowledge of the organisation's capabilities and resources. Influencers normally are employees in management, human resources, information technology and marketing departments. As influencers, they have to establish a high level of internal service delivery to finally achieve higher levels of external service delivery of the organisation (Angelis et al., 2010:11, 12; Yilmaz & Ergun, 2008:292).

Isolates are support employees who neither have contact with customers nor are directly involved with the design and implementation of the marketing mix. Yet, their efficiency and effectiveness in supporting employees who have direct contact with employees affect the performance of the organisation's ability to serve customers' needs. Isolates represent data processors and back office employees, such as administrative employees (Yilmaz and Ergun, 2008:292). They are often neglected in an organisation because they do not have direct contact with customers and do not
influence other internal employee groups, but they are critical to the everyday operation of the organisation. Therefore, they should be made aware of the needs of external customers on a daily basis and opportunities should be created for them to understand external customers’ needs. This could be done by setting up meetings for them with professional staff, and written, video and audio material relating to customers’ needs and the organisation’s role in meeting those needs should be made available to isolateds (Judd, 2003:1309).

The above described managerial proposal is framed within the context of developing a greater level of customer focus and gaining a competitive advantage. It recognises that employees provide services to one another and are dependent on one another to effectively perform their jobs. As a result, the organisation’s ability to meet external customers’ needs is a function of how clearly all employees are focused on their respective jobs (Gounaris, 2006:435).

3.9.7.2 Leadership and management in relation to empowerment

In any organisation, both leaders and managers are required to ensure that the goals of the organisation are achieved. Lovelock et al. (2009:418) refer to leadership as the development of vision and strategies, as well as providing employees’ freedom and flexibility to overcome barriers to realise the vision. Management, on the other hand refers to planning, budgeting, organising, controlling, managing employees and problem-solving to maintain the current situation. However, with the changes in the current business environment, leadership is required by all levels of management. Leadership is necessary to provide direction, build relationships and suggest future trends. In establishing direction, visions and strategies are being created (Lings & Greenley, 2009:49).

There are various types of leadership styles, namely transformational and participation leadership. Transformational leadership involves the development of qualities and competencies to convert an individual’s self interest into that of concern for group
interests and needs. The individual's inspirations, prospects and self-worth are transformed, enabling him or her to deliver beyond their personal prospects (Kandola, 2004:143). Transformational leaders motivate their employees to analyse problems in a creative way, aiding them to fully develop (De Jong & Den Hartog, 2007:44).

Participative leadership refers to a leadership style by which control is spread amongst individuals who are not equal in the organisational hierarchy. Employees and managers share knowledge, decision-making and find solutions to problems together. Employees receive enough freedom and flexibility to complete their tasks effectively. Participatory decision-making comprises allowing employees the opportunity to contribute their ideas, delegate and develop their entrepreneurial abilities, and is therefore excellent for their mental health and contributes to job satisfaction (Gounaris, 2008:78; De Jong & Den Hartog, 2007:44).

To implement empowerment successfully, a combination of transformational and participative leadership is required. De Jong & Den Hartog (2007:44) agreed that with the necessary control established, employees could be allocated more power to execute tasks. This is required for the implementation of the marketing concept and thus also the internal marketing strategy. Empowerment is a state of mind that enables employees to experience satisfaction, since their contributions add value to the organisation. They act more responsibly, trust and loyalty are increased, and in the end the organisation benefits from group participation (Palmer, 2005:445).

3.9.7.3 Advantages and disadvantages of employee empowerment
Many organisations have discovered that by empowering employees to accommodate needs of customers and to recover immediately when things go wrong, they are truly responsive to customers' needs. Some of the benefits of empowering employees include reduction in employee stress, improved job satisfaction, greater adaptability and more satisfied customers (Zeithaml et al., 2006:370). The interaction between internal
marketing and the empowerment of employees should be encouraged by management support, knowledge transfer and technical support (Grönroos, 2007:347).

Unfortunately, empowerment also has disadvantages. Employees are not always willing to change or to take responsibility, especially at lower levels. Managers are sometimes resistant to delegate power, as they feel their positions might be jeopardised (Otto, 2004:253). Empowerment can also be expensive to maintain, since extensive and frequent training of employees is required to increase the capacity of employees' tasks (Palmer, 2005:445).

3.9.7.4 **Employee recognition and rewards**

Although empowerment of employees might be perceived as one way of rewarding employees, other ways of rewarding employees for their performance are imperative to retain the most talented employees. Palmer (2005:460) suggested that the primary function of a reward system is to improve the standard of employee performance through rewarding them with a reward they value once they have excelled in their performance and the organisation's goals have been achieved. However, the reward system must be fair and consistent; otherwise employees will lose their trust and loyalty towards the organisation (Kale, 2007:9).

Since incentive-based remuneration might become too expensive and promotions are not always possible due to a lack of vacancies, other forms of reward and recognition should be explored to accomplish maximum motivation for each individual employee (Palmer, 2005:460). Monetary rewards refer to sharing of organisational profits, bonuses and financial or additional time compensation for overtime hours worked. Non-monetary rewards could include certificates indicating achievements, special events to celebrate achievements, congratulations by management for great performances and amending performance appraisals to encourage growth and development (Gregory et al., 2009:675; Zeithaml et al., 2006:379).
3.9.8 Internal process

In delivering service to customers, the way in which customers receive the product or service is equally important, especially in an environment where many competitors are also offering the same product or service. Therefore, creating and delivering superior product elements require design and implementation of effective process to ensure that both employees and customers experience a satisfactory interaction (Lovelock et al., 2009:23). Zeithaml et al. (2006:27) describe a process as the service delivery and operating systems, namely the actual procedures, mechanisms and flow of activities by which a service is delivered. The actual service delivery steps or the operational flow of the service experience provides customers with evidence on which to evaluate the experience.

Kasper et al. (2006:382) agreed, but added that the customer’s experience is not only dependent upon the sequence of steps, but also on a number of other factors, such as the service duration, efforts of employees, and ultimately the reliability of the service in delivering customer outcomes as depicted in Figure 3.5.

**Figure 3.5: Process design issues**

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<table>
<thead>
<tr>
<th>Process design</th>
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<tbody>
<tr>
<td>Technology</td>
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<td>Accessibility</td>
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<td>Customisation</td>
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<th>Process delivery</th>
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<td>Duration</td>
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<td>Reliability</td>
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<td>Efforts of employees</td>
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<tr>
<th>Product/service</th>
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<tbody>
<tr>
<td>Customer experience</td>
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Source: Adapted from Kasper et al. (2006:382)
In the car rental industry the issues displayed in Figure 3.5 play a role in the complete experience customers have about the service they have received. These issues are discussed below:

### 3.9.8.1 Process design

Technology provides opportunities to customers to evade face-to-face interactions to a certain extent, as car rental companies offer them the opportunity to make reservations via the website or via the contact centre. The choice to apply technology should consider customer reaction, customer competence to use the technology, and accessibility to technology (Kasper et al., 2006:384). Some customers will always avoid technology in favour of human interaction. Customisation or flexibility in the product or service offering might not always be possible, but in some organisations customisation of services might be feasible, economic and convenient (Lovelock et al., 2009:24). In the car rental industry customisation is possible to a lesser extent and employees are able to use their discretion to customise the service delivery process (Duvenage, 2011).

Service employees contribute to accessibility in a number of ways, such as response time to phone calls or walk-in customers, the number of employees, skills of employees, professionalism of employees, billing procedures, types of payment accepted and insurance arrangements available (Grönroos, 2007;189).

Another way in which car rental companies provide accessibility is to have numerous branches nationally as well as internationally, and thereby increase the accessibility of their services and products to customers. Customers are also able to arrange for delivery of vehicles at their doorsteps. Furthermore, services and products are available 24 hours per day (Prouse, 2011; Storey, 2011; Perumal, 2010).
3.9.8.2 Process delivery

The duration of the experience in the delivery process for car rental companies' customers consists of four steps, namely reserve car, pick up car, drive car and return car. Some car rental companies might be able to complete the first two steps within minutes, while other car rental companies might require cars to be booked in advance, payment to be made in person with licence and identity checks and picking up the car from another location (Kasper et al., 2006:385). Effective organising of waiting lines and minimising waiting times have a profound impact on the customer's quality perception of the complete service process (Prouse, 2011). The delivery process is also affected by efforts of employees. Employees who are able to motivate and engage customers in empathy are responsive and provide assurance, and will enhance the customer experience (Perumal, 2010). Customers' assessments of the service delivery process are correlated with their assessments of employee effort. However, the provision of an adequate number of employees, as well as training and skills development of employees are required to enhance efforts by employees (Storey, 2011). In the internal marketing context, customer consciousness should be inculcated into employees through training them, which should result in improved employee efforts (Gounaris, 2006:436).

Reliability refers to the consistency, dependability and integrity of the process in achieving its objective. Reliability is one of the core drivers of perceived service quality and if the process is reliable the customer should have a satisfying experience (Lovelock et al., 2009:23, 24; Kasper et al., 2006:387).

3.9.8.3 Product/service

In order to provide a satisfying experience to the external customer in delivering the service or product, the internal process has to be reliable and of high quality. Management plays a role in influencing employee actions and designing reliable processes that aid in service excellence. These internal processes are not visible to
customers in order to allow customers to feel special and unique (Edvardsson & Gustavsson, 2003:151). However, internal processes have to be designed according to policies and organisational standards, since incorrect or bureaucratic processes might lead to external customer dissatisfaction as the service delivery might become ineffective and slow (Lovelock & Wirtz, 2004:22).

Organisations have to constantly review and where necessary improve their processes. However, process improvements have to be sustainable and aligned with the growth and changes within the organisation (Jeston & Nelis, 2007:230). In evaluating the processes the initial strategy should be compared to the actual outcomes of the process. At some stage the organisation might need to develop or fine-tune sustainability and ensure that the initial process contain tasks and responsibilities to create a mechanism for continual process optimisation and management. Since customers' expectations and needs change over time, the organisation should review and analyse processes continuously applicable to the current and future operating environment (Gregory et al., 2009:674).

Jeston and Nelis (2007:230) suggest that embedded performance measures in management should be in place to measure process performance and should ideally be linked to a higher level organisational objective to ensure that processes are geared towards this objective. The measuring of processes should also include the evaluation of performance of employees involved, and good performance should be rewarded.

Once these measures have been put in place, it is critical to create feedback loops to enable the continuous improvement of processes. The advantage of feedback is that it can accurately measure the extent to which the process is meeting the objectives. The disadvantage is that it only provides information after the process has been completed, and might have been too late to achieve the organisation's objectives. However, sustainability of process improvement will only be achieved if employees are constantly using the improved processes in the correct way. Communication, training and support regarding the new processes are required to prevent employees from following old
processes (Gregory et al., 2009:674). Communication of the benefits of new processes is imperative as it motivates employees to identify other areas to explore, as well as enables employees to work according to new processes. Employees who continue using the improved processes should be rewarded. The best way to reward employees is to base rewards on results, which should include more than only financial and volume-based indicators and should be designed to achieve long-term results (Jeston & Nelis, 2007: 241).

Benchmarking to compare an organisation's processes with those of competitors' will allow organisations to understand their performance and process management against that of competitors. An organisation that succeeds in delivering service excellence due to smooth running of internal processes and quick turn around times, have satisfied external customers as a result (Zeithaml et al., 2006:168).

The internal process and the people (employees) of an organisation are not the only elements that have an effect on the external customer. The physical environment in which the service delivery is experienced also plays a significant role in the customer's mind when he or she is thinking of the organisation. Physical evidence is described in the next section.

3.9.9 Internal physical evidence

The literature on environmental psychology debated the ability of the physical environment to influence the behaviour of everyone who has been exposed to it for many years. Retail environments were the first to focus on the physical settings and later on, other service environments, such as hotels, restaurants and other customer contact environments followed. They used these tangible cues, also called servicescape, to improve service quality, influence employee productivity and satisfaction (Kasper et al., 2006:389). The servicescape framework was extended to include aspects of the physical setting as a social meeting place, which was not part of the original framework. This extended framework is discussed next.
The extended servicescape framework

Customers and service employees are both part of the extended servicescape framework, thus by their presence and behaviour, they are at the same time affected by the physical setting of the service, as well as involved to perform it. The physical setting and the interactions amongst employees and between employees and customers should be designed so that, in the final analysis, customers perceive favourable service quality that makes them want to continue using the same organisation's offerings (Lings & Greenley, 2009:44). Employees and customers do not only interact with each other, but also with physical resources, systems and other tangible elements in the physical setting. Hence, in addition to the social interactions, these physical interactions influence the customers' perception of service quality. These interactions also affect customer contact employees, since they also perceive the physical interactions. Their feeling of wellbeing and motivation to be customer focused are affected by both social and physical interactions (Grönroos, 2007:374).

Physical elements

General elements of physical evidence include all aspects of the organisation's physical facility, as well as other forms of tangible communication. Both exterior and interior attributes of the physical evidence affect customers (Zeithaml et al., 2006:317). In addition to the physical dimensions, such as an ambient condition, space, signs, symbols and artefacts, Grönroos (2007:374) has added two elements influencing the servicescape, namely personal experience and spatial context. Both customers and employees bring their previous experiences from the physical setting, their image of the organisation and their behavioural intentions to the service process. The spatial context of the physical setting also affects the perceived servicescape, such as the number of employees in the environment, i.e. social density and personal feelings (Grönroos, 2007:374).

Exterior attributes to the physical setting at car rental companies would include vehicles, signage, and parking, the surrounding environment and exterior design, while interior
attributes would include interior design, equipment, signage, and layout, and temperature, interaction with employees, personal experience and spatial context. Lately, website pages and virtual servicescapes conveyed over the Internet have been used by car rental companies to communicate service offerings, making services more tangible for customers. It is imperative for an organisation to create a physical environment conducive for a satisfying customer experience (Lovelock et al., 2009:24; Zeithaml et al., 2006:318).

Ahmed et al. (2003:1234) stated that physical evidence in internal marketing could be categorised as either essential or peripheral evidence. Peripheral evidence indicates tangible cues that the service has been delivered, for example memos, guidelines, training manuals and so forth. Essential evidence refers to the environment in which the product is delivered, such as the working environment of employees. One of the critical tangible elements in internal marketing is documentation, such as policies and changes in policies, which have to conform to specified standards. Training sessions comprise another tangible element that has to conform to certain standards according to policies (Yilmaz & Ergun, 2008:292).

According to Yilmaz and Ergun (2008:292), communication material including forms, stationery, advertising, instruction manuals and data sheets assist organisations to shape their visual identity. Car rental companies are not only receiving customers at their branches, but also visit corporate clients, such as companies utilising their fleet services extensively, and therefore communication material needs to be modern, attractive, has to serve the need of the customer and portray the brand. Furthermore, since car rental companies have direct contact with customers, a specific dress code has to be followed, displaying professionalism and confidence (Storey, 2011). Thus, most car rental companies implemented uniforms and name tags enabling employees to be recognised easily by the customer (Perumal, 2010).

Based on the interaction between employees and customers, relationships are formed. Amongst employees and also between employees and management, relationships are
built. All these relationships are important for the overall satisfaction of the customer (Roberts-Lombard, 2009:410). In the following section personal relationships are being discussed, which is the first of the recently added Ps to the internal marketing mix.

3.9.10 Internal personal relationships

Although all elements of the internal marketing mix play a critical role in achieving an organisation’s goals, business is based on people (Constantinides, 2006:420). Keeping and improving relationships with existing internal and external customers are in some instances more beneficial to organisations than to continuously acquiring new customers (Lovelock & Wirtz, 2008:380). Employees and many customers also prefer to have an ongoing relationship with one organisation than to switch often among jobs and service providers (Hoffman & Bateson, 2006:385).

One-on-one communication and personal relationships are fundamental elements of the services organisation which are not adequately addressed by the 7Ps of services marketing (English, 2000:21). English (2000:21) argued that personal relationships should be part of the marketing mix elements. Therefore, personal relationships are included in the 11Ps of this study.

An organisation that implements a relationship approach is characterised by exchanges which are reciprocal, committed and long term (Roberts-Lombard, 2009:412). According to Kasper et al. (2006:148), a relationship is the process of developing mutual understanding and the mutual creation of value over the lifetime of an association. This description points to the development of a number of important principles upon which a relationship is based:

3.9.10.1 Understanding

The first principle is that the customer and the organisation must understand each other. This understanding is not restricted to the specific circumstances of consuming a service, but recognises the importance of context (Gounaris, 2006:435). For instance,
renting a customer a car might satisfy his/her need, but allowing him/her to change the originally booked car, will show an understanding of consumption context. The treatment of employees as internal customers has the implication that organisations should attempt to understand the needs of their employees and then attempt to satisfy these needs (Ahmed & Rafiq, 2003:1179).

3.9.10.2 Trust

Trust is at the core of any relationship and implies a variety of obligations and expectations for the participants of the relationship (Nyadzayo & Roberts-Lombard, 2010:14). It has been suggested by a number of authors that trust is the key to any long-term relationship and once established, unlocks a whole series of other relational benefits such as commitment and loyalty. Trust partly depends on past experiences from interacting with another party and regardless of the reason for trust in a specific situation, the existence of trust in a relationship is a kind of insurance against risks and unexpected behaviour in the future (Morgan & Hunt, 1994:22).

Good relationships exhibit high levels of trust between the partners, and there is evidence that high trust relationships are associated with open communication, a willingness to take risks and preparedness for information sharing (Gronroos, 2007:41; Kasper et al., 2006:149).

3.9.10.3 Collaboration

Both the customer and the organisation have to collaborate with each other to gain mutually beneficial outcomes from exchange (Yilmaz & Ergun, 2008:292). At a simple level collaboration can be seen in the interaction between the customer and the employees of the organisation, which in turn leads to the development of friendships which supersede commercial relations. Unfortunately the collaboration might be lost when an employee leaves, since it is between specific individuals (Gummesson, 2006:202).
Collaboration between various departments within an organisation is imperative to ensure external customer satisfaction. Internal marketing assists in breaking down barriers between departments, and the expertise of employees can be combined to achieve the organisation’s goals (Gummesson, 2006:202). Personal relationships between employees are formed and as a team employees service external customers according to their needs (Yilmaz & Ergun, 2008:292).

3.9.10.4 Commitment

Commitment means that one party in a relationship feels motivated to some extent to do business with another party (Grönroos, 2007:41). Kasper et al. (2006:150) describe commitment as the enduring desire of a customer to maintain and develop a relationship. According to Morgan and Hunt (1994:23), commitment refers to the strong belief by a relationship party in the importance of a relationship to the extent that every possible measure is taken to maintain it.

Relationship commitment is described by Zikmund, McLeod and Gilbert (2003:71) as an enduring desire to maintain a valued relationship. Commitment implies an attitude or affective response, as well as a willingness to invest and the idea that the interactions or relationship will exist over time. A committed partner believes the relationship has value and is willing to work at preserving it. Committed employees tend to have a personal connection to the organisation’s brand and will continue their loyal behaviour towards the organisation over a longer period of time (Story & Hess, 2006:409). Therefore, commitment by employees is critical for a successful relationship between the organisation and customers (Bush, Underwood III & Sherrell, 2007:12).

Commitment also has a tendency to overlap with definitions of loyalty. Customer loyalty refers to a customer’s commitment or attachment to an organisation based on favourable attitudes and behavioural responses (Zikmund et al., 2003:69). Loyalty indicates a commitment to and support of a relationship. According to Kasper et al. (2006:150), the terms ‘commitment’ and ‘trust’ are often used together and research would appear to make fine distinctions between the two terms. Only the presence of
both will lead to efficiency, productivity and effectiveness in personal relationships amongst employees and between employees and external customers.

3.9.10.5 Adaptation

One of the most important aspects of personal relationships is the realisation of the importance of change and the ability to adapt to it. Relationships change and sometimes organisations are slow to adapt to change and as a consequence, relationships with customers and employees break down. In order to avoid this, both customers and employees constantly have to be sensitive to changing circumstances (Kasper et al., 2006:150).

Implementation of internal marketing holds the promise that the acknowledgement of a relationship with employees has a direct positive influence on the external customer (Otto, 2004:34). According to Bush et al. (2007:12), managing internal relationships can be achieved by:

- **Consistency**: attract, hire and train the correct employees to be consistent with the organisation's values.
- **Integration**: service quality needs to meet the requirements of external customers; therefore, employees should be flexible and responsive to the needs of external customers to satisfy them.
- **Influence**: the service quality should have an influence on the customer's buying decision. Customers who receive what was promised to them will trust the organisation and will utilise the organisation's services again.
- **Exceeding customers' expectations**: customers whose expectations are exceeded will experience a positive emotion, satisfaction and ultimately loyalty towards the organisation. This result in a positive awareness of the organisation, which customers are likely to share with others.

As highlighted by Grönroos (2007:335), certain objectives are required to ensure the successful implementation of internal relationships. One of these objectives is to
establish, grow and maintain internal relationships between employees irrespective of their position in the organisation. In following this process employees should be motivated to deliver quality service to internal and external customers of the organisation (Nyadzayo & Roberts-Lombard, 2010:15). Another objective to achieve successful internal relationships is to motivate employees to deliver customer focused service and develop employees to become internal marketers within the interactive marketing process (Papasolomou & Vrontis, 2007:9) To recruit and retain qualified and experienced employees is a third objective. The fourth objective is to ensure internal services are delivered to customers and between employees within a networking context. The last objective as seen by Grönroos (2007:335), is to deliver sufficient internal and external service by providing managerial and technological support to empower employees to operate as efficient and professional internal marketers.

A personal relationship that has been built over decades gives security and support, even in the age of the Internet. However, managing personal relationships via email rather than face-to-face causes delayed reactions and immediate feedback, which might be detrimental for the relationship to last. Therefore, organisations should invest in interactive internal personal relationships and encourage networking amongst employees to ensure optimal value is achieved (Gummesson, 2006:203).

in the car rental industry, managing internal relationships are critical to ensure service excellence to customers. Car rental companies are managing relationships by appointing suitably skilled and qualified individuals and providing proper and continuous training to employees. They also reward employees for appropriate service excellence to customers. One-on-one meetings as well as group meetings ensure that personal relationships are continued and avail opportunity to employees to provide feedback as and when required (Prouse, 2011; Duvenage, 2009).

The second element of the recently added marketing mix elements is packaging. Generally, packaging is regarded as an element that belongs within the product market. However, marketing theorists have recently realised that packaging the services
organisation or elements thereof should form part of the entire services marketing mix (Zeithaml et al., 2006:324).

### 3.9.11 Internal packaging

Some marketing theorists, such as Ahmed and Rafiq (2003), and Lovelock et al. (2009) are of the opinion that packaging should form part of internal promotion. However, as stated in Table 3.3, Beckwith (2001) is of the opinion that marketing services in a changing world requires focusing on increasing customer satisfaction and rejecting old product paradigms and marketing fallacies. Therefore he proposed that packaging should be an internal marketing mix element on its own. Kotler et al. (2003) argue that services have become increasingly part of physical products, as an element of the augmented product dimension. As such, services have become a significant parameter of product differentiation and important basis of competitive advantage. In strengthening this differentiation and based on the previously mentioned arguments, packaging as an element of the internal marketing mix of services seems to be pertinent.

Packaging refers to all the activities of designing and producing the container for a product. Packaging that is well designed, could create convenience and promotional value, since it is the customer’s first encounter with the product and could influence the customer to either purchase the product or not (Kotler & Keller, 2009:392). Similar to a product’s package, services are also wrapped and convey to customers an external image of what is “inside”. In services, the role of packaging is to create expectations for new customers and for newly-established service organisations that are attempting to create a particular awareness (Zeithaml et al., 2006:324).

Services packaging is experienced during the consumption of the service when the core service is provided. Normally the frontdesk employees provide the core service. However, there may be some facilitating services and supporting services required (Grönroos, 2007:316). In these instances, the assistance of other employees may be
utilised, such as employees from the finance division who have to assist with a financial query.

In internal marketing, the packaging role is extended to the appearance of employees, the way they dress, and the way in which they present themselves to customers and to one another within the organisation. Unfortunately, many organisations focus on quality initiatives and internal marketing programmes, but lack in initiating the presentation or packaging of programmes, which is important for the improvement thereof. These presentations or packages should be attractive as aesthetics performs a powerful function in pleasing employees and customers (Zeithaml et al., 2006:324).

According to Hedrick et al. (2007:64), an environment where employees feel comfortable and significant can be created with space, design and attitude. Employees who feel the organisation cares about them will be motivated to exceed in delivering service quality to external customers. Therefore, the package that is being offered, presents the actual service.

The services marketing mix elements that have been discussed in the previous sections, i.e. internal products, price, place (distribution), promotion, people, process, physical evidence, personal relationships and packaging are all part of the tactical level of internal marketing (Grönroos, 2007:343). Internal positioning and performance, the last two elements relevant to this study, seems to be part of the strategic level of the internal marketing philosophy and are discussed in the next section after the distinction between the strategic and tactical levels of internal marketing has been described.

3.10 DISTINCTION BETWEEN STRATEGIC AND TACTICAL LEVELS IN INTERNAL MARKETING

Internal marketing is seen in a broader context than the traditional or external perspective as explained by Grönroos (2000:332). Grönroos (2007:343) holds that internal marketing should be viewed as a management philosophy for service
organisations. This management philosophy has strategic as well as tactical implications throughout the organisation. The objective of the tactical level is to sell the organisation's services; to support the services (used as means of competition) and to run campaigns and support single marketing efforts to the employees. This is based on the principles that employees are the first market of the service organisation. Employees must understand why they need to perform in a certain way and in a certain situation actively providing a supporting service. Employees also have to accept the services and activities of the organisation in order to support the service in their contact with the customer; a service must be developed in full and be accepted internally before it is launched; and the internal information channels have to work, therefore personal selling is also required internally (Grönroos, 2007:343; Ahmed et al., 2003:1226). These tactical objectives are achieved by the services marketing mix elements, including internal products, price, place (distribution), promotion, people, process, physical evidence, personal relationships and packaging.

On the strategic level, the objective of internal marketing is to create an internal environment that supports sales-mindedness, i.e. how employees contribute to the positioning of the organisation and customer-consciousness, i.e. the performance of employees. These two aspects refer to the last two elements of the services marketing mix for the purposes of this study. These two elements are discussed next.

3.10.1 Internal positioning
Positioning is the process of designing an organisation's individual products and brand to establish a distinct and valued place in the customer's mind relative to other organisations. Organisations use communication or promotion to communicate the distinctiveness of the organisation's products and brand both internally and externally (Kale, 2007:9).

Effective positioning includes meaningful commitments of organisational resources to produce substantive value for customers, which must be consistent internally and over
As described by Ahmed and Rafiq (2003:1179), strategic internal positioning aims to create a package of tactical actions to overcome identified barriers and to fulfil employees' needs. Internal positioning involves providing an appropriate mix of differentiated benefits to a specific employee segment that will motivate it to achieve effective implementation of marketing and other strategies. Similar to external positioning, internal positioning involves all other marketing mix elements to attain predetermined organisational goals. Therefore, internal positioning is at the core of the development and also facilitates implementation of effective internal marketing programmes (Ahmed & Rafiq: 2003:1180).

In order to be effective, the positioning strategy should focus on market and competitive analyses and link these analyses to the internal analysis. Figure 3.6 outlines the internal positioning of an organisation.

**Figure 3.6: Internal positioning of an organisation**

![Diagram of internal positioning]

Source: Adapted from Lovelock et al. (2009:67)

### 3.10.1.1 Internal analysis

The objective of the internal analysis is to identify the organisation's resources, such as financial, human, know-how and physical assets. The goals of the organisation, which include profitability, growth, professional preferences, and others, determine the reputation of the organisation (Brodie, Whittome & Brush, 2008:348). Constraints to
achieve the organisation's goals have to be identified, and measures should be implemented to overcome these constraints in order for the organisation to achieve its goals. The values of the organisation shape the way it does business and create the culture of the organisation (Zagenczyk, Murrell & Gibney, 2007:120).

3.10.1.2 Employee segment
Insights from the analysis should assist management to make correct decisions in selecting the relevant employee segment to provide the most suitable services to the applicable internal and external customers (Lovelock et al., 2009:68). For example, the human resource development department should provide training and wellness programmes, including conflict handling to employees enabling them to handle various situations correctly (Gregory et al., 2009:674).

3.10.1.3 Benefits to emphasise to customers
From the internal analysis, the benefits such as customised products and services most suitable to a specific group of customers, could be identified. The car rental companies participating in this study have special rates they offer to employees as internal customers when they are renting vehicles (Prouse, 2011).

3.10.1.4 Articulate desired position
The desired positioning of the organisation is articulated by the relevant employee segment and the benefits offered by the organisation. The way in which employees interact with internal and external customers and the particular services and products offered by the organisation, determine the position the organisation achieves (Angells et al., 2010:10). It is critical for an organisation to succeed in positioning itself as identified by its goals. Only then is it possible to reach the desired positioning in the external market place (Palmer, 2005:460).
3.10.1.5 Marketing action plan

Once the organisation has positioned itself internally, marketing action plans can be identified and implemented to strengthen the position of the organisation. The marketing action plan should consider which campaign to launch, or event to participate in, whether employee rewards should be considered, what channel to use to communicate the particular action, which resources are required, and what budget is required (Lovelock et al., 2009:69).

Furthermore, internal positioning emphasises the various alternatives that could be applied to reach the organisation’s goals. However, activities should be carefully selected as inappropriate activities might be expensive and could affect the external position of the organisation. Thus, a high level of commitment and time for efforts are required to make internal marketing work (Kale, 2007:7).

An organisation that is serious in positioning itself optimally both internally and in the external market place, is also taking into consideration the actual performance of the organisation (Lings & Greenley, 2009:41-43). How the organisation is performing, will consequently create either a positive or negative awareness amongst customers.

In the subsequent section, the eleventh services marketing mix element applicable to this study, namely performance, is described.

3.10.2 Internal performance

An organisation’s management should have the ability to understand employees within internal markets as it is essential for the success of the organisation, because organisations that wish to excel externally must excel internally (Strydom, 2005:164). In the services sector organisations will only be able to compete effectively if services are performed effectively by their employees. Successful organisations realise that to create value for customers they have to attract, develop, motivate and retain employees who are capable of delivering service excellence (Angelis et al., 2010:17, 18). Therefore,
recruiting the most talented employees and measuring their performance effectively are imperative for internal marketing, as at some stage employees also provide or receive a service from other employees (Bowers & Martin, 2007:91).

3.10.2.1 Recruitment of employees
Service organisations have to realise that it is important to identify the characteristics of employees who contribute to the organisation's effectiveness and competitiveness in their volatile market (Lings & Greenley, 2009:43). Good recruitment practices are essential for the organisation's success, especially if the aim is to improve satisfaction and loyalty of both employees and customers. To attract the most talented employees, an organisation needs to position itself as the employer of choice, needs to have a clearly defined recruitment strategy and build a reputation by its overall performance (Brodie et al., 2009:345-348).

The selection of future employees is important for an organisation that wants to gain a competitive advantage. Equally important are the interviewers, as often poor employee selection occurs due to untrained or poorly trained interviewers. Interviewers require the ability to determine the potential of the employee, and whether the employee is suitable for the responsibilities of the job, as well as whether the employee will fit into the culture of the organisation (Palmer, 2005:459). Furthermore, selected employees need to have congruent values and motivations in line with the ethics of the organisation; hence consideration should be given to the psychographic characteristics of prospective employees (Gregory et al., 2009:674,675).

3.10.2.2 Measuring employee performance
Organisational performance is referring to process management and measuring (discussed in section 3.9.8), as well as employee performance measurement. Sustainability of performance is determined by an organisation's ability to create and deliver value for all stakeholders on a continuing basis. It is about understanding what customers value, currently and in the future, which will influence the organisational strategy, design and action plans. Thus, sustainable performance is about the continual
management of performances aimed at achieving specified objectives (Jeston & Nelis, 2007:229).

Employee performance should be measured according to predetermined criteria. Underdeveloped performance criteria will lead to confusion amongst employees and management. To a certain extent, criteria selected will dictate the endeavours and behaviour of employees (Palmer, 2005:457). For example, if performance is assessed according to positive customer feedback, i.e. qualitative performance, employees will be motivated to perform better to increase customer satisfaction. Alternatively, if performance is based on the number of customers served in an hour, i.e. quantitative performance, employees will follow processes or meet targets associated with the number of customers served (Kasper et al., 2006:378).

To create an environment of high performance, supportive management methods, employee policy, internal training policy, planning and control procedures are necessary. Decision-making procedures have to enable managers and employees to perform optimally and should support customer consciousness, not counter-act it (Gounaris, 2006:437). Continuous training of employees is important to increase performance of employees (Grönroos, 2007:384).

In employee performance, the objective is to narrow the gap between customers' expectations and perceptions of the organisation. Measuring performance is assisting organisations in understanding customers and to improve ways in which services are being delivered (Zeithaml et al., 2006:167-169). Furthermore, organisations use measuring performance to create a cycle of success based on both employees' and customers' satisfaction. If employees and customers are satisfied, the organisation also benefits financially (MacIntosh & Doherty, 2010:107). Focused recruitment with better salaries and benefits attracts talented employees, and with training and empowerment practices in place, employees are able to provide and control service quality. Lower turnover of employees due to satisfied working conditions implies that regular customers appreciate the continuity in service relationships and are more likely to
remain loyal to the organisation, subsequently leading to higher profit margins for the organisation (Lovelock et al., 2009:284).

Car rental companies constantly review their organisational performance to improve customer service. They also conduct surveys through research companies to determine the levels of customer satisfaction and use the outcome of these surveys to improve performances. At the same time, employees are being surveyed to measure performance and satisfaction, and job descriptions are amended according to the outcomes of these surveys (Storey, 2011; Perumal, 2010).

Car rental companies that apply at least some of the 11Ps, as explained in Chapter 3, in their internal marketing efforts, should be able to reap the benefits of employees who interact with external customers on a professional and service excellence basis. Creating external customer value through internal marketing is essential for the development of long-term customer relationships, which will subsequently lead to loyal customers and higher profit margins benefiting employees, external customers and the organisation as a whole, which ultimately will create a favourable brand awareness of the organisation (Monk & Ryding, 2007:628). The link between internal marketing and brand awareness is briefly described next.

3.11 INTERNAL MARKETING AS A MEANS TO BUILD BRAND AWARENESS

Brands are increasingly seen as valuable market assets and an essential source of differentiation in industries, which are becoming saturated with similar service offerings. Additionally, brands have certain functions, such as improving loyalty, identifying the provider of the service, reducing search costs, reducing perceived risk and signalling quality (Kasper et al., 2006:163; Aurand et al., 2005:164). Service organisations have begun to realise that the importance of nurturing relationships between employees and customers adds to the development of employees and customers' respect for certain functional and emotional values of the brand (Papasclomou & Vrontis, 2006:38). Subsequently, an integrated branding strategy is required to align the organisation's
strategy, processes and resources to ensure consistency in the quality of the service delivery and a positive perception of the brand (LePla et al., 2003:3-5).

In Chapter 3 the emphasis on internal marketing displayed the importance of recognising employees as internal customers. For an organisation to achieve service excellence, retain customers and ultimately increase profits, it is imperative to recognise the role employees are playing as internal customers. Every process within the organisation commences and ends with an external customer, but includes employees as internal customers and internal suppliers (Gummesson, 2006:187). With reference to Figure 3.2, the active and continuous support of management to the importance of employees is a necessity for successful internal marketing, and also therefore for the successful external marketing, and subsequently successful management of customer relationships (Grönroos, 2007:386).

In many cases in the services industry, employees are the only contact a customer has with the organisation (Boshoff & Du Plessis, 2009:13). Therefore, branding in the service industry is usually perceived as a challenge. According to Papasolomou and Vrontis (2006:39), organisations' successful brand awareness depends on the careful attention they give to the role employees' play in producing and delivering the service.

The culture of an organisation defines the core organisational values and subsequently encourages and endorses preferred forms of employee behaviour (Gregory et al., 2009:673-675). This enables management to set the brand's promise in terms of how functional and emotional values should be used to create awareness of the brand in the marketplace. Internal communication is imperative in communicating the brand position and customer expectations so that employees become knowledgeable to fulfil their role as creators of the brand awareness. Empirical analysis has indicated that the high quality of service delivery as well as the morale of employees influences customer satisfaction with the organisation brand (Papasolomou & Vrontis, 2006:39).
Grönroos (2007:331) expands on this view and suggests that customers constantly receive inputs about the brand that is being created, and they relate to these brand messages continuously, to the extent that they observe them and react to them consciously and unconsciously, thus forming the brand image in their minds. The customer relates to the flow of brand messages, originating from employees, systems and the service process, from planned marketing communication, word-of-mouth and Internet resulting in the relationship between the customer and the organisation's brand, which emerges and develops over time (Grönroos, 2007:333).

In creating a favourable brand, a supportive service culture has to exist in the organisation. If such a culture exists, the service process delivered by employees will effectively contribute to favourable brand awareness. In brand management, the term internal branding has emerged to describe the need to internally match the internally existing and externally wanted values of an organisation as basis for creating a favourable brand (Grönroos, 2007:335). For an organisation's brand to develop positively, the brand must be marketed internally to employees as well. In this regard internal marketing plays a crucial role (Papasolomou & Vrontis, 2007:9).

In the car rental industry, the homogeneity and heightened competition have led to the need to adopt internal marketing programmes in order to achieve competitive differentiation by creating strong brand awareness (Perumal, 2010). Brand awareness is discussed in more detail in Chapter 4.

3.12 CONCLUSION

Service industries, such as car rental companies providing services to external customers, came to realise that to be successful in the continuously growing competitive marketplace they need to address the needs of the internal customers (Little & Mirandi, 2003:42). It is clear from the literature that internal marketing is becoming a prerequisite for successful external marketing, thus internal exchanges between the management of an organisation and its employees have to function
effectively before the organisation will be successful in addressing its external markets. All employees of an organisation are internal customers who need clarity of what their job performances require of them (Kale, 2007:6).

An organisation emphasising customer consciousness has to ensure that internal marketing programmes are part of management's beliefs, the value structure and the culture of the organisation to succeed in both external and internal marketing efforts. Therefore, the effect of customer consciousness on the quality of the organisation and its service outputs needs to be conveyed to employees, especially in a services environment (Palmer, 2005:3). Issues such as internal communication of corporate culture and objectives, vision and mission statements and employee policies and procedures are important to convey to all employees on a regular basis. Sharing knowledge across the organisation will empower car rental companies' employees to make decisions, will add value in allowing employees' to be innovative, and will create an understanding of the needs of employees, hence resulting in a satisfied and loyal employee (Kasper et al., 2006:164).

Employees who are satisfied, tend to be committed and loyal to the organisation, which they convey to external customers and in delivering service excellence. Subsequently, external customers become committed and loyal to the organisation and tend to build long-term relationships with the organisation, which results in creating a positive brand awareness of the organisation (LePla et al., 2003:3-5).

The contextualising of internal marketing described in Chapter 3 provides the motivation for testing the hypotheses relating to the relationship, difference in influence, influence not being positive and level of influence of the internal marketing elements on the brand awareness constructs as set out in section 1.6, p13. The concept of brand awareness is explained in Chapter 4.
CHAPTER 4
THE CONCEPTS OF BRAND AWARENESS

4.1 INTRODUCTION
Organisations, such as car rental companies, are continually striving to create a sustainable advantage in an increasingly competitive market. Creating such a competitive advantage has resulted in schools of thought such as brand management and creating awareness, which emphasises the customer as the central element of organisational decision-making (Aaker & Joachimsthaler, 2000:45).

Organisations that have developed successful brands have created a culture in which all areas of the organisation are committed to the branding process (King & Grace, 2005:278). Therefore, employees are now viewed as playing a crucial role in creating brand awareness as they facilitate the interface between the organisation and the market (Eisingerich & Rubera, 2010:65), thus making a significant contribution to the organisation's competitive advantage. As discussed in Chapter 3, internal marketing assists services organisations in creating customer consciousness in the minds of employees, thereby improving service excellence, which results in a favourable awareness of the brand.

One of the challenges faced by service organisations is that they in many instances offer a line of products, rather than a single product. As a result, they have to decide among three alternatives what direction they want to follow: using a single brand to cover all products and services; using a separate stand-alone brand for each offering; or some combination of these two extremes (Lovelock et al., 2009:97). Car rental companies, have various products, such as car or van rentals, chauffeur services and door-to-door transfers, special services catering for paraplegics and safaris and frequent renter programmes, to name but a few. However, they continue to use a single brand to cover all their services. Also, despite the fact that car rental companies make use of various vehicles such as, Toyota, Mercedes, BMW, Volkswagen, Ford and many
more, car rental companies do not include these brands in their own branding, but maintain their single brand. On top of the variety of products and services they offer, car rental companies are operating in a challenging and competitive environment resulting in branding and awareness playing an important role in ensuring satisfaction of all customers (Prouse, 2011; Storey, 2011; Perumal, 2010).

Branding is of critical importance in the very competitive industry in which car rental companies are operating. To ensure that positive brand awareness is created and maintained, car rental companies should have internal and external marketing programmes enhancing brand awareness to an elevated place (Duvenage, 2009). The secondary objectives, especially the last objective (refer to section 1.4.2, p10), focus on brand awareness and the possible influence of internal marketing on brand awareness. Therefore, Chapter 4 aims at explaining the concepts of brands, brand elements and assets, brand awareness, brand identity and image, building strong brands and brand management to ensure a positive awareness of the service organisation's brand.

4.2 DEFINING A BRAND

Branding has been around for centuries with the aim to distinguish the goods of one producer from those of another. The word “brand” is derived from the Old Norse word “brandr”, which means to burn. Brands were and still are a way whereby owners of livestock mark their animals to identify them (Keller, 2003:3).

The brand concept is well established in marketing. Previously, most discussions of brands were related to physical products, especially consumer packaged goods. However, in the last 20 years an awareness of the importance of creating service brands emerged (Grönroos, 2007:329). In Table 4.1 the most popular definitions of the brand term are summarised:
Table 4.1: Definitions of the term “brand”

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
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<tbody>
<tr>
<td>Bennet (1995) (The American Marketing Association)</td>
<td>A brand is defined as: “a name, term, sign, symbol or any other feature that identifies one seller’s product or service as distinct from those of other sellers”.</td>
</tr>
<tr>
<td>Ries (1998)</td>
<td>A brand is a singular idea or concept that a product owns inside the mind of the prospect.</td>
</tr>
<tr>
<td>Lovelock and Wright (2002:145)</td>
<td>For a service, a brand is more than a name or a symbol. It is an implicit promise that a service provider will perform consistently up to customer expectations over time.</td>
</tr>
<tr>
<td>De Chernatony and McDonald (2003:25)</td>
<td>“A successful brand is an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs closely. Furthermore, its success results from being able to sustain these added values in the face of competition”.</td>
</tr>
<tr>
<td>Aaker (2004:1)</td>
<td>The distinction between a product and a brand is that a product is something made in a factory, which can be copied and can become outdated. A brand on the other hand is something that a customer buys, which is unique and timeless.</td>
</tr>
<tr>
<td>Kasper et al. (2006:163)</td>
<td>Argued that a brand is not only what an organisation sells or delivers, but is what an organisation does in every circumstance, and more importantly, what an organisation represents to its employees and its customers.</td>
</tr>
<tr>
<td>Zeithaml et al. (2006:88)</td>
<td>Branding a service is more difficult than branding a product, since awareness and information about services are more difficult to obtain, and higher risks may accompany services. Therefore, customers probably depend on brand names largely when they purchase a product.</td>
</tr>
</tbody>
</table>
### Table: Definition of Branding by Different Authors

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blomack and Axelsson (2007:418)</td>
<td>A brand represents ideas, associations and images, which is recognisable through its name, slogan, colour or design. An audience's perception provides meaning to it and can be created and maintained by communication surrounding the entity.</td>
</tr>
<tr>
<td>Kotler and Keller (2009:281)</td>
<td>A brand is a product or service that adds dimensions, which differentiate it in some way from other products or services designed to address the same need. The differences brought about by a brand may be rational, functional or tangible and relate to the product performance of the brand. The brand may also be symbolic, emotional or intangible and relates to what the brand represents.</td>
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</table>

In summarising the above definitions, it is evident that a brand is unique, as both a service and a product can have a specific brand. Furthermore, a brand adds value to the product or service and is also a differentiator between various products and services. As stated by Kotler and Keller (2006:276), the overall objective of brands is to create a brand value that convinces customers that there are meaningful differences among brands.

The mainstream theorists (Kotler & Keller (2009; Blomack & Axelsson (2007); De Chernatony & McDonald (2003); The American Marketing Association (1995)) highlighted the value a brand adds, and many of them regard a product brand the same as a service brand. However, theorists in the services marketing environment make a clear distinction between products and services branding and they regard customers as a very important aspect of branding (Grönroos (2007); Kasper et al. (2006); Zeithaml et al. (2006); Lovelock & Wright (2002)). According to them, the service provided to the customer plays a vital role in the brand process.

Grönroos (2007:330) criticises the definition of a brand as defined by The American Marketing Association. His view is that the definition misses the key characteristic of
services as processes and it excludes the customer. In services, because a service is a process, it is a much less standardised base for branding. The importance and involvement of the customer also increases dramatically to create a successful service brand. Furthermore, the customer participates in the process, which is the basis for brand development of a service organisation (Grönroos, 2007:330).

Brands play various roles within an organisation. They identify the source or manufacturer of the product or service and allow customers to assign responsibility to a particular manufacturer or distributor. Brands also perform valuable functions by simplifying product or service handling or tracing. They help to organise inventory and accounting records and offer the organisation legal protection for unique features or aspects of the product or the service (Kotler & Keller, 2006:274, 275). By registering a product or service brand name as a trademark, registering the manufacturing process as a patent and the packaging as a copyright or design, these intellectual property rights of the brand provide the organisation with protection to reap the benefits of a valuable asset. Brands as valuable assets guarantee future income streams as the level of quality ensures that buyers want to use the product again. Loyal customers are prepared to pay a higher price, which may result in a competitive advantage for the organisation (Kotler & Keller, 2009:284, 285; De Chernatony & McDonald, 2003:23).

Encompassing the above definitions and arguments for the purpose of this study, a brand can be defined as: A combination of features of a product or service, offered by the employees to ensure customer satisfaction that distinguishes the organisation in a unique way from competitors.

4.3 ELEMENTS OF BRANDS

In the previous section, the term brand was defined. This section focuses on elements of brands and the meaning thereof.
The study of branding was traditionally dominated by an emphasis on product brands, the focus of which was the unique features associated with a particular item of an organisation’s product portfolio (Yu Xie & Boggs, 2006:348; Knox & Bickerton, 2003:999). According to Keller (2003:25), branding was a means to distinguish the goods of one producer from those of another.

Craftsmen used branding to identify their products or trademarks which can be traced back to ancient pottery. Pottery and clay lamps were sometimes sold far from the shops where they were made, and buyers looked for the stamps of reliable potters as a guide to quality. In 1266 English law was passed that required bakers to put their mark on every loaf of bread sold. In the United States of America patent medicines were early pioneers of branding. To influence customer choices, manufacturers of these medicines printed elaborate and distinctive labels, often with their own portrait featured in the centre (Keller, 2003:25-30).

In 1931 Procter and Gamble were the first to implement a brand management system where each of the company’s brands had a manager assigned solely to a brand and was responsible for its financial success (Keller, 2003:25-30). The increasing sophistication of product brand management techniques resulted in the development of metrics such as brand image, brand positioning and brand identity. The deepening view of the brand to encompass organisational attributes and to shift the focus from the integrity of the product brand to the organisation’s processes and people behind the brand, is the focus of services brands (Grönroos, 2007:330; Knox & Bickerton, 2003:999). To assist marketers with the branding process, De Chernatony and McDonald (2003) highlighted an eight-category typology that managers should use to emphasise the different elements of brands (Kasper et al., 2006:164). These are as follows:

- **Brands as a sign of ownership**

Originally, manufacturers owned a brand, but increasingly, brands have become subservient to distributor brands such as retailers who have developed their own brands.
which might be more powerful than the manufacturer. In reality, the ownership of a brand determines who take responsibility for the marketing activities associated with it. In services there is often little distinction between manufacturer and distributor since the service is provided at the point of consumption (Grönroos, 2007:259). Car manufacturers, for example, Toyota, Mercedes, Mitsibushi, and others manufacture vehicles, which they sell to car rental companies and many other retailers, but when a vehicle is hired, Avis, First Car Rental or Hertz is responsible for the service. Therefore, the car rental companies that are the owner of the service take responsibility of the brand (Duvenage, 2011).

- **Brands as a differentiating device**
  In the current market, customers are more experienced and marketing is more sophisticated resulting in difficulty to distinguish differentiation in products and services. Consequently, additional points of differences are required above differentiation in logo and name, such as reliable, high quality, convenient and so forth. Communication is important in developing distinctive features using employees, process and distribution to communicate these differences, especially in services brands (Gounaris, 2006:435).

- **Brands as functional devices**
  This refers to the opportunity to associate the brand with certain functional attributes or capabilities. For instance, car rental companies, such as Avis, First Car Rental and Hertz that have branches at airports, are associated with 24-hour convenience. Functional attributes offer a variety of opportunities for service brands, since they are a method of tangibilising the intangible service and are able to provide real and measurable experiences for customers (Lovelock & Wirtz, 2008:16).

- **Brands as symbolic devices**
  In certain markets such as perfume or clothing, customers perceive significant badge value in the brands because the brands enable them to communicate something about themselves (Kasper et al., 2006:165). This value is sometimes difficult to express in
services. Car rental companies are using loyalty programmes to add value to their services for selected customers (Hertz, 2011).

- **Brands as risk reducer**
  Customers are assumed to measure the risk and benefit when making a purchasing choice. In making the choice, customers tend to focus on brands they know or trust, thus the brand becomes a risk-reducing device. In certain services, risks might be high and a recognised brand will alleviate the tension for the customer by simplifying the choice. Organisations that are aware of the perceived risks to customers can tailor communications to provide explicit risk reduction values (Banerji & Dutta, 2009:606,607).

- **Brands as shorthand devices**
  With the aid of technology customers are bombarded with information, and to overcome the problem of sifting through large amounts of information, brands are used as shorthand devices by customers to recall from memory sufficient brand information to make a decision. Customers have limited memory capability and bundle small bits of information into larger chunks in their memory (Banerji & Dutta, 2009:607,608). By referring to a particular brand name assists customers to collect relevant bits of information associated with that service. This may be at the point of purchase, on viewing an advertisement, or experiencing a service (Zeithaml et al., 2006:68).

- **Brands as a legal device**
  Because brands are so valuable to organisations, the brand name or logo can be used to protect the product or service from being copied. Protecting services is more difficult since a service event is not legally protectable. Therefore organisations rely on other mechanisms to protect the organisation from being copied, such as distinctive service environments, service training manuals and policies for employees (Papasolomou & Vrontis, 2006:38).
Brands as a strategic device

A brand is seen to embody everything the organisation stands for. Thus, the assets constituting the brand should be audited; the forces affecting the future of the brand should be evaluated and by appreciating how the brand achieved its added value, a positioning for the brand needs to be identified to successfully protect the brand while achieving the desired return on investment (Brody, Whittome & Brush, 2008:345). To take full advantage of brands as strategic devices, marketing analysis and brand planning are required. Repositioning a brand can in effect change the organisation's reputation and share price. The brand presents opportunities to enlarge the service business by adding service products under a well-recognised brand or attacking incumbents in new markets. Car rental companies often make use of these type of opportunities by adding products and services, such as offering global positioning satellite system (GPS) devices and offering vehicles fitted out with wheelchair facilities (Duvenage, 2009).

Other researchers (Keller, 2008; Kohli, Harich & Leuthesser, 2005; Warlop, Rameshwar & Van Osselaer, 2005) are of the opinion that there are more identifiable characteristics which add value to a brand, than the elements listed above. Some of these, e.g. trademarks, brand names and slogans are seen by Keller (2008:131) as assets of a brand, which are described below.

4.4 BRAND ASSETS

Keller (2008:131) describes brand assets as those trademarkable devices that serve to identify and differentiate the brand. The Companies and Intellectual Property Registration Office (CIPRO) refers to a trademark as a brand name, slogan or logo, identifying the services or goods of one person and distinguishing it from the goods and services of another. These trademarks provide both products and services with a distinctive identity in the marketplace. When a trademark has been registered, no one else may use this trademark, or one that is confusingly similar. Should this happen, legal action could result (CIPRO, 2010:8).
Brand assets, such as trademarks, can be used to create and enhance brand awareness, as well as to facilitate the forming of strong and favourable brand associations (Keller, 2008:131). Marketers have a choice of criteria they can use in choosing brand assets; for example, the brand asset should be easily recognised and recalled, the brand asset should be descriptive, persuasive, fun and interesting, the brand asset should be transferable within different categories and across geographical boundaries and cultures, the brand assets should be flexible and adaptable according to changing market conditions; and the brand assets should be protected legally and competitively (Keller, 2003:153).

In the next sections the brand assets or trademarks, namely trade dress, logos, brand names and slogans are described.

4.4.1 Trade dress
One of the assets or trademarks identified by Keller (2008) is trade dress. Keller (2003:154) suggests that developing a distinctive brand trade dress is important because it helps shield a brand against competition. Trade dress refers to cues presented by the brand that retrieve product or service attributes, benefits, or affects overall quality. The way Coca Cola writes its name, the shape of the bottle and the extinct taste of the drink, as well as the bubbles and gas you hear when opening a bottle of Coca Cola, are all attributes and benefits whereby customers distinguish and evaluate its quality. Another example as stated by Tsimatsima (2009:24) is Omo, which used the words "removes tough stains". These words alone are an undisputed demonstration of the competence of a descriptive tool that in describing the suction power of the product, it also gives Omo powder the effect of a machine. Therefore, this component of brand building is especially important when customers are trying to evaluate a product or service that is already in their consideration set, or one that is available in the customer's choice environment (Warlop et al., 2005:27).
It is important for effective brands that customers need, to recall exactly which prior experience links with those particular brand assets. Memory for brand quality may be impeded by significant delays between consumption experiences and subsequent purchase occasions when retrieval is attempted, which might result in memory confusion. Confusion of very satisfactory consumption experiences with lesser experiences may lead to reduced repeat purchase and dilution of the awareness of the brand (Warlop et al., 2005:28).

4.4.2 Logos
A logo is a distinctive picture or symbol representing the organisation. These pictures or symbols have their visual features consistently represented in the environment, which include using the same font, size, case and colour format (Gontijo, Rayman, Zhang & Zaidel, 2002:329). Even the specific shape of a product, for example the Coca-Cola bottle, is an identifier (CIPRO, 2010:8). Typical logos of car rental companies are:

Since the 1990s, the role of logos has changed and designers had to tackle visual identity of a brand more intelligently and creatively. Logos had to incorporate all graphic components that collectively could provide a system for visually identifying and representing a brand. Organisations had to combine visual and verbal elements, such as the name, strapline or slogan and the use of stories to create brands that really work, capture and convey their meaning and essence (Tsimatsima, 2009:32).
It is therefore important that organisations' efforts should be directed towards generating visual identity systems as opposed to mere logos. Attention should be paid to verbal identity, ensuring that the logo is harnessed as the important branding tool it is, as well as a means of sharing the truth about a brand's identity. In this manner brands are enabled to communicate with customers more personally and distinctively (Tsimatsima, 2009:33).

4.4.3 Brand names
Protecting brand assets is becoming more difficult due to the explosion of new products and services, as well as in the ways of communicating with customers, such as the Internet and mobile phones. Rising above these challenges can require a significant financial commitment. As costs continue to increase in building the brand, organisations need to get smarter about branding. One cost-effective way is to enhance the organisation's brand assets by creating a brand name that is inherently strong, but this is not an easy task (Kohli et al., 2005:1506). De Chernatony and McDonald (2003:111) suggested some guidelines when considering criteria for effective brand names, including:

- The brand name should be simple. Short names are easy to read, understand and to recall by customers.
- The brand name should be distinctive. Brand names such as Avis, First Car Rental and Hertz create attention and the resulting curiosity motivates potential customers to be more attentive to brand attributes.
- The brand name should be meaningful. Names that communicate customer benefits facilitate customers' interpretations of brands. For example, First Car Rental and Hertz indicate the benefits to be gained from the brands.

Although the above-stated guidelines should assist organisations in selecting appropriate brand names, they have to realise that it is customers who purchase the brands, not the managers who manage the names. For this reason, it is advisable to
conduct customer research and evaluate responses before the short-listing of brand names is finalised (Wu, 2009:1358). Regular auditing of the selected brand name will indicate to the organisation whether the meaning of the brand name has changed due to changes in the marketplace. Should the environment have changed to such an extent that the organisation is missing opportunities by persisting with the original name, consideration should be given to changing the name (De Chernatony & McDonald, 2003:114). Another reason why organisations might consider a name change is due to the organisation's poor reputation. Organisations with poor returns, accounting performance or unfavourable media coverage tend to make radical names changes. However, corporate name changes usually foreshadow a change in business direction (Wu, 2009:1358).

For successfully developed and managed brand names, the associations that customers make with the brand name create value that can be a highly valued asset of the company that owns the brand (Kohli et al., 2005:1506). Brand names possess interesting features that made them highly familiar because they are part of everyday life experiences. Thus a brand name is a word or combination of words (e.g. Kentucky Fried Chicken) (CIPRO, 2010:8).

By using distinctive visual features, brand name recognition with strong associations, perceived quality of service and brand loyalty can be developed through careful long-term investment (Yoo, Donthu & Lee, 2000:196). Therefore, it is important for an organisation to ensure that the brand name is managed carefully so that existing brand equity does not depreciate. It requires that the organisation maintains and improves its brand awareness, perceived quality and functionality (Kotler & Keller, 2009:275).

4.4.4 Slogans
Another element that is very powerful, but is sometimes overlooked, is slogans. As with brand names, slogans are an efficient means to build brand equity. A slogan is a short
phrase or a sentence linked to the specific brand (CIPRO, 2010). A classic example of an organisation using a slogan to build brand equity is that of Avis.

The more than 40-year-old slogan, “we try harder” campaign was developed in 1963 when Avis was losing money and widely considered the number two car rental company next to market leader, Hertz. In response to the marketing agency’s question what does Avis do better than its competitors, the Avis manager replied, “We try harder because we have to” (Avis, 2009). This became the heart of the campaign, although Avis was reluctant to launch the campaign due to its blunt, complete honesty and because it had to deliver on that promise (Duvenage, 2009). Yet, by obtaining buy-in from all Avis employees, Avis was able to create a culture and successful brand equity from the slogan, “we try harder” (Kotler & Keller, 2006:283).

The brand assets or trademarks described above are used to communicate a certain message to various customers and stakeholders, and the efforts used to distinguish one brand from another may have a positive or a negative influence on the target market of the organisation (Yoo et al., 2000:196).

Since customers tend to have a brand preference either for an established brand’s reputation or based on their trust in an established brand name due to the brand’s presence and longevity in the marketplace, it is imperative for marketers to utilise brand cues to strengthen brand equity (Chiu, Lin, Hsu & Huang 2010:113). A well-recognised brand and well-respected brand can provide a platform for growth for a service organisation, resulting in higher profits for the organisation (Cheng, Blankson, Wu & Chen, 2005:505). To ensure a well-recognised brand, creating and building brand awareness is critical, because reaching customers’ minds and encouraging them to develop a preference for the brand can only take place once customers have an
awareness of a particular brand (Keller, 2003:67). However, before brand awareness can be created, it is necessary to understand the theory behind brand awareness, which is discussed in detail in the following section.

4.5 BRAND AWARENESS THEORY

With reference to the systems theory described in Chapter 1, section 1.7.1 brand awareness is regarded as a process affected by the input and resulting in an output. Brand awareness plays a key role when customers have little or no experience of an offering (Keller, 2003:68). Organisations that want to attract new customers and maintain existing ones need a distinguishing element that will make customers identify and use their services or buy their products. The first step is to create awareness of the organisation's brand, since customers have to be made aware of the brand in order to purchase it. Therefore, according to theory, brand awareness is the crucial first stage in a purchaser's readiness to develop a brand preference and move closer to the point of purchase (Ross & Harradine, 2004:13).

In attracting new customers and maintaining existing ones, organisations need a distinguishing element that will make customers identify and purchase their products or services (Radder & Huang, 2008:232). Creating and building brand awareness, reaching customers' minds and encouraging them to develop a preference for the brand are important steps in ensuring a successful brand (Keller, 2003:67). However, the crucial issue is not whether customers are aware of a particular brand, but rather whether awareness is strong and provides them with a reason to purchase (Baldauf et al., 2009:439).

Consequences of brand awareness that are imperative for organisations to focus on are (Keller, 2003:91):

- The likelihood that the brand family will be part of the customers' consideration set;
- The brand choices in the consideration set; and
• The formation and strength of brand associations.

Therefore, brand awareness relates to the brand recognition and recall performance of customers (Ye & Van Raaij, 2004:96; Keller, 2003:66). Brand recognition reflects the ability of customers to confirm prior experience to the brand. Brand recall reflects the ability of customers to retrieve the brand name when given the product category and the needs fulfilled by the product category or some other probe used as a cue, in other words associations with the brand (Keller, 2003:67). Aaker (2004:10) states that awareness is measured according to the different ways in which customers remember a brand, ranging from recognition to recall. However, recognition and recall are signals with more meaning than just remembering a brand.

Based on the views described above, different definitions of brand awareness are evident in the literature. A few most known definitions are summarised next.

4.5.1 Defining brand awareness

In Table 4.2 common definitions of brand awareness are displayed.
### Table 4.2: Definitions of brand awareness

<table>
<thead>
<tr>
<th>Author</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Hoyer and Brown (1990:141)</td>
<td>Brand awareness is “a rudimentary level of brand knowledge involving, at the least, recognition of the brand name”.</td>
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<tr>
<td>Percy and Rossiter (1992:263)</td>
<td>Brand awareness may be considered as a customer’s capability to recognize a brand within a product/service group in adequate details to make a purchase.</td>
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<tr>
<td>Macdonald and Sharp (2003a:32)</td>
<td>It is an important goal of the marketing efforts of an organisation.</td>
</tr>
<tr>
<td>Keller (2003:66)</td>
<td>Defines brand awareness as the customer’s ability to identify a brand under different conditions.</td>
</tr>
<tr>
<td>Aaker (2004:10)</td>
<td>Brand awareness refers to the strength of a brand’s presence in the customer’s mind.</td>
</tr>
<tr>
<td>Radder and Huang (2008:232)</td>
<td>Brand awareness is created by reaching customers’ minds and encouraging them to develop a preference for the brand.</td>
</tr>
<tr>
<td>Esch, Schmitt, Redler and Langner, (2009:385)</td>
<td>Brand awareness represents the strength of the brand trace in memory; it should serve as a retrieval cue and be an important determinant of what unit will be an anchor.</td>
</tr>
<tr>
<td>Tsuji et al. (2009:512)</td>
<td>Brand awareness is important as it alone can affect customers’ decisions about brands in a consideration set.</td>
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<tr>
<td>Brewer and Zhao (2010:35)</td>
<td>Define brand awareness as a preliminary level of attitude-processing. In situations where customers have little or no experience of a particular service, their purchase behaviours tend to mainly be based on a trusted, favoured or well-known brand name.</td>
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As can be seen from the definitions above, that brand awareness exerts a significant influence on customer decision-making (Macdonald & Sharp, 2003a:33) and acts as a strong predictor of customer behaviour in three ways (Brewer & Zhao, 2010:36):

- A service or product with higher brand awareness has a higher likelihood to be chosen by a customer, regardless of quality and price.
- Brand awareness assists customers to decide and speed up the decision process during the purchase stage.
- Brand awareness strongly influences the choice of the customer in repeat purchase behaviour.

Attitude is also relevant to other customer behaviours, such as repeat purchase, recommendation to others, high quality evaluation and intentions. Furthermore, attitude based on personal experience tends to be a stronger predictor of customer behaviour than that based on advertising or persuasion. A brand that receives consistent favourable attitude is more likely to result in commitment from customers and subsequently brand loyalty (Brewer & Zhao, 2010:36).

Keller (2008:76) argued that customers are seldom loyal to a brand, instead they possess a consideration set of brands when making a purchase. The brand awareness of a brand can affect customers’ decisions about that brand in their consideration set of brands. Customers attempt to save time and cognitive effort by selecting a brand they know (Macdonald & Sharp, 2003:33). Hence, the primary source of brand awareness is the organisation’s presented brand, which includes the organisation’s controlled communications such as advertising, service facilities, the organisation’s name and logo (O’Cass & Grace, 2003:98). External communications, such as word-of-mouth advertising and public relations, where the organisation does not necessarily have control will have a secondary impact on brand awareness. By increasing the brand through repeated exposure, i.e. brand recognition, and strong associations with the appropriate product or service category, i.e. brand recall, will be created. To increase brand awareness it is important to visually and verbally reinforce the brand with a full
complement of supporting brand elements such as logos, symbols, characters and packaging (Keller, 2003:455). Taking the above arguments into consideration, brand awareness for the purpose of this study is defined as stated by Keller (2008:76) and Brewer and Zhao (2010:36), namely: *The ability of customers to recognise and recall the brand with a certain attitude under different circumstances.*

The next section focuses on the components of brand awareness previously mentioned, that is brand recognition and brand recall. Brand associations, which lead to brand recall, are also described.

4.5.2 The concept of brand awareness

Organisations that want to attract new customers and maintain existing ones need a distinguishing element that will make customers identify and purchase their products or services. Creating and building brand awareness, reaching customers' minds and encouraging them to develop a preference for a particular brand are important steps in ensuring a successful brand (Keller, 2003:67). According to the Selective Activation, Reconstruction, and Anchoring (SARA) model, customers utilise brand associations of a constituent brand to retrieve information in their memory. There are two factors that determine which information in the customer's mind becomes the anchor, namely retrieval and organisation. Retrieval cues stem from internal or external sources. Internal images consist of images available in the memory. An image is most likely to be retrieved if its overall activation is relatively high. External information refers to the task itself, while organisation refers to how well images are connected to each other (Esch et al., 2009:385).

Since brand awareness represents the strength of the brand trace in memory, brand awareness should serve as a retrieval cue. It is also an important determinant of what information in the memory will be an anchor. Brands with a high level of awareness can be accessed easily due to their high associative strength (Esch et al., 2009:385). Furthermore, brand awareness may signal presence and substance because high
awareness levels imply to the buyer that the organisation has been in business for a long time, that the organisation's products and services are widely distributed, and that the products or services associated with the brand are purchased by many other buyers (Homburg, Klarmann & Schmitt, 2010:203). Therefore, brand awareness can be seen as the crucial first stage for potential buyers to develop a particular brand preference when they finally decide which product or service to purchase. This decision, which indicates the customer's ability to identify a brand under different conditions, can take the form of brand recognition and brand recall (Radder & Huang, 2008:232, 233).

Each of the above components of brand awareness, namely brand recognition and brand recall, are discussed next:

4.5.2.1 Brand recognition

Hoyer and Brown (1990:142) describe brand recognition as the process of perceiving a brand as previously encountered. Therefore, brand recognition assumes prior exposure of the brand. Customers are likely to identify the brand as being previously seen or heard when they receive a cue (Radder & Huang, 2008:233). Customers might recognise many brands, but only a small number, or even only one brand might be recalled. Brand recognition is therefore considered as the minimum level of brand awareness and is based on aided recall. Brand recognition is particularly important when a customer chooses a brand at the point of purchase (Radder & Huang, 2008:233).

Brand recognition can be categorised into recognition sensitivity and recognition bias. Sensitivity refers to the standardised means difference between the signal and noise distributions. In other words, the sensitivity is an objective or unbiased measure of the customer's ability for detecting 'seen before' brands from 'unseen' brands (Naik, Prasad & Sethi, 2008:129, 130). It is not biased by customer motivation or expectancy to respond to a particular brand. On the other hand, the bias of brand recognition refers to the customer's tendency to respond to a mix of seen before and unseen brands. When the bias is large, customers are more conservative about reporting a signal, whereas a
small bias indicates that customers are liberal with responding (Ye & Van Raaij, 2004:99,100).

In the subsequent section, customers’ reaction to brand recognition is described in more detail.

- **Customer reaction to brand recognition**

Conventional measures of recognition of brands and brand likeability indicated that the percentages of correctly retrieved items in customers' minds are those items that are presented and marketed by organisations. However, the disadvantages of these measures are that they are overall indicators that do not differentiate between the strength and tendency of customer reactions to brands. Misinterpretations might occur and organisations might be focusing on wrong marketing programmes due to inaccurate conclusions drawn (Ye & Van Raaij, 2004:97). Therefore, organisations have to ensure a deeper understanding of the underlying components of brand recognition, such as determining whether customers are unsatisfied with the brand itself, or is it their conservative response tendency to say they “like” the brand (Radder & Huang, 2008:233-235).

Psychology research has shown that recognition alone can result in more positive feelings towards nearly anything, including brands. Customers instinctively prefer an item they have previously seen to one that is new to them. They feel that the organisation has spent money to support the brand when they see the brand more than once (Aaker, 2004:11). There is growing acceptance however, that early acquisition of a brand might facilitate the retrieval of the brand from people's minds. The age of acquisition of a brand affects object recognition, object naming, face recognition, face classification and face naming, as well as the recognition, classification and reading aloud of both spoken and written words in a wide range of different languages (Ellis, Holmes & Wright, 2009:43). When two brands have the same current exposure, the one that was learned early in life will be recognised faster that the one acquired more recently. This applies when recognition involves simply acknowledging that a brand is
familiar, or matching the brand to a particular type of product or service (Ellis et al., 2009:49).

Moroko and Uncles (2008:160, 161) stated that it is not only recognition of brands that enhances brand awareness of the organisation, but also informational cues, including ambient factors, such as music and lighting; design factors, such as colour and layout; and social factors, such as the number of frontline employees and their performance. Keller (2009:454) added that brand recognition is especially important in terms of packaging and the design of the packaging, might influence the recognition thereof as well as the attitude a customer will have towards the brand.

North and Enslin (2004:154) are of the opinion that advertising is a major path to communicate with customers, thereby increasing brand recognition and ultimately brand awareness. This principle is applicable to both internal customers (employees) and external customers. In section 3.9.6.3 advertising to the internal customers and their role in delivering service to external customers as promoted by the advertising message was described. Therefore, the next section only focuses on the role of external advertising to enhance brand recognition.

- **The role of advertising to enhance brand recognition**

Brand awareness is created and enhanced by increasing the recognition of the brand through repeated exposure, which ultimately results in customers having "experienced" the brand (Keller, 2009:143). When customers have enough experience of the brand by seeing, hearing or thinking about it, the brand will take root in the memory to be recognised at a given time. Moreover, visual and verbal effects in advertising help entrench the brand name in the customer's memory, i.e. brand recognition (Keller, 2009:143). Hence, the first task of advertising is to build the brand to be recognised by customers. Through advertising, marketers expose potential customers to the brand and give them the opportunity to accept it (Radder & Huang, 2008:234). However, customers' attitude towards advertising in general will affect their recognition of brands in advertisements. A customer who is negative about advertising in general, is likely to
be more irritated by certain advertisements and may block out most of the advertising messages targeted at him (Cauberghe & De Pelsmacker, 2010:9). Tsuji et al. (2009:513) reason that customers have the ability to condition themselves mentally to ignore traditional advertising messages. As soon as customers recognise something as a commercial message, they switch to another television channel. The challenge is to move beyond, or to manipulate traditional communication vehicles to target customers in an unconventional manner when and where they least expect to encounter a commercial message, and when they are in a susceptible state of mind (Radder & Huang, 2008:238).

Challenges in brand advertising require insight into customers' experience of the brand environment. The ultimate goal is to create alternative and unconventional points of brand contact that are novel and appropriate for the specific situation. Media fragmentation is a key trend in the development of alternative points of brand contact. Media fragmentation introduces niche-marketing opportunities and increases customer choice (North & Enslin, 2004:160, 161). Media fragmentation refers to new magazines, for example, that only focus on a certain fragment of the market, e.g. car magazines and business-to-business magazines. Product placement is another alternative and unique way to reach mass audiences (North & Enslin, 2004:161). The sponsored integration of brands and products into television programming and cinema movie content delivers an alternative contact to the conventional television or cinema advertisement (Mason & Cochete, 2006:125, 126). Liqui Fruit, for example, integrated their range of fruit juices into the programming content of Big Brother South Africa. Some car rental companies also started using this type of alternative advertising to market their products and services, such as Hertz (Prouse, 2011).

Another form of product placement entails prominent exposure of the brand. Prominent brand exposure in television programming or cinema releases ensures that the brand enjoys a starring role in the context of actual content. An example of this type of advertising was the launch of the BMW model Z28 in the James Bond film, *The world is not enough*. James Bond was driving the car and close-up scenes of the car left no
doubt as to the brand (North & Enslin, 2004:162). Since the persuasion knowledge is expected to be higher than for a subtle placed brand, it is imperative for an organisation in a competitive market to select a prominent placement in the media (Cauberghe & De Pelsmacker, 2010:7). However, organisations should realise that customers’ attitude towards the particular advertisement or placement of the brand may also play a role, especially in cases of low product or customer involvement. Customers who have a positive attitude towards the advertisement may have more interest in the message of the brand leading to a positive attitude towards the brand (Radder & Huang, 2008:238).

Advertising exposure, information search, salesperson interactions, choice, decision-making, purchase and ultimately product or service usage are capsulated in the customer’s memory and build up brand experience (Moroko & Uncles, 2008:161, 163). Therefore, brands which are heavily supported by advertising result in higher brand recognition and ultimately create high brand awareness. However, advertisements should be distinctive and not too information dense to create a positive attitude towards the brand. The ways in which images are advertised also have to be considered carefully by the organisation. In a study conducted by Lau and Phau (2010:363), it was found that women have the ability to establish a stronger brand image since they are more sensitive in recognising brand images and personality dimensions that match their self-concept. This finding corresponds with other studies, such as Morrison and Crane (2007:411, 412) that reported that emotion impacts how message cues with different levels of congruity would affect brand experience. According to Priluck and Till (2010:416), in another study conducted by Garcia and Yang (2006), it was found that using overt sex in advertising inhibit brand name recall. They suggested that sexual imagery may provoke deep feelings and this may lead to differences in implicit versus explicit attitudes towards certain brands (Garcia & Yang, 2006:47). For these reasons advertising methods and messages are particularly important, especially when organisations want customers to self identify with the positive image the organisation wants to convey. The brand image communicates expectations and it is a filter that influences perceptions of the performance of the organisation (Ross-Wooldridge, Brown & Minsky, 2004:165).
As suggested above, advertising plays an important role in creating successful brand recognition. However, too many repetitions of a particular advertisement can have a negative effect on the brand, and hence repetition of advertisements should be planned carefully (North & Enslin, 2004:162). Repetition in advertising is discussed in more detail next.

- **The effect of repetition in advertising**

Repetition of advertising the brand is important as customers' recall increases with the number of exposures to the brand (Tsuji et al., 2009:514). Importantly, however, is the concept of "wear-in" and "wear-out" of communicating a brand to customers (Cauberghe & De Pelsmacker, 2010:7). An advertisement with a wear-in effect refers to customers who perceive a significantly positive effect, while a wear-out effect occurs when customers are no longer affected or when the advertisement receives a negative effect by being seen too frequently (Tsuji et al., 2009:514).

Previous research by Danaher and Mullarkey (2003) on repetition found that in certain circumstances repetition significantly influenced customers' recall rates between one and four repetitions of an advertisement, but no effects were detected between four and eight exposures. The same results were achieved for recognition. Interestingly, in the verbal research literature, high repetition of words produced high recall rates, but the same high repetition hindered recognition rates (Tsuji et al., 2009:514; Danaher & Mullarkey, 2003:259).

It is therefore critical that organisations be aware of the requirements of customers to be able to achieve optimal effect with repetitive advertising. Differentiation in the way brands are advertised is required to retain the attention of customers at all times (Morrison & Crane, 2007:417). Car rental companies often change the channels and material they use to advertise their services and products. In these changes the brand is constantly reflected, yet the repetition has been altered to ensure a wear-out of the brand does not occur (Perumal, 2010).
Recognising a brand is a first step towards establishing brand awareness. However, recognising a brand, is not enough to ensure a positive awareness of the brand. The recall the customer will ultimately have about a brand if not in constant contact with the brand is even more important to ensure positive brand awareness (Montgomery & Chester, 2009:520). Following the brand recognition, recall of the brand in a customer's mind, is explained.

4.5.2.2 Brand recall

Brand recall relates to customers' ability to retrieve the brand from memory when given the product category as a cue (Keller, 2009:140). In this sense, the brand itself is not a memory target but a cue that might facilitate recall or inference of previously learned brand associations (Warlop et al., 2005:27).

Radder and Huang (2008:234), describe brand recall differently and suggest that brand recall is considered to be the next level of brand awareness and relies on unaided recall. Since the customer is not aided by having the name provided, brand recall implies that the customer has a stronger position of the brand in his or her mind (Radder & Huang, 2008:234). However, in most environments the brand cues, such as logo and packaging are available, visible and easy to discriminate perceptually, but customers still have to rely on memory to associate these brand cues with the results of prior learning of the brand (Warlop et al., 2005:28). According to Kohli et al. (2005:1508), brands with meaningful names provide favourable brand cue associations and are easier for customers to recall; they are also more favourable with customers.

Situations also exist where the link between the brand and the organisation is not natural, logical or obvious, for example, when an organisation is sponsoring an event, such as car rental companies sponsoring a specific sports event. Since there is often not a natural link between the sponsorship event and the sponsor, the ability of customers to recall the sponsor requires that customers correctly generate the brand from memory when provided with a relevant cue (Boshoff & Gerber, 2008:2).
In a model developed by Young and Rubicam Europe, called the Graveyard model, the low and high recognition versus low and high recall was plotted (Aaker, 2004:11). Two exceptions were revealed, namely healthy niche brands, which had relatively low overall recognition. However, since they have high recall among their loyal customer groups, their low recognition was not necessarily an indication of poor performance. The second exception is the graveyard, which depicted brands with high recognition, but low recall. By implication, this can be deadly for any brand, as customers know about the brand, but it will not be remembered by customers when considering a purchase. High recognition can hinder a brand from getting out of the graveyard, because there is little reason for customers to listen to a story about a familiar brand. In the graveyard model recognition does not necessarily reflect the mark of a strong brand; it is associated with weak brands as well (Aaker, 2004:15). The graveyard model depicted that the movement of brands towards the graveyard is associated with sliding sales and market share. However, brands moving away from the graveyard have the opportunity to increase sales and market share. The graveyard model thus provides evidence that recall is equally as important as recognition of a brand (Aaker, 2004:15).

Since customers unconsciously use associations they have of the brand to recall brands from memory, marketers use these associations to create a positive recall of the brand. Marketers also use brand associations to differentiate between competing brands, to extend and position brands, and to highlight the attributes of a product or service (Zeithaml et al., 2006:493). In assisting marketers to create positive brand associations in the minds of customers, internal marketing programmes are imperative (Ahmed et al., 2003:1223).

Associations are formed in the mind of customers and are therefore used to aid them in decision-making processes (Cretu & Brodie, 2007:233). Brand associations are the informational nodes linked to the brand node in memory and contain meaning of the brand for customers (Aaker, 2004:110). Zeithaml et al. (2006:493) refer to associations.
in terms of a service encounter and describe associations as a means to link the service to a tangible person, place, or object, such as "being in good hands".

Keller (2008) developed a model that focuses specifically on brand knowledge. The model suggested that brand knowledge is not the facts about the brand, but all the thoughts, feelings, perceptions, images and experiences which form a set of associations and that become linked to the brand in the minds and memory of customers (Keller, 2009:143). Cretu and Brodie (2007:233) suggest that symbolic meanings are associated with the specific attributes of the brand, which can be described as a customer's mental picture of a brand that is linked to an offering.

Brand associations are important to decision makers in services organisations to improve brand image amongst employees, which should result in positive brand associations amongst customers (Oakenfull & McCarthy, 2010:281). A brand's associations can differentiate, provide reasons to purchase, instil confidence and trust, and affect feelings towards the product or service and the customer's experience. Should the association be based on an intangible association, such as technological leadership, style or perceived value, it becomes difficult for competitors to compete with such an attribute (Aaker & Joachimsthaler, 2000:210).

Associations increase in strength when based on more experiences and exposure to communications of the brand (Keller, 2009:139). Advertising is one of the tools used by organisations to enhance the customer's perceptions of the brand and assists in forming strong associations. Brand associations, which result in high brand awareness, can be a signal of quality and commitment and they can assist a customer to consider the brand at the point of purchase, which leads to a favourable behaviour towards the brand (Yoo et al., 2000:197).

Keller (2009:142) classifies brand associations into three major categories, i.e. attributes, benefits linked to service quality, and attitudes, which are ultimately responsible for the recall customers have about the brand. Other marketing literature
regards brand attributes, benefits, perceived quality and brand attitude as separate 
dimensions of brand associations under less familiar brands, and as one dimension 
under well-known brands. Well-known brands also tend to exhibit multidimensional 
brand associations, which is consistent with the idea that customers have more 
developed memory structures for more familiar brands (Oakenfull & McCarthy, 
2010:281). The categories of brand associations, namely attributes, benefits, perceived 
quality and attitudes, and brand loyalty are discussed below:

- Attributes
  Attributes refer to the descriptive features that characterise the brand. Attributes, which 
are positively associated with the brand, such as symbolic attributes, are invaluable as 
they are less likely to be copied by competitors than more functional attributes (Aaker, 
2004:25). Product-related attributes are essentially described as the components of the 
core product function sought by customers. In terms of services, the service-related 
attributes refer to the process of the core service (O'Cass & Grace, 2003:453). In the 

  case of car rental companies, the core service would be the booking and picking up or 
delivery of trustworthy rental vehicles. A brand may suggest different attributes (Kotler, 
2003:404). For example, Woolworths in South Africa suggests quality, convenience and 
style. The First Car Rental brand suggests being first in service delivery and Hertz 
suggests heart or emotion. However, the main component remains to receive a 
trustworthy service or product (Prouse, 2011; Storey, 2011).

Attributes can be communicated to customers in two ways, namely through a 
customer's direct experience with the service, and secondly through the various 
communication channels, such as advertising and public relations. While the brand's 
value, utility, customer service and word-of-mouth advertising will in many instances 
determine a customer's direct experience with the organisation, the marketer should 
aim at differentiating the service in the minds of customers (Pride & Ferrell, 2010:23).

Over the past decade, branding literature has emphasised the importance of creating 
positive brand awareness by making an emotional connection between the brand and
the customer (Keller, 2003:157). Research has also confirmed that modern customers no longer simply purchase products and services; they purchase the wonderful and emotional experiences around what is sold. This is particularly true for services or intangibles (Ratneshwar & Mick, 2005:126). Therefore it is suggested that to the customer, the emotional experience with the service brand is, at least, equally important as the service itself (Morrison & Crane, 2007:410).

For an organisation to provide a satisfying emotional experience requires an integrated and coordinated organisational effort so that the customer is not only satisfied, but also always feels good about the service experience, which ultimately results in a positive attitude towards the brand (Wheeler, Richey, Tokkman & Sablynski, 2006:97). Importantly, as services are becoming more commoditised, it is the customer's emotional experience with the brand that can create brand differentiation. Through leveraging the customer's emotional experience with the brand, the services marketer can increase the positive awareness of the brand. To the customer, emotion is what provides the weighting among otherwise equal choices (Balmer, Liao and Wang, 2010:82). For example, provided with a choice between many different brands, the emotions elicited by the environment, the brand experience, past experiences with a particular brand and prior exposure to marketing communications will cause the customer to place greater weight on one service over another (Morrison & Crane, 2007:411,412). Shaw and Ivens (2005:99) refer to successful experiences as those, which the customer finds unique, memorable, would want to repeat and sustain over time, and would enthusiastically promote via word-of-mouth. As explained in sections 3.9.9; 3.9.8 and 3.9.7 respectively, if the organisation succeeds in managing these experiences efficiently through an excellent designed servicescape, supportive operations and trained employees to convey the desired experience, the customer will be able to transform the service encounter into a memorable and emotional brand experience (Morrison & Crane, 2007:417).
• Benefits

Benefits are the personal value customers attach to the brand and are customers’ overall evaluation of the brand (Chevalier & Mazzalovo, 2008:211). These brand attributes may be divided into functional and emotional benefits (Kotler, 2003:404). The attribute “first in service” of First Car Rental can be translated into the functional benefit which comprises that customers are the first priority and their needs will be taken care of (First Car Rental, 2011). The attribute used by Hertz car rental, “first, biggest and best” can be translated into the emotional benefit that they give direction and love their customers, as represented by the heart in Hertz (Hertz, 2011). Hence, a brand will communicate something about the values of the organisation. The Avis brand communicates, “We try harder” and thereby commits itself to improve service delivery (Avis, 2009).

These benefits could also include improving customers’ financial status by offering them intelligent solutions, being honest with the customer and being specific in what is being offered to customers (Gregory et al. 2009:674). Organisations are increasingly focused to make the financial impact and strategic benefits of brands more tangible. Therefore, communicating the attributes of the brand is important to distinguish the brand from competitors (Wallström, Karlsson & Salehi-Sangari, 2008:42). Furthermore, the organisation should display commitment, competence, professionalism and engagement to benefit customers (Wallström et al., 2008:46).

• Perceived quality

Perceived quality is described as the customer’s overall assessment of the utility of the product or service delivery process, based on perceptions of what is received and what is provided (Aaker, 2004:17). Chiu et al. (2010:114) distinguish between describing product and service quality. Product quality is described as how well a product performs in what it is supposed to perform as defined by the customer. In a specific price range, almost all customers prefer higher product quality in terms of safety, availability, maintainability, reliability and usability, as well as conformance to customers’ requirements, expectations and satisfaction (Chiu et al., 2010:114).
Grönroos (2007:67) indicates that the perceived quality in service is the discrepancy between expected quality and experienced quality. Expected quality refers to the expectations of customers, while experienced service quality refers to the "outcome of a series of internal decisions and activities" (Grönroos, 2007:101). By implication, customers' subjectivity has a significant influence on their perceived service quality (Chiu et al., 2010:114). Perceived quality is directly linked to the image of the brand in the market place, hence, the more positive the regard for the quality of the product or service, the more positive the image of the brand in the market (Aaker & Joachimsthaler, 2000:208).

Palmer (2005:252) conceptualises perceived quality as the judgements of overall superiority as possible dimensions of brand associations. A customer's judgement of quality is influenced by personal experiences, needs and consumption situations. Customers who have a long-term relationship with a particular brand, have high-perceived quality that leads to brand differentiation and superiority, which subsequently result in the purchase of one brand over another and eventually repurchase of that brand (Nel, North, Myburg & Hern, 2006:19). Therefore, brand awareness will increase when customers perceive brand quality (Yoo et al., 2000:197).

Another view of perceived quality is suggested by Shaw and Ivens (2005:36) who explained perceived service quality with three primary dimensions, that is, interaction quality, physical environment quality and outcome quality. These dimensions consist of corresponding subdimensions, such as attitude, behaviour and experience (interaction quality); ambient conditions, design and social factors (physical environment quality); and waiting time, tangibles and valence (outcome quality). Interaction quality refers to interpersonal interactions between employees and customers. Three factors constitute customers' perceptions of interaction quality, namely employee attitudes, behaviours and expertise. Attitudes allude to willingness to help customers, behaviours refer to employees taking actions to address customers' needs, and expertise relates to the knowledge of employees about the service (Garcia & Caro, 2010:95).
Since service is intangible and often requires customers to be present during the process, the surrounding environment plays a significant role on perceptions about the overall quality of the service encounter (Nel et al., 2006:20). The perceived physical environment quality encompasses ambient conditions that pertain to non-visual aspects, such as temperature, scent and music; facility design refers to the layout or architecture of the environment and can be either functional or aesthetic; and social conditions refer to the number and type of people evident in the service setting, as well as their behaviours. The outcome quality factor is also called technical quality, which refers to the conclusion a customer has once the process is completed (Shaw & Ivens, 2005:37). The three dimensions identified by are waiting time, tangible and valence (Garcia & Caro, 2010:95). Each of these dimensions is briefly discussed below:

- Waiting time refers to the amount of time it takes to provide a service;
- Tangible relates to the physical evidence, which is used by customers as a proxy for judging performance; and
- Valence captures attributes that show whether customers believe that service outcome is good or bad, regardless of their assessment of any other aspect of the service experience.

Recent research has indicated that there is a clear pattern in which customer satisfaction is the behavioural consequence of quality (Gallarza & Saura, 2006:448). Customer satisfaction is also an outcome of their positive evaluations of the quality of services and products (Liu, 2005:433), as illustrated in Figure 3.4 in section 3.7.2. Furthermore, under different conditions quality has a significant influence on how service value is perceived (Terblanche & Boshoff, 2010:2). Customer satisfaction confirms a positive relationship between the customer and the organisation and has positive outcomes, such as brand loyalty, positive word-of-mouth and subsequently positive brand awareness. Therefore, customers who perceive an organisation as satisfying will prefer the organisation's brand, which results in brand loyalty (Terblanche & Boshoff, 2010:2).
• **Attitudes and brand loyalty**

Attitude is relevant to a range of customer behaviours, including repeat purchase, recommendation to others, high quality evaluation and intentions. As stated by Brewer and Zhao (2010:36), a consistent favourable attitude towards a brand is likely to result in brand commitment aligned to purchase behaviour, which in turn results in brand loyalty. Furthermore, attitude based on personal experience is a stronger predictor of customer behaviour than that based on advertising or persuasion (Brewer & Zhao, 2010:36).

Brand loyalty is generally described in terms of attitude or behaviour towards an organisation and its brand. Behavioural researchers focus on the observable actions of loyal customers, while attitudinal researchers investigate commitment to brands and repurchase intentions (Russell-Bennett, McColl-Kennedy & Coote, 2007:1254). A typical behavioural description by Bennett and Rundle-Thiele (2005:26) suggests that brand loyalty is the biased or non-random behavioural response or purchase expressed over time by a customer with respect to one or more alternative brands out of a set of brands, and is a function of psychological processes. Worthington, Russell-Bennett and Härter (2010:245) argue that brand loyalty is a combination of a customer's thoughts and feelings about a brand that are then expressed as an action or purchase.

The loyalty of an existing customer base can be a very important asset as competitors will face a difficult task convincing customers to switch brands. Brand loyalty can be based on the formation of a simple habit or preference, as well as high switching costs (Aaker & Joachimsthaler, 2000:211). Ioan (2010:737) also describes brand loyalty in terms of behavioural loyalty and expresses brand loyalty as brand preference, that is expenditure on a particular brand as a proportion of the total spend on the organisation or as brand allegiance, in other words, expenditure on a brand over time. Russell-Bennett et al. (2007:1255), on the other hand, focuses on attitudinal behaviour and refers to brand loyalty as a deeply held commitment to repurchase a preferred service.
or product consistently in future, despite situational influences and marketing efforts by competitive organisations to potentially cause switching behaviour.

Previous studies displayed that satisfaction is an antecedent of brand attitude, brand intention and attitudinal brand loyalty for customer services (Russell-Bennett et al., 2007:1255). The high credence nature of services results in customers being more likely to rely on prior expectations, and therefore satisfaction is likely to be an important driver of loyalty in services industries. By implication, a satisfied customer will have trust in the brand and not be inclined to switch to another brand. Story and Hess (2006:407) propose that satisfaction primarily leads to functional connections between customers and brands. If brands behave appropriately, trust is built into personal connections. The combination of functional and personal connections results in committed relationships. A committed customer who is satisfied with the service of the organisation, is more loyal and less inclined to switch to another brand (Story & Hess, 2006:407).

Brand loyalty can also reduce the costs of doing business through decreasing acquisition and promotion costs (Bennett, Hartel & McColl-Kennedy, 2005:98). Loyal customers benefit the organisation as marketing costs are reduced. The organisation is able to spend less on advertising and reminders of the service to customers, as well as provide a considerable barrier to entry for competitors. However, effective advertising should continue to maintain a positive brand image, which plays an important role to create brand loyalty (Aaker & Joachimsthaler, 2000:212).

The attributes, benefits, perceived quality and attitudes described above are important means of identification of the organisation, and are also a means of legal protection for unique features and attributes, such as the slogan of Avis, “We try harder”. Strong brands share the brand attributes, which would include to excel at delivering benefits customers truly desire; the brand stays relevant to the customer, the pricing strategy is based on the customer’s perception of value, and the brand is properly positioned according to its points of parity and points of difference with other brands in the same product or service category (Keller, 2003:150).
O'Loughlin et al. (2004:220) argue that a brand which is tailored to the needs and wants of a specific target market increases value for the target market. By implication, this process is successful to determine the brand loyalty, since brand value is determined by the degree of brand loyalty, which subsequently results in higher cash flows. Hence, to the extent that customers are loyal to the brand, brand awareness will increase (Yoo et al., 2000:197).

It can therefore be said that brand associations result in brand recall as explained afore. The trustworthiness created by the attributes of the brand, the value created for the customer and the brand loyalty as a result of a positive attitude, as pointed out in the above discussion, which the customer experiences in dealing with the car rental company, are of critical importance to create a positive brand recall (Duvenage, 2009).

In the previous sections the concepts of brand awareness, brand recognition and brand recall were described. Although brand awareness is affected by organisational behaviour, it also has the ability to influence customers. In the subsequent section brand awareness and its influence on customer decision-making are discussed.

4.5.3 The influence of brand awareness on the decision-making process of customers

Brand awareness plays an important role in customer decision-making by influencing which brands enter the consideration set, which of these brands are used as a, and what the perception of quality is (Macdonald & Sharp, 2003:7). During the decision-making process, customers retrieve products and brands of which they are aware over a long term. This consideration set which contains a small set of brands is important because a brand that is not part of this set, is unlikely to be chosen (Shaw & Ivens, 2005:131). There seems to be a relationship between the level of brand awareness and the purchase decision. The more easily the customer recalls the brand in an unaided
recall situation, the higher the purchase intention and the more likely the purchase of the brand (Radder & Huang, 2008:234).

Customers often prefer not to spend too much time or cognitive effort in making purchase decisions. They often prefer to purchase only familiar and well-established brands (Keller, 2008:68). A brand’s association with quality further simplifies the decision-making process. Customers normally choose a brand with high perceived quality in comparison to other brands (Yoo et al., 2000:197). According to Macdonald and Sharp (2003:3) customers’ perception of quality is sometimes based on the belief that if they are aware of the brand, the organisation must have spent substantially on advertising. By implication, to be able to spend heavily on advertising, the organisation has had to make profits and therefore the product or service must be of good quality leading to customers being satisfied with it. This is especially true in low-involvement situations where familiarity has a greater effect on the perception of quality of the brand than its physical characteristics do (Chen & Tseng, 2010:26). In services organisations, the interaction with employees adds to the perception of quality. Therefore, they play a role in the decision-making process, however, as internal customers they are also affected by the meaning of the brand (Moroko & Uncles, 2008:161).

An organisation usually has a set of meanings by which it allows itself to be known, and by which it allows people to describe, remember and relate to its brand (Melewar, 2003:197). Although organisations communicate their differential advantage to external customers, the meaning of the brand is much more than a logo – it includes the name, personality, image and other defining attributes that characterise the organisation and its services. Furthermore, the distinguishing attributes of a brand that are communicated are also affecting employees of the organisation (Wheeler et al., 2006:97).

An organisation with a strong brand is more capable of attracting employees with certain personality traits, and the identity of the brand is likely to become intertwined with the employee’s self-image (Wheeler et al., 2006:97). Interacting with employees in such a way as to increase their sense of being an active participant in branding will lead
to more positive emotional experiences, which will lead to greater satisfaction and higher ratings of service excellence (Morrison & Crane, 2007:418). Employees who are able to identify themselves with an organisation that has favourable attributes would feel not only better about themselves, but also about the job they are performing, thus being satisfied and motivated to perform better. These employees tend to remain with the organisation, because employees know they are an integral part of the team that drives the organisation's success (Wheeler et al., 2006:99).

De Chernatony and McDonald (2003:232) confirm that employees must serve as brand builders as they are major communication mediums. Appointing devoted employees is critical in achieving the organisation's objective to create positive brand awareness. The criteria used for selection and evaluation of employees should take into account individuals' skills and values to assess whether these are similar to the values of the organisation. Furthermore, training, motivating and providing leadership are important aspects to enhance the quality of the brand through teamwork and cooperation. Internal communication and involvement in decision-making processes should be used to retain the best people (Papasolomou & Vrontis, 2006:39). There should also be a full programme of support and technological systems to equip employees in delivering quality, accurate and prompt customer services. Employees should receive as much devotion and attention as external customers and should be rewarded for good service delivery (De Chernatony, 2006:161).

In addition to employees' excellence in service delivery and customers' perception of the quality of an organisation, organisations that have a good reputation generally have a positive image, which also reflects in the decision-making process for prospective customers. Hence, it is important for organisations to understand what the brand of the organisation represents, since brand knowledge varies in content and structure across different offerings. In the decision-making process, reputation is more likely to influence customer preference, while brand awareness is more likely to be related to actual choice (Brewer & Zhao, 2010:37). The awareness of a brand causing its reputation is discussed next.
4.5.4 Brand awareness and reputation

A brand’s reputation is described as a collective representation of its past actions and results that describe the brand’s ability to deliver valued outcomes to multiple stakeholders (De Chernatony, 2006:170). Organisations that can provide value to stakeholders tend to have a brand that is more stable and represents the distillation of multiple images over time (Brodie et al., 2009:347,348). By encompassing the evaluation of all stakeholders, reputation provides a much more representative indication of brand performance (Mahlatji, 2008:79).

Previous research on brand awareness and reputation has generally been conducted parallel to each other. Reputation research has mainly concentrated on the influence of reputation on customer behaviour (Page & Fearn, 2005:306). However, to date existing literature has not clearly drawn the differences between brand awareness and reputation, and some research has even used the two concepts interchangeably (Brewer & Zhao, 2010:36). This might be partially because of the suggested complexity in content and structure of the two concepts.

Reputation of a brand represents an amalgam of past successes and psychological status shared by wider groups or networks, sometimes overlapping, in which individual members may not be the direct customers of the offering. Brand awareness also represents an intangible psychological state within the mindset of a customer who either has direct experience or is considering the brand. The reputation’s sphere of influence on customers is therefore potentially wider than the brand itself (Biedenbach & Marell, 2010:447).

Through social interaction and public communications, reputation is being developed over time. However, it takes a long time to build but equally withstands damage, while a degree of brand awareness can be achieved in a relatively short time by intense promotion. Reputation overshadows a brand in a positive way and therefore is more stable than the brand itself. A long-held reputation shapes brand awareness, since a
poor reputation of a brand makes it more difficult to build up a strong brand (Page & Fearn, 2005:307). Therefore, brand reputation is important as an intangible asset, since it provides the opportunity for a sustained positioning advantage. It also encourages greater confidence in stakeholder's anticipations about future outcomes and can be a key influencer in choosing between apparently similar brands. A favourable reputation is likely to be associated with superior performance (De Chernatony, 2006:170). According to Gregory et al. (2009:674), successful management of internal brand resources should also result in a favourable brand reputation.

A certain level of trust is required in both brand awareness and reputation between the service provider and customers to ensure a positive influence on customers' behaviour. However, brand awareness and reputation have a different influence on customers. Brand awareness has a more specific influence on customers' perception of an offering, but reputation has a broader influence on customers' perception of value and loyalty (Brewer & Zhao, 2010:37). Furthermore, customers tend to either have a brand preference for an established brand's reputation, or have a preference based on their trust in the established brand due to the brand's presence and longevity in the marketplace (Chiu et al., 2010:113).

As described by Kotler and Pfoertsch (2006:68), increasing the familiarity or recognition of the brand through repeated exposure and strong associations create brand recall of the appropriate product or service category, which results in brand awareness. To increase brand awareness, visually and verbally reinforcing the brand name with a full complement of supporting brand elements, such as logos, symbols, characters, office layout, is required (Keller, 2008:50). However, organisations should create a brand that is unique, especially in industries where there is plenty of product or service parities. Uniqueness of a brand can serve to differentiate the brand and add to its recall (Keller, 2009:140). Awareness provides the brand with a sense of familiarity or recognition, as well as an indication of the brand's presence, commitment and substance (Aaker & Joachimsthaler, 2000:208). Well-recognised brands tend to be perceived as having a
good reputation and by implication good quality, and ultimately a strong brand will be established.

One way of increasing recognition and creating awareness of the brand is by communicating messages of the brand (Kapferer, 2005:149). Marketing communications play a vital role in this regard, hence it is discussed subsequently.

4.5.5 Marketing communications contributing to brand awareness
The marketing communications environment has changed drastically from what it was even up to ten years ago. Technology and the Internet are fundamentally changing the way the world interacts and communicates. At the same time, branding has become a key marketing priority for most organisations (Kapferer, 2005:149). To increase brand awareness, the correct knowledge structures should exist in the minds of customers so that they respond positively to marketing activities and programmes in different ways. Marketing communications may play a critical role in shaping that knowledge (Keller, 2009:140).

In developing effective marketing communications, a main brand message has to be developed, which should be communicated to both internal and external customers. Once a clear branding message has been developed, it needs to be provided and repeated to employees, enabling the synergy between a well-delivered brand message and the incorporation of key attributes into employees’ activities to be realised. Both internal and external customers should benefit from exposure to a consistent message including the brand values, which is cross-functionally delivered through a wide variety of contact points, resulting in an awareness of the brand that is consistent, relevant and powerful (Aurand et al., 2005:167). Core brand values are described by Urde (2003:1035) as all-embracing terms that sum up the identity of the brand, as well as being the guiding principles for all internal and external brand building processes. Avis car rental regards their focus on people as the most critical value, while First Car Rental believes that its responsibility is to maintain a standard of service that customers can
depend on, and Hertz focuses on innovation and sustainable development to ensure service excellence to customers (First Car Rental, 2011, Hertz, 2011; Avis, 2009).

Core brand values have to be clearly articulated, concise, well defined and distinct. They should be broadly constant over time and be discernible through organisational behaviour and activities. As described in section 3.9.10.1, commitment is required from employees and management to display the organisation's core values and the organisational culture should be congruent with the core brand values of the organisation (Balmer & Gray, 2003:976). Core brand values need not be unique, but their interpretation and expression must be unique. Furthermore, in an environment, such as car rental companies where competitive advantage is becoming increasingly difficult, communicating brand core values must be the guiding principles for all internal and external branding processes (Urde, 2003:1035).

Various tools and channels can be used to communicate the core brand values of an organisation, of which marketing communications is regarded as a very effective channel to communicate internally and externally (North & Enslin, 2004:153). In the next section a more detailed description of marketing communications is provided.

- Description of marketing communications
Marketing communications are the means by which organisations attempt to, directly or indirectly, inform, persuade and remind customers about the service and brand they sell. In a sense, marketing communications represent the 'voice' of the organisation and its brand, and are a way by which it can establish dialogue, as well as build relationships with and among customers (Keller, 2009:141). The marketing communications programme consists of various activities or promotional mix elements, namely advertising, sales promotion, events and experiences, public relations and publicity, personal selling, direct marketing, interactive marketing and word-of-mouth marketing to increase brand awareness (Keller, 2009:141). Lings and Greenley (2009:42) stated that in general an organisation combines the promotional mix elements by balancing the strengths and weaknesses of each, to develop an effective marketing
campaign. Communication with the organisation's customers will be more effective if it utilises the synergy between the various promotional tools (North & Enslin, 2004:154). The first four elements or activities can be seen as more mass media types of communication, while the latter four are more personal modes of communication (Kotler & Keller, 2009:391). These activities were described in detail in section 3.9.6, focusing specifically on the internal customers, or employees. However, the same principles and messages these activities are communicating to internal customers are applicable to external customers, in creating awareness of the brand.

Additionally, marketing communication activities can perform many functions for customers, such as show customers how and why a service is important, by what kind of person, where and when. It also allows organisations to link their brands to other people, places, events, brands, experiences, feelings and things. Furthermore, message-based information-processing communication, which focuses on more attention, causes more recall and more persuasion (Luo & Donthu, 2006:78). For example, advertising that has the tactical aim of communicating factual information, such as organisational performance advantages, telephone numbers and prices, will benefit from more attention because customers can remember better what the message is (Heath, Brandt & Nairn, 2006:416). Hence, marketing communications can create experiences as well as establish the brand in memory and create positive brand awareness (Luo & Donthu, 2006:78).

As stated by Kapferer (2005:15), the function of marketing communications is core to the process of brand building. He observed that the newly found power in brands is confirmed by the increasing importance that many organisations place on the promotion of their own brands. Marketing communications is recognised as a powerful tool in defining and building awareness of a brand. Therefore, the essential aim of marketing communications is to build a brand in customers' minds. However, in the past many organisations regarded promotional elements as separate functions, which resulted in uncoordinated and inconsistent communication efforts. Currently, brand strategists and academicians reason that the various tools need to collaborate to present an integrated
brand awareness. Hence, communication messages that are delivered through the spectrum of promotional tools have to be coordinated to deliver a consistent brand message to customers (North & Enslin, 2004:154).

In this regard, the employees of a service organisation play an important role. They are the ones communicating with customers through public relations, personal selling, and direct or indirect marketing. If their communication messages are not consistent, the required brand awareness of the organisation cannot be established. Therefore, as described in section 3.9.7, employees have to be trained accordingly and they need to realise the importance of their communication with customers (Zeithaml et al., 2006:488). Although marketing communications plays a number of crucial roles, it has to function in an increasingly tough communication environment, which changes constantly with the developments in technology. These changes have forced marketers to rethink a number of their traditional practices. Furthermore, the changes have eroded the effectiveness of the mass media. In this new media environment, the customer is increasingly in control. Customers have more choices of media to use and have a choice about whether and how they want to receive commercial content (Keller, 2009:142).

Therefore, marketers are employing more varied marketing communication options than before to address individual needs of customers (Kapferer, 2005:149). Keller (2009:148) is of the opinion that it does not matter in which way the brand awareness is being created, but in creating brand awareness, marketing communication activities must be integrated to deliver a consistent message and achieve the desired brand awareness. This outlook resulted in the development of the concept of integrated marketing communications. In the following section integrated marketing communications are explained.

- **Integrated marketing communications**

Grönroos (2007:305) described integrated marketing communications 'as a strategy that integrates traditional media marketing, direct marketing, public relations and other
distinct marketing communications media, as well as communications aspects of the delivery and consumption of goods and services and of customer service and other customer encounters. Thus, integrated marketing communications has a long-term perspective'. The American Association of Advertising Agencies describes integrated marketing communications as "a concept of marketing communications planning that recognises the added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines – for example, general advertising, direct response, sales promotion, and public relations – and combines these disciplines to provide clarity, consistency, and maximum communications impact" (Schultz, 2001:7). The intent is to develop a marketing communications programme in which the communication disciplines are combined as an integrated whole to achieve the maximum communications impact and deliver consistent brand awareness (North & Enslin, 2004:154).

Duncan (2002:78) grouped the marketing communications programme into four kinds of sources of communication messages, namely planned messages (sales promotion, advertising, personal selling and direct marketing), product messages (deliveries, production processes), service messages (service processes, inquiries and claims) and unplanned messages (public relations, events and experience, word-of-mouth, news stories and customer impact on service processes).

- **Planned messages**

Planned messages are the result of a planned marketing campaign where separate communications media, such as television, print and direct mail are used to send a message. Generally, these messages are the least trustworthy, since people know that they are planned by the organisation to persuade customers and potential customers in a certain direction (Grönroos, 2007:305).
- **Product messages**
  Product messages are messages about the organisation and its offerings that describe the offering, e.g. how a physical product is designed, how it functions. (Duncan, 2002:78).

- **Service messages**
  Service messages are messages that result from the service processes. The appearance, attitude and behaviour of service employees, the way systems and technology functions and the servicescape all include a substantial element of communication (Duncan, 2002:78). It can be said that service messages are more trustworthy than planned messages and product messages because customers know that it is more difficult to manage the resources that create such messages, than it is with planned and product messages (North & Enslin, 2004:157).

- **Unplanned messages**
  Unplanned messages are considered to be the most trustworthy. These messages are about the organisation and its offerings and are sent by fellow customers who interact with a given customer during the service process, or who convey good or bad word-of-mouth communication. These may include newspaper articles, magazines or information in television programmes (Grönroos, 2007:305).

A major problem in marketing communications is the fact that only the least trustworthy source of messages about the organisation and its offerings is planned as part of the marketing communications programme, while the most trustworthy messages, namely service messages and unplanned messages, are ignored, although they might have a high impact. Organisations tend to ignore them, since they are difficult to plan. However, if messages through planned messages, e.g. advertising, contradict unplanned messages, e.g. word-of-mouth, the brand awareness of the organisation will be damaged (Duncan, 2002:78). Hence, it is important for an organisation to integrate all types of communication messages so that customers know what the organisation stands for and can develop a trusting relationship with the organisation. When
customers are actively involved in the branding process, they relate to the flow of brand messages, originating from employees, systems and physical elements in the service process and word-of-mouth (Otubanjo & Melewar, 2007: 422).

Brand messages that are originated from employees, systems and physical elements relate to the internal marketing activities and programmes that organisations have to offer to employees (Papasolomou & Vrontis, 2007:8). Without employees’ understanding, commitment to and distributing of a consistent brand message, the organisation will not succeed in creating positive brand awareness. Hence, establishing a successful brand awareness commences with internal marketing programmes to equip all employees with the tools, understanding and training to communicate consistent brand messages to customers at all times (Ahmed & Rafiq, 2003:1183).

In Chapter 3 the internal marketing theory was discussed in detail, as well as the vital role employees in a service brand environment play in delivering quality services to external customers. Previous sections in Chapter 4 focussed on branding and specifically brand awareness theories, which is the focus of this study. However, employees are critical role players in ensuring that a positive awareness of the brand is established amongst external customers. Internal branding is required to ensure employees are skilled and trained to understand the brand and are able to deliver on the brand promise as discussed next.

4.5.6 The contribution of internal branding to create brand awareness

The view that the internal branding literature has lacked focus and definition is reflected in the differing definitional emphasis evident within the branding literature (Mahnert & Torres, 2007:550). Various descriptions exist for internal branding, such as the description by Punjaisri and Wilson (2007:58) who refer to internal branding as a means of creating powerful brands; or the attainment of competitive advantage through people in the organisation (Jacobs, 2003:23).
In a services environment, the process of internal branding among employees is viewed as equally important to external branding to customers. Within the services literature, there is universal agreement that the provision of successful brands emanates from organisations with a balanced orientation and effective internal and external communications (Aurand et al., 2005:167). De Chernatony and Segal-Horn (2003:1112) emphasise the importance of effective communication of the service vision, the brand promise and customer expectations to employees for successful brand awareness.

Punjaïsri and Wilson (2007:60) focus on commitment of employees and view the objective of commitment to internal branding as ensuring that “employees transform espoused brand messages into brand reality”. The engagement of employees in the brand, leading to employees representing brand qualities or internal branding, is very important in service brands because it establishes employee behaviour that is consistent with the external branding efforts (Moroko & Uncles, 2008:161; Aurand et al., 2005:164). Therefore, in a services environment the internal branding activities must aim to increase employee understanding of and positive behaviour towards the brand, as these activities will determine the development of organisational and brand commitment among employees (Ahmed & Rafiq, 2003:1180; De Chernatony & Segal-Horn, 2003:1100).

Internal branding involves explaining and selling the brand to employees; sharing with employees the research and strategy behind the presented brand and creatively communicating the brand to employees. Furthermore, internal branding requires training of employees in brand building behaviour and rewarding them for achieving organisational goals. Most critically, internal branding involves employees in caring for and nurturing the brand (King & Grace, 2005:278). For car rental companies, the internal branding process is perceived as creating and nurturing commitment among employees. Hence, commitment by employees to deliver this brand reality and reflect the desired brand values to customers has often been viewed as a successful outcome of internal branding activities (Meyer, 2006:15).
Mahnert and Torres (2007:55) agree with the above statements and emphasise three core principles within their conceptualisation of the internal branding construct that are commonly emphasised within the wider branding literature, namely that:

- committed employees reflect and deliver desired brand values to customers;
- effective communication results in the brand promise being realised both internally and externally; and
- internal branding needs to permeate all levels of the organisation to align the behaviour and attitudes of management and employees.

The conceptualisation of the internal branding process as a two-way communications process is also highlighted for successful internal branding (O'Callaghan, 2009:4). The internal branding process is used to describe the relationship between the organisation and the brand. The objective of the internal process is to encourage organisations to live its brand, in other words to understand the brand and be committed to it (Urde, 2003:1022). In this regard, employees play a vital role to participate in the enhancement of the brand, which will ultimately result in higher brand awareness. The participation of employees is described as follows:

4.5.6.1 Participation of employees

De Chernatony (2006:172) suggested that by involving employees in brand building, creating an awareness of their roles in delivering the brand's identity, and alerting them to their brand's reputation, including differences, they will be able to participate in the change process to increase brand awareness. His argument is that a more effective approach to branding should include an open style with employees, and to enlist their participation and commitment in delivering a coherent set of values. Employees who are in agreement with the organisation's brand tend to act consistently in ways supporting the way in which the organisation would like external customers to perceive it and its products and services (Aurand et al., 2005:164). To achieve this agreement, employees' actions and the brand should reinforce each other. On a strategic level, it may be required to weave cultural changes throughout the organisation to be able to
deliver on the brand promise. On a tactical level, the brand may need to be incorporated into employee tasks in more subtle ways, including being part of employee training, initial performance expectations and subsequent performance evaluations (Aurand et al., 2005:167). Therefore, internal branding requires a well-coordinated programme aimed at educating and training employees on the brand message and incorporating the brand in their daily tasks. De Chernatony (2006:162) added that advertising claims should only be made when employees understand the brand vision and are committed, proud and able to contribute to the brand.

The action of employees can turn the brand awareness created in customers’ minds into a well-recognised and easy to recall image. Knowledgeable and well-informed employees will contribute to reinforce the brand promise because they know what is expected of them. The more employees identify with the organisation and its brand, the more willing they will be to show a supportive attitude to it, the more likely they are to accept the organisation’s core values and align their behaviours with its objectives (Saks, 2006:601). Employees exert a significant influence on the way external customers perceive an organisation, in that images of the brand are formed on the basis of the total experience with the organisation. Furthermore, employees’ perception of the organisation and its brand may affect external customers’ perception of the organisation and the brand (Pina et al., 2006:176). Therefore, by enforcing internal branding activities, an organisation will be able to establish a more customer-focused service culture, which is a pre-requisite for consistently delivering high quality services and for building successful service brands. The commitment to customers should become a second nature for all employees throughout the organisation. Only then will the organisation be able to overcome the challenges of building a successful brand and maintaining a positive awareness of the brand (De Chernatony & McDonald, 2003:234).

However, in creating positive brand awareness, which has meaning to employees, it should be realised that numerous difficult decisions have to be taken; organisations should apply an organisation-wide approach, strong leadership and consistency. Even more difficult is the task of translating brand values into the daily behaviours of
employees (Wallström et al., 2008:48). An organisation that succeeds in creating a positive brand awareness and brand values instilled in employees, manage to create brand loyalty amongst employees resulting in a shared identity that will be conveyed to customers in delivering the service to them (Morrison & Crane, 2007:416), which is described below:

4.5.6.2 Internalisation of brand values

Internal branding activities need to permeate all levels of the organisation to align behaviour and attitudes of management and employees. This will allow for consistency in the delivery of the brand promise and will facilitate the development of effective internal systems that deliver consistent value (Rowe, 2007:602).

The engagement of employees in the brand and leading them to represent brand qualities, in other words internalising the brand, are important factors for internal branding. This is because it establishes employee behaviour that is consistent with the external branding efforts (Wallström et al., 2008:48). Hankinson and Lomax (2006:198) contend that the internalisation of the brand by employees is manifested through three dimensions, namely knowledge, attitudes and behaviour. It is important for an organisation to address these three dimensions on a continual basis to ensure employees retain new knowledge, remain positively motivated, and maintain behaviours over time. This internalisation process often involves the education and training of employees throughout the organisation and is seen as critical for the development of brand values among employees, as well as providing support for the enactment of brand values (Morrison & Crane, 2007:416). Creative approaches are required for training programmes to encourage employees to consider how they can change to reinforce a particular cluster of values and style of behaviour. Employees are not only critical contributors to the brand's values, but also represent evaluative brand cues (De Chernatony, 2006:160).

Punjaisri and Wilson (2007:62) stated that internal branding not only directly influences the extent to which employees perform their role in relation to the brand promise, but
also influences attitudes towards the brand, which in turn affects employee performance. The attitudes and behaviours of employees play a central role in brand delivery. According to De Chernatony (2006:160), an organisation's ability to understand and orchestrate its employees will increasingly differentiate high-performing organisations from mediocre ones.

From the discussion above it is clear that employees play a vital role in creating successful brand awareness for the organisation. To create a competitive advantage and positive brand awareness, organisations have realised that managing their brands correctly is imperative. This has resulted in schools of thought, such as brand management, which emphasise customers as the central element of organisational decision-making (Aaker & Joachimsthaler, 2000:23). In the process of brand management, organisations have realised that employees also contribute significantly to the organisation's competitive advantage as they facilitate the interface between the organisation and the market (Hankinson & Lomax, 2006:198), which is vital to the success of managing brand awareness (Ye & Van Raaij, 2004:96). This being the case, brand awareness links up with internal marketing as discussed in Chapter 3, which, if successfully managed, will result in successful brand awareness of the organisation. In the next section managing brand awareness is discussed.

4.6 HOW TO MANAGE BRAND AWARENESS

The evolution of managing a brand over time can be mapped against the changing nature of organisational focus from product orientation to customer orientation (King & Grace, 2005:278). Brand management is described as a complex set of activities that involves managing relationships with customers and other stakeholders, while recognising an organisation's own past actions and reputation, as well as competitors' actions, in an effort to build a strong awareness of the brand that wins customers' commitment to the brand (Shanthi, 2006:150). De Chernatony and Dall’Olmo Riley (1998) were of the first researchers to recognise the introduction of the customer's role in the definition of a brand and argue that customers ultimately decide the fate of
brands. De Chernatony and McDonald (2003:35) suggested that too much emphasis is placed on branding as something that is done to customers, rather than branding as something with which customers do things. Branding is not an input process, but as displayed by the systems theory, forms part of the organisational processes leading to the final evaluation of the brand, which lies with the buyer of products or user of the service’s mind and ultimately result in an output (Quesada & Gazo, 2007:5).

The view of brand practitioners and researchers reflect the significant link between organisations and customers in managing the brand (King & Grace, 2005:279). The adapted model is displayed in Figure 4.1:
The Double Vortex model consists of two vortexes. The left-hand vortex of the model focuses on the internal process, involving managers building brands. It consists of strategic drivers, including the vision, mission, values, corporate culture and heritage, as well as brand resourcing elements, such as naming policy, functional capability, service, risk reducer, legal, crisp communicator and personality of the organisation. The right-hand vortex focuses on the reputation of the brand and consists of stakeholders'
assessment of the brand, which may be considered in terms of the confidence they have in the brand to fit their functional and emotional needs, as well as the brand's functional and symbolic benefits (King & Grace, 2005:280).

The resourcing elements, such as functional capability, service, naming policy, legal, risk reducer, crisp communicator and personality of the organisation are directed at customers to make them aware that the organisation's brand are different in some way from those of competitors (King & Grace, 2005:279). These elements were discussed in detail in section 4.3. Organisations also wanted their brand names to encourage belief in a consistent quality level that most were prepared to guarantee. Therefore, whilst the differentiating aspect of the concept was initially regarded as the key issue, this soon also encompassed legal protection and functional communication (De Chernatony & McDonald, 2003:31).

The way in which resources are being applied by an organisation result in a perception of the values of the service, with the customer interpreting that the brand adopts a personality. As stated by Chevalier and Mazzalovo (2008:189), it is well-recognised that products or services with little apparent functional differences are regarded as different, purely because of the brand personality. Kotler and Keller (2009:404) explain the concept of brand personality as the specific personality that the brand portrays which corresponds with the market's personality. The importance of brand personality lies in the avenue it provides for customers to assess the emotional characteristics of brands (Niemandt, 2008:19).

The components, namely corporate culture, heritage, values, mission and vision are described as strategic drivers and are depicted in the left-hand vortex. These components, which were discussed in detail in sections 3.8.4 and 4.3, relate to one another. After the sequential planning stages that address the vision, mission, value and culture, the implementation follows, which calls for a selection of resourcing elements. There is a strong linkage in terms of cause and effect and the process encourages managers to adopt a more strategic approach to brand awareness (King &
It is essential to articulate a clear brand mission statement that is aligned with the organisation’s vision and mission. The mission statement is a benchmark for all management engagements and employee decisions. In this regard, internal marketing plays a vital role. It also gives direction to customers, shareholders and everyone else involved in the organisation (Kotler & Pfoertsch, 2006:175). When developing brand plans, managers have to consider the type of relationship they want their brand to build with customers. Once the brand plans are completed, managers have to assess how customers perceive their intentions (De Chernatony & McDonald Riley, 2003:31).

The perceptions of customers of the strategic drivers and resource elements that were applied to create and build the brand, are referred to as a shorthand device (discussed in section 4.3), and result in the reputation of the brand. Customers assess the brand not only in terms of physical constituents, but also in terms of the emotional value they add (King & Grace, 2005:279). Strong brands make strong image statements and customers choose them because of the images they project. Enduring brands give an organisation more leverage than any other asset, serving as an emotional short cut between an organisation and its customers. Therefore, a brand’s personality and reputation for performance can distinguish itself from the competition, engendering customer loyalty and growth (Kotler & Pfoertsch, 2006:51). Although the functional value does play a role, the emotional appeals are more sustainable to create positive brand awareness (De Chernatony & McDonald, 2003:115).

Once a favourable perception of the reputation of the brand is formed in the customer’s mind, customers interact with the brand and hence, develop a relationship with the brand. The messages conveyed between the brand and its customers build a two-way communication, in which customers express their views on the brand and the brand responds by stating a specific attitude towards customers (O’Loughlin et al., 2004:220). By considering the criteria necessary for an effective relationship, the strengths and weaknesses of the customer-brand relationship can be assessed, which in the end will
add value for both customers and the organisation (De Chernatony & McDonald, 2003:129-140).

The visual representation of the model also implies that components of the vortex are not equal. Although they are all in the same plane when the vortex forms, the importance of each component will vary when different types of product/service fields or stakeholder segments are encountered (Rosi & Mulej, 2006:1171). Furthermore, the components of the vortex are not static; they change when new environments are entered, the organisation's brand strategy changes, and when stakeholders become familiar with the brand (King & Grace, 2005:279).

Based on the research of De Chernatony and Dall'Olmo Riley (1998), it might be suggested that brand managers need to consider the systems theory approach incorporating the brand management process as a critical organisational process. This process includes the need for interdisciplinary cooperation, applied by organisational processes, such as internal marketing. In the organisational process, knowledge matters of how to use the law of hierarchy of succession and interdependence of the processes have to be considered, mastered and resolved: it explains how crucial a correct and explicit choice of decisions is. The contents of individual steps have to be known to enable the organisation to control the entire process required holistically (Rosi & Mulej, 2006:1171). The branding process commences with managers devising brand plans, however it ends with customers choosing brands based on their perceptions of whether the brand suits their needs, therefore ultimately an output is achieved (Quesada & Gazo, 2007:5).

Subsequent to the research pertaining to the Double Vortex model of De Chernatony and Dall'Olmo Riley (1998), a dominant theme emerged among brand experts suggesting that consistency between brand plans and customers' perceptions is related to organisational success (King & Grace, 2005:279). Eisingerich and Rubera (2010:65) are of the opinion that it is through brand management decisions related to brand elements that organisations relate to customers. Balmer et al. (2010:81) identified the
following aspects as representing some of the principal insights into managing brand awareness:

- The realisation that brands are of importance to stakeholder groups beyond customers and employees.
- The importance of culture and members' values.
- The inseparable link between organisational identity and its brand identity.
- The recognition that the Chief Executive Officer is actually an organisation's corporate brand manager.
- The importance of adopting a multidisciplinary perspective.

For an organisation, it has been asserted that the identity of the organisation underpins a brand identity and there needs to be congruency between the two. The notion that the Chief Executive Officer is the corporate brand manager marked a significant departure in the conceptualisation of managing brand awareness (Balmer et al., 2010:82). The importance of adopting a multidisciplinary perspective has been asserted by a number of authors over the past two decades, such as, Hatch and Schultz, 2003; Urde, 2003; Balmer et al. 2010, which is discussed next.

4.6.1 Brand awareness management: a multidisciplinary approach

Hatch and Schultz (2003:1043) indicated that De Chernatony and Dall'Olmo Riley (1999) were of the first researchers to suggest that managing awareness of service brands requires a multidisciplinary approach and should not remain within the remit of marketing, but should incorporate input from the entire organisation, led by top management (Hatch & Schultz, 2003:1043). Besides providing an integrated and interrelated approach, all employees should be involved and be aware of their responsibilities to project a consistent brand image (Abimbola & Vallaster, 2007:342).

Esch et al. (2009:9) agree that brand awareness management should be embedded in the entire organisation and should be regarded as an integrated business process.
Scheffer (2005:50) concur with the view of a multidisciplinary approach. They believe that a stronger integration of the different organisational units will eventually generate a coherent brand image and favourable reputation of the brand. Shanthi (2006:94) supports this view and states that a stronger integration of the different internal units responsible for stakeholder relations is required in order to foster more coherencies in messaging and eventually generate positive brand awareness, a coherent brand image and a favourable reputation of the brand. The management process of creating and maintaining a coherent awareness of the brand in the minds of each individual stakeholder, which is the basis for a favourable overall reputation, is required for successful brand management (Scheffer, 2005:50).

With the increasing emphasis on ensuring consistency between the projected brand image and customers' own perceptions of the brand, the role of employees, as representing a source of customer information, requires consideration (King & Grace, 2005:280). Employees constitute the interface between the brand's internal and external environment and can have a powerful impact on how customers perceive the brand and the organisation (Krell, 2006:50; Morsing, 2006:104). It is therefore essential that employees' behaviour is consistent and thus, reinforces the brand's advertised benefits (King & Grace, 2005:280). All employees also need to be involved in the provision of the product or service (not only the frontline employees) and need to be aware of their marketing responsibilities (Esch et al., 2009:9). This marketing responsibility of all employees gave rise to the term part-time marketers, coined by Gummesson (2000) as outlined in Chapter 3. As stated by Kimmel (2005:445), organisations have to clearly communicate the brand's purpose to employees to inspire and assist them to understand their role in relation to the brand and creating positive brand awareness.

In services, where the brand reputation is being created by the brand experience and the services rendered by employees, the management of the brand awareness is even more complex. Managing brand awareness of service brands is described in the subsequent section.
4.6.2 Managing brand awareness of service brands

The distinct characteristics of services have made branding and the awareness of the brand increasingly important in the service industry (Papasolomou & Vrontis, 2006:38). Dobree and Page (1990:18) identified five steps for effectively branding services, namely build a brand proposition, overcome internal barriers, measure delivery against the proposition, continue improvement, and expansion to increase brand awareness. They also recommended the development of a service contract internally for creating ownership of the service brand across all levels of the organisation (Papasolomou & Vrontis, 2006:38).

In building a brand proposition, a series of accepted statements that describe the proposition has to be developed. The employees as well as management of an organisation should be involved in the development process. The development of a series of brand statements enables the management team to create a more complete definition of the brand (Hatch & Schultz, 2003:1043). Furthermore, the engagement and the reflection of the management team are vital in securing the commitment and ownership that is required to enable brand change and renewal. Failure to enlist management enthusiasm and support could jeopardise the development of brand consistency and continuity (Knox & Bickerton, 2003:1004). In order to overcome internal barriers, it is important to align relevant business processes with the brand. Business processes must be reviewed to determine how they should be modified and developed to ensure continuity with the brand proposition. In managing the brand, managers need to adopt an approach that also encompasses the business processes associated with value delivery. This will ensure that internal barriers are overcome (Knox & Bickerton, 2003:1005).

An organisation should be able to measure delivery against the proposition on a continuous basis; checking the brand condition for relevance and distinctiveness at regular intervals. Measuring the service delivery involves creating a hierarchy of customer values and ensuring that the brand model continuously delivers results.
against the needs of customers (Balmer et al., 2010:82). Accordingly, the main benefits of the brand are managed as an inverse of the customer value hierarchy to ensure relevance and distinctiveness. By measuring the delivery against the proposition, managers can ensure that the brand retains relevance and distinctiveness. They can also ensure continual improvement to create a dynamic situation where the brand benefits are managed effectively and actively. In aligning the brand benefits with the customer value hierarchy, the organisation can reinforce organisational behaviour and processes that deliver customer value. Management will also be able to expand brand benefits to increase brand awareness (Knox & Bickerton, 2003:1005).

It should be noted that the “service brand” does not have the same meaning as the branding of services (Brodie et al., 2008:345). Rather, it follows the way Vargo and Lusch (2004:2) use the term service marketing: ‘where the service-centered dominant logic represents a reoriented philosophy that is applicable to all marketing offerings, including those that involve tangible output (goods) and the process of service provision’. Hence, the concept of the service brand is integrative where service is superordinate to the branding of services (Brodie et al., 2008:345). Lowell and Hahn (2007:6) argued that the service brand acts as a relationship builder. They conclude that the service brand is a holistic process commencing with the relationship between the organisation and its employees and coming in existence during the interaction between employees and customers. Their conclusion is also a reflection of the systems theory described in Chapter 1.

To develop a framework for the service brand, Brodie et al. (2008:346) adapted Grönroos’ model (2007). Within the framework, the external, internal and interactive marketing activities of the organisation form the customer, employee and organisational brand perceptions. The framework also portrays the service brand as playing an integrating role aligning customer, employee and organisation brand perceptions and attitudes (Brodie et al., 2008:346). The three marketing processes are:
• External marketing which refers to communication between the organisation and customers making promises about the service offer;

• Interactive marketing refers to interactions between employees working within the organisation or network and end customers creating the service experience associated with the delivery of promises about the service offer; and

• Internal marketing refers to creating value through the supporting resources and processes which make and deliver promises about the service offer involving the organisation and employees working in the organisation.

In combining the relationships depicted in Figure 3.2 of this study, a framework for service brands encompassing all aspects could be displayed as suggested in Figure 4.2:

**Figure 4.2: Types of marketing and their influence on the perceptions of the service brand**

Adapted source: Brodie et al. (2008:346)
The concepts of external marketing, interactive marketing and integrated marketing were discussed in detail in Chapter 3, section 3.5. The model by Brodie et al. (2008) incorporates these marketing activities with the perceptions of customers, employees and the organisation. However, relationship marketing, which is critical for developing relationships with customers, is omitted (Roberts-Lombard, 2006:257). Furthermore, technology that enables the organisation to improve processes and service delivery between the organisation and customers was not included. Organisations use technology to facilitate and speed up communication with employees, e.g. email and intranet. Technology is also being used between employees and customers, for example via email and the contact centre, as well as between customers and the organisation via internet or cellphones (Perumal, 2009). Therefore, technology contributes to creating a perception of the service brand. By adding the service brand component to the model, the influence of external marketing, interactive marketing and internal marketing on the perceptions of the organisation, employees and customers, is suggested (Brodie et al., 2008:346).

Grönroos (2007:331) proposes that the success of service brands depends on carefully nurtured relationships between employees and customers, which develop employees and customers' respect for the functional and emotional values of the brand (De Chernatony & McDonald, 2003:134). It should be realised that service brands are even more important for services than products, due to the intangibility that characterises services. It is stipulated that one of the most problematic aspects associated with service brands is that customers have to deal with intangible service offerings (Papasolomou & Vrontis, 2006:38).

A service brand is based entirely on the way the organisation does things and on the organisation's culture; therefore the whole organisation contributes to building awareness of the brand. This is due to the inseparability that characterises services, which means that the organisation (service provider) becomes an integral part of the service delivered to the external customer (Lowell & Hahn, 2007:2). Therefore, organisations need to ensure there is consistency in the quality of service delivery
(Papasolomou & Vrontis, 2006:38). Subsequently customers' perceptions of the brand and the awareness they have of the brand, depend highly on individual interactions with employees, also referred to as internal branding, as described in section 4.5.6.

Internal branding is seen as a potential route to acquiring sustainable competitive advantage by means of building a strong brand whose positioning, such as customer loyalty, high market share and price premium, is extremely difficult for competitors to threaten or copy (Krell, 2006:50). Therefore, managing the brand is facilitated by having a strong brand. Organisations that have an established and strong brand have an advantage when awareness has to be increased (Keller, 2009:143). The concept of strong brands and the means to create brand awareness are discussed in the subsequent section.

4.6.3 Strong brands as a means to create brand awareness

Brand strength is described by Burmann, Zeplin and Riley (2009:266) as the degree of behavioural relevance of the brand, in other words, to what extent the brand is capable of creating differentiation and preference in relevant brand behaviour. A strong brand is a very valuable asset of an organisation (Keller, 2008:131). Brands vary in the amount of power and value they have in the marketplace. Some brands are largely unknown to most buyers, while other brands have a high degree of customer brand awareness. Still others, enjoy brand preference where buyers select them over other brands, and finally some brands command a high degree of brand loyalty (Worthington et al., 2010:245).

In creating a strong brand, the brand needs to be built, which is often described as a number of sequential stages and three steps that are usually included, are brand audit, brand identity and brand position statement (Wallström et al., 2008:42).

- Brand audit
The brand audit considers internal and external factors, such as the vision and mission, organisational culture and brand architecture of the organisation. It also includes an
analysis of external factors that influence the brand building process. During the process, the most critical factors that have to be considered are customers and competitors. Other stakeholders could be included, especially in organisations with an aim at multiple stakeholders (Balmer & Gray, 2003:973). Information gained from the brand audit enables the organisation to understand the context in which the brand is built (Wallström et al., 2008:42). The factors analysed in the brand audit will influence the next step, namely brand identity.

- **Brand identity**

  Aaker (2004:70) suggested that one of the critical steps in building a strong brand is to create a brand identity. The brand identity is aspirational, since it refers to how the brand would like to be perceived. Creating a brand identity is more than determining what customers say they need, it should also reflect the soul and vision of the brand and what it hopes to achieve. Aaker and Joachimsthaler (2000:40) emphasised that a strong brand identity represents what the organisation stands for and what the organisation wants the brand to stand for. Therefore, the brand identity should be strategic, reflecting a business strategy that will lead to a sustainable advantage (Aaker, 2004:70).

- **Brand position statement**

  The last stage, brand position statement, is affected by parts of the brand identity that are emphasised and chosen for active communication, or brand position statement (Urde, 2003:1018). The brand position statement expresses how the brand should be seen by external stakeholders and employees. It is possible that several position statements may exist, but if more than one position statement is used, it must not be contradictory (Wallström et al., 2008:43; Keller, 2003:147).

  Yoo et al. (2000:196) suggest that brand building can be maintained and expanded if the three steps described above, are strengthened. Keller (2009:143) views brand building as an ascending series of steps, from bottom to top, which are:
Step 1: Ensuring identification of the brand with customers and an association of the brand in customers' minds with a specific customer need.

Step 2: Firmly establishing the totality of brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations.

Step 3: Eliciting the proper customer responses in terms of brand related judgement and feelings.

Step 4: Converting brand response to create an intense, active, loyalty relationship between customers and the brand.

In building the brand, strategic marketing tools should be coordinated in such a manner that the brand image created in the minds of customers is enhanced. This image should reveal a message of what the organisation offers to a customer, but most importantly, should distinguish the brand from competing brands (Niemandt, 2008:22). Researchers also suggest that marketing decisions and market conditions affect brand building. Therefore, brand building should be managed over time by maintaining the brand consistency, protecting the sources of the brand, making appropriate decisions between fortifying and leveraging the brand, and fine-tuning the supporting marketing programme (Keller, 2008:43). The marketing programme should include preferably all, but at least some of the marketing mix elements, namely product, price, promotion, place, people, process, physical evidence, personal relationships, packaging, positioning and performance, and should be focused on both internal (employees) and external (customers) target markets to build a strong brand whereby positive brand awareness is created (Grönroos, 2007:305).

Strong brands have certain characteristics, including longevity, product category, quality, media support, personality and imagery, continuity, renewal and efficiency. As described by Keller (2009:140), the management of brands is important and has to be consistent, even more important for service brands. The focus should be on creating a strong brand and in order to achieve this emphasis should be on the service process or the technical outcome of the service offering. Creating a strong brand around the
service process is more difficult as service standards have to be consistent to meet raised expectations from customers (De Chernatony & Segal-Horn, 2003:1098).

Strong brands in a services organisation represent the differential attributes underpinning the brand, which give increased value to the organisation's balance sheet. According to De Chernatony and McDonald (2003:236) the model developed by Berry (1981) comprised four main ways in which services organisations can build strong brands. These four ways are:

- Dare to be different. Organisations should consciously endeavour to differentiate their brand from others.
- Determine its own fame. Services organisations with strong brands should mean something important and represent a valuable offering to their target market. They tend to perform the service better than competitors and communicate this fact effectively to customers.
- Make an emotional connection. A strong services brand will evoke feelings of closeness, affection and trust in the customer. To achieve this, the organisation's values must reflect the core values of the customer, enabling the customer to identify with the brand.
- Internalise the brand. It is essential that the employees internalise or 'live' the brand's values and ideas to enhance the service experience and consistency of the brand values for customers.

An organisation that follows the strategy of being consistent, would normally focus on those organisational principles and values which could lead to a cluster of service brand values (De Chernatony & McDonald, 2003:237). Kotler (2003:422) adds that brand value estimates "the total financial value of the brand". Brand value refers to the benefits resulting from leveraging brand strength to obtain advanced current and future profits. Brand strength is based on customers' actions and perceptions towards a brand that will create a differential advantage to it (Nel et al., 2006:16). In the car rental industry, car rental companies' values include innovation and leadership as two of their core values.
These values also form part of the brand and brand promises made to customers (Prouse, 2011; Storey, 2011; Perumal, 2009).

Brands that have a consistent and constant presence over time are able to use their understanding of their customers to their and to their customers’ advantage. Strong brands spend more money to remain visible to customers and are able to use media campaigns to communicate a constant core message relevant to the brand, which increases the value of the brand (Cretu & Brodie, 2007:232). As stated by Moroko and Uncles (2008:163), building brand awareness should be a key communication objective for organisations, because without awareness among customers there is unlikely to be either trial or ongoing purchase. By implication, a brand that is well-known and noticeable has an advantage in creating brand awareness. Strong brands have other advantages, but unfortunately, there are some disadvantages that are also linked to strong brands (Kotler & Keller, 2006:277; Riesenbeck & Perrey, 2007:38). These two aspects are discussed in the following section.

4.6.3.1 Advantages of strong brands

Organisations with a strong brand enjoy a number of competitive advantages. Kotler and Keller (2006:277) and Keller (2009:140) indicated the following advantages for an organisation with a strong brand:

- Improved perceptions of product performance;
- Customers have more elastic responses to price decreases;
- Marketing communications have increased effectiveness;
- The organisation will enjoy reduced marketing costs because of customer awareness and loyalty;
- Less vulnerability to competitive marketing actions and marketing crises;
- Larger margins;
- Greater trade or intermediary cooperation and support; and
- Additional licensing and brand extension opportunities.
Marketers would only need to remind customers about the importance of the brand, as loyal customers do not need persuasion since their attitudes are already positive towards the brand (Russell-Bennett, 2007:1254). As stated by Moroko and Uncles (2008:164), a strong brand provides an organisation with the ability to:

- portray a value proposition that is relevant and resonant with the organisation's prospective and current customers;
- differentiate the organisation from direct competitors;
- consistently deliver on the promise of the brand; and
- align the customer-based promise and corporate vision of the organisation to the personal benefits offered to employees.

Customers who are positive towards a brand have value for an organisation because they are more willing to tolerate delays, product shortages, mistakes and other aspects causing poor service quality (Garcia & Caro, 2010:95). Organisations with a strong brand have the opportunity to encourage customers to become actively involved with the brand and other products or services the organisation has to offer. Car rental companies, for example, upgrade lower category level cars to higher category level cars or provide vehicle delivery free to loyal customers from time to time (Duvenage, 2011).

However, organisations are not the only ones benefitting from a strong brand. Strong brands have advantages for customers as well (Angelis et al., 2010:10; Chiu et al., 2010:113,114), as listed below:

- Customers have trust in an established brand due to the brand's presence and longevity in the marketplace.
- Strong brands offer customers experiences that become an integral part of the service or product offering.
- Customers tend to identify with strong brands.
- Customers have a relationship with the organisation and the brand.
- Customers receive value from the brand.
- Customers receive commitment to service excellence from the brand.
In the services industry a strong brand is important due to the quality-laden information content that it provides when customers process information about a particular service offering. Branding a service assists customers in their purchase decision as it provides assurance of a uniform level of service quality (Angelis et al., 2010:10). This is especially important as the purchase decision for a service could potentially be more complex than that of a physical product, since customers find it more difficult evaluating the content and quality of a service prior to, during and after the consumption of a service. This makes the purchase more risky and a strong brand could alleviate this risk (Kasper et al., 2006:118; Zeithaml et al., 2006:505). Besides the risk posed to organisations, there are also some disadvantages for strong brands, as can be seen below:

4.6.3.2 Disadvantages of strong brands

It is often difficult for strong brands to maintain consistency and at the same time keeping it up to date, resulting in managers sometimes making mistakes. For example, Coca-Cola decided in the 1980s to change the recipe of Coca-Cola in an attempt to counter falling market shares and customers' preference for Pepsi-Cola when taste tests were performed. In 1985 the company was able to launch New Coke, but had to spend a substantial amount on advertising, although the outcome proved to be a huge success (Riesenbeck & Perrey, 2007:38). Another disadvantage facing strong brands is the fact that competitors keep on copying a strong brand, resulting in offering lower prices. Hence, strong brands have to continue communicating the advantages and quality of the original product or service (Aaker & Joachimsthaler, 2000:62).

Aaker (2004:27) identified certain factors that pose challenges to strong brands. These challenges are often a disadvantage to strong brands in maintaining their positive brand awareness. The factors include:

- Pressure to compete on price;
- Proliferation of competitors;
• Fragmenting markets and media;
• Complex brand strategies and relationships;
• Bias towards changing strategies;
• Bias towards innovation;
• Pressure to invest elsewhere; and
• Short-term pressures.

Furthermore, brands get older, therefore it becomes a challenge to maintain awareness levels and associations as the brand matures. Management has to fight hard to keep the brand fresh, interesting and visible. Maintaining perceived quality is another crucial chore and keeping customers satisfied, requiring constant focus (Aaker, 2004:62). The nature of strong brands is such that it has several target markets with whom it must interact. Strong brands need to take into account the expectations of a larger group, including not only customers, but other stakeholders as well (Hatch & Schultz, 2003:1043). These stakeholders include employees, suppliers, and governments. In the case of car rental companies the stakeholders are employees, suppliers of motor vehicles and the participants in the motor industry as outlined in Figure 2.4. The various stakeholders have different influences and roles in an organisation (Mahlatji, 2008:49), such as:

• the stakeholder's power to influence the organisation;
• the legitimacy of the stakeholder's relationship with the organisation; and
• the urgency of the stakeholder's claim on the organisation.

The power, type of relationship and urgency, which stakeholders might display profoundly influence managerial perception and attention of the organisation, determining to whom managers should pay attention (Mahlatji, 2008:49). In many instances strong brands experienced hard times, but because of the strong brand, they were able to survive. Kotler and Keller (2006:282) identified six criteria of brand elements to enhance brands. The factors that are driving strong brands are discussed next.
4.6.3.3 Factors driving strong brands

A strong brand is one that has a strong emotional relationship with its customers. Each time a service is delivered or a product is sold, a mutually beneficial relationship is entered into (Mahlatji, 2008:49). However, to reach a beneficial relationship between an organisation and its customers requires building a brand that customers can associate with. A strong brand needs to be strengthened continuously and certain factors as stated by Kotler and Keller (2006:282) are required to strengthen a brand:

- The brand must be memorable;
- The brand must be meaningful;
- The brand must have likeability;
- The brand must be transferable;
- The brand must be adaptable; and
- The brand must be protectable.

Memorable brands imply that it must be easy for a customer to remember the brand. For a brand to be meaningful, it has to mean something to customers and must address their needs, in other words the brand must also add value. The brand must have likeability means it must be a product or service offered that customers can enjoy and benefit from, and a brand that is transferable implies that it offers more than one benefit to customers (Mahlatji, 2008:49). A brand that is adaptable is able to adapt to different situations and needs as required by various circumstances and customer needs. Lastly, it is critical for a brand to be protected, which means the organisation must be able to protect the brand under difficult circumstances and when required (Kotler & Keller, 2006:282).

Memorable, meaningful and likeability of the brand can be characterised as brand building in terms of how the brand can be built through the judicious choice of a brand element. Transferable, adaptable and protectable choices are more defensive in nature and are concerned with how the strength of the brand contained in a brand element can
be leveraged and preserved in view of different opportunities and constraints (Hatch & Schultz, 2003:1043).

Building a strong brand requires creating a brand that customers are sufficiently aware of and with which they have strong, favourable and unique brand associations (Aaker, 2004:84). This will depend on three factors:

- The initial choices for the brand elements or identities making up the brand;
- The marketing activities and supporting marketing programme and the manner by which the brand is integrated into them; and
- Other associations indirectly transferred to the brand by linking it to some other entity (e.g. the organisation, country of origin, channel of distribution, or another brand).

Kotler and Keller (2006:537) agree with the three factors identified by Aaker (2004) and described above. However, they added marketing communications (discussed in section 4.5.5) activities that contribute to brand building, such as creating awareness of the brand, linking the right associations to the brand image in customers' memory, eliciting positive brand judgements or feelings and/or facilitating a stronger customer-brand connection.

The choice customers make when deciding between a branded and unbranded product or service indicates the confidence they place in one brand over another (Nel et al., 2006:16). In strengthening the brand, managers when deciding what marketing programme and actions will be conducted, need to consider the potential impact of the programme or action on the brand building. Brand name investments should be directed to enhance the reputation and image of the brand name and brand loyalty (Yoo et al., 2000:197).

Customers who react favourably to the brand and its marketing are less sensitive to price increases and are more willing to seek the brand in a new distribution channel that
will result in a positive brand association (Keller, 2003:48). Car rental companies have various branches from which customers can select to rent their vehicle. However, they might not always use the same branch, as their destinations will differ depending on the purpose and area of their travelling. To enhance the brand's image and obtain substantial support from customers, organisations tend to distribute exclusively or selectively, rather than intensively (Yoo et al., 2000:199). Customers of car rental companies will be more satisfied when a specific vehicle is available in a greater number of branches because they will be offered the product where and when they want it.

Furthermore, as discussed in section 4.5.6, the conceptual model of internal brand management identifies the establishment of employees' brand commitment and brand citizenship behaviour as the pivotal constituents for successful internal brand management procedures, and thus, in turn strong brand awareness amongst customers (Burmann et al., 2009:265,266). Brand commitment is described as the extent of psychological attachment of employees to the brand, which influences their willingness to exert extra effort towards reaching the brand's goals (Eisingerich & Rubera, 2010:66). In reaching the brand's goals, employees exert brand citizenship behaviour and hence generate a new quality of brand strength and awareness. Brand citizenship behaviour is referred to as an aggregate construct that describes a number of generic employee behaviours that enhance brand identity. Therefore, brand citizenship behaviour constitutes the intention of each employee to voluntarily exhibit certain generic behavioural characteristics outside of the formally described role expectation system, which strengthens the identity and ultimately the awareness of the brand (Burmann et al., 2009:266). Knox and Bickerton (2003:999) suggested that brand management techniques include concepts such as brand identity and brand image.

Grönroos (2007:330), pointed out that in the discussion about brands, one of the problems seems to be the distinction between brand identity and brand image. Brand identity is the central step in branding and is described as the way in which the organisation wants the brand to be perceived (Wallström et al., 2008:42; Aaker,
Brand image has to do with the perceptions and preferences of customers towards the brand (Keller, 2009:143). Therefore, brand identity leads to a brand image in customers’ minds, which enables them to become aware of the brand (Grönroos, 2007:331). In the next section brand identity and brand image are described.

4.7 BRAND IDENTITY AND BRAND IMAGE

The monetary value of a strong brand is difficult to list on an organisation’s balance sheet as it is an arbitrary factor that measures an intangible asset. The market, however, realises the value of such brands. It is important for an organisation to ensure that the brand identity is managed carefully so that a positive brand image is sustained. This requires that an organisation maintains and improves its brand awareness (Kotler, 2003:406). Aaker (2004:25) stated that certain activities or tasks are important in order to build a strong brand. These tasks include the creating of a brand-building culture in the organisation, a comprehensive brand architecture that provides strategic direction, a strategy that is focused on developing a rich brand identity, and awareness and differentiating brand positioning that resonates with customers (Niemandt, 2008:32; Aaker 2004:26). An organisation has to have a unique brand identity that will enable it to create a positive brand image in customers’ minds, which results in positive brand awareness. Therefore, brand identity is seen as a term that can be used as a description of the image of the brand that the marketer wants to create, while brand image is the image of the good or service that is formed in the customer’s mind (Grönroos, 2007:331). These two terms are discussed in more detail next.

4.7.1 Brand identity

The brand identity of an organisation represents what the organisation stands for and communicates the brand’s point of differentiation. A brand identity comprises a system of names, nomenclature, logotypes, symbols, colours, and other characteristics that embody the meaning of the brand (Guzman, 2006:17). Otubanjo and Melewar (2007:421) refer to brand identity as the cues used to convey the brand personality to
create the brand image. Often, a single word or compact phrases represent the brand identity. Aaker (2004:71) states that elaborating on the word or phrase can make the identity construct less ambiguous and thus more useful as a guide to the brand-building programme.

Konecnik and Go (2008:179) argue that brand identity has multiple roles, namely:

- It is a set of associations that the brand strategist seeks to create and maintain.
- It represents the vision of how a particular brand should be perceived by the target audience.
- Upon its projection, the brand identity should assist in establishing a relationship between a particular brand and its customers by generating a value proposition.

This value proposition stated above should potentially involve benefits or provide credibility, which endorses the brand in question. Most organisations use various values to establish their identity, such as innovation, competence, engagement, simplicity, availability, commitment, and establishment of exciting and close relations, to name but a few. These values could be transformed into benefits a customer receives from the organisation, which could be either functional or emotional benefits (Wallström et al., 2008:45,46). Functional benefits include tangible characteristics, such as performance, quality and price, while emotional benefits refer to intangible features such as “how does the brand make you feel?” (Chiu et al., 2009:116).

Stern (2006:220) and Kapferer (2005:55) describe brand identity in terms of the social-psychology approach, which stems from the interactions between the brand and the customer at the personality level. Kapferer (1997) introduced a hexagonal model called the brand identity prism. It is based on six central components, being, physique, personality, culture, relationship, reflection or image, and self-image. Later, De Chernatony (1998) adapted Kapferer's model and conceptualises brand identity in terms of its vision and culture, which in turn, drive its desired positioning, personality
and subsequent relationships, all of which are later represented to reflect the stakeholders' actual and aspirational self-images (Konecnik & Go, 2008:179).

However, the brand leadership model by Aaker and Joachimsthaler (2000) is perceived to be the most salient for the following three reasons:

- The model is systematic. Because branding can be overwhelming in the multitude of components and theories that play a role in brand identity development, there is a need to provide guidelines enabling decision makers to examine issues, including the strategic process, analysis of the brand identity system, and a post-brand implementation process.
- The model is comprehensive. The brand leadership model underscores the subject in its breadth. It covers both the strategic and visionary roles of managers and does not limit the discussion of their tactical and reactive roles.
- The model focuses on strategic brand control, in other words, setting out what a brand should stand for from the perspective of relevant stakeholders, and subsequently communicating the desired identity consistently, efficiently and effectively.

El-Amir and Burt (2010:73) stated that the brand, like a person, should have an identity, which is embodied in a lively and ambitious personality. Such a persona provides customers with a reason to develop a relationship with the brand. Thirdly, the model is pragmatic, since it recognises that decision makers should be involved in both formulating and implementing the business strategy (Konecnik & Go, 2008:179).

Both models described above, Kapferer's (1997) model, Aaker and Joachimsthaler's (2000) model, display that the social-psychology approach views branding as the establishment of congruence between the personalities of customers and brands. This is achieved by means of culturally coded messages transmitted via the strategic management of marketing communications (El-Amir & Burt, 2010:73). Marketing communication is recognised as a powerful tool in defining and building the identity of a
brand (North & Enslin, 2004:154). However, Veloutsou (2009:129) concluded in her investigation of customer-brand relationships that personality-based relationships (dimensions) with brands do not in themselves form the identities that customers aspire to, instead they are used as a means through which customers negotiate their identities within their own complex web of social relationships.

In contrast, the anthropological approach to branding views culture as the prime source of brand identity, rather than just a medium through which identity is communicated. The process then becomes culture – brand – customer, which is the reverse of the social-psychology approach that advocates brand - culture – customer (El-Amir & Burt, 2010:73). The culture-driven symbolic power of the anthropological approach transforms the brand from a market-driven to a market driving force, that is, a leader that creates rather than responds to demand. This approach, however, mixes marketing tactics with generic culture to create a market driving brand identity, which is perceived by some researchers to represent the blatant commercialisation of culture for corporate gain, and has consequently been criticised as a form of cultural hijacking (Hearn, 2008:201). Although there are obvious differences between the social-psychological and the anthropological approach, there are also subtle similarities. In short, both approaches share the same strategic intent of exerting an organisation’s authority over the development of brand identity, yet they differ in ways to achieve a successful brand identity (El-Amir & Burt, 2010:74).

4.7.2 Brand image

The view of Grönroos (2007:331) about brand image confirms that customers form an image of a readily created brand (brand identity). Therefore, it can be said that the brand as a concept is always an image (Grönroos, 2007:331). Aaker (2004:68) is of the opinion that the brand image of a service organisation is equally important in a product company and a services organisation, but services organisations present a challenge due to the intangibility that characterises services. Brand image is described by O’Loughlin et al. (2004:220) as a description of the brand which is tailored to the needs
and wants of a target market using the marketing mix of product, price, place and promotion.

Chen (2010:309) argued that brand image covers functional benefits, symbolic benefits and experiential benefits and proposed that brand image is a set of perceptions of a particular brand in the customer’s mind that is linked to commitments and concerns. Chiu et al. (2010) also suggested that brand image enhances a brand’s competitive advantage. In many instances, technology has assisted organisations in being able to differentiate themselves from competitors purely on a technological basis. Therefore, technology aided in adding value to the organisation by ensuring a strong brand image. Other factors that contribute to a strong brand image are the brand name, public relations, corporate identity, use of sales promotion and frontline staff (Low & Lamb, 2000:352). Another view argued by Lange and Dahle'n (2003:449) is that a consistent and expected brand image may not be beneficial to all types of organisations and brands. In certain cases brands may benefit from advertising that breaks the consistency where organisations use unexpected and strange advertisements. These advertisements are incongruent with the associations customers have of the brand. Strong, favourable and unique brand associations are essential, not only for creating positive brand awareness, but also for differentiating the effects of a brand. These effects are referred to as: including enhanced loyalty, price premiums and more favourable price elasticity responses, greater communication and channel effectiveness, and growth opportunities via extensions or licensing (Keller, 2008:292).

It is clear from the various views mentioned above that the brand image is important for an organisation. A favourable and well-known brand image is an asset to any organisation, because the image has an impact on customer perceptions of the communication and operations of the organisation (Ross-Wooldridge et al., 2004:165). Brand image is furthermore a function of the experiences as well as of the expectations of customers. When customers develop expectations and experience reality in the form of the technical and functional quality of the service, the resulting perceived service quality changes the image, either positively or negatively, depending on the quality.
perceived by customers (Hankinson, 2005:30). As stated by Grönroos (2007:317), the brand image is the consequence of how a certain customer perceives his relationship with a brand, or brand relationship, over time. Image also has an internal impact on employees, as well as the external effect on customers. An image that is less clear and distinct will affect employee attitudes towards the organisation, which in turn may have a negative influence on employee performance and thus on customer relationships and quality. A positive image, on the other hand, communicates clear values internally and may therefore strengthen positive attitudes towards the organisation amongst employees, which subsequently result in service quality and enhanced brand awareness (Grönroos, 2007:341).

4.8 CONCLUSION
The most popular and powerful brands in the world are said to have a positive brand awareness. Creating, enhancing and maintaining a positive brand recognition and recall in the minds of customers is a goal for many organisations wanting to improve their brands in a competitive market (Keller, 2008:132).

In this chapter the concept and elements of brands, the theory of brand awareness and the management of brands, involving the employees of an organisation, were discussed. The importance of a positive brand identity and brand image to ultimately create positive brand awareness, as well as the concept of brand building were also described. Brand awareness among customers is of particular importance, as it represents the recognition and recall customers have of a particular brand. Furthermore, brand awareness is a critical step in the decision-making process when customers are considering which product or service they should purchase.

To enhance the brand awareness among external customers, internal customers or employees should enhance and portray a positive image of the brand. Employees need to be knowledgeable of the brand and should be able to identify with the organisation and its brand (Aurand et al., 2005:164). Internal branding and training of employees will
assist them in delivering quality service whereby positive brand awareness is created in the minds of customers (Punjaisri & Wilson, 2007:60). In order to create brand awareness an organisation needs to build its brand. A strong brand will hold more value for customers and this will reflect in the extent of brand awareness (Burmann et al., 2009:266).

This phenomenon forms part of the theoretical framework of the study and is important in laying the foundation for the empirical testing. In the next chapter the methodology to be used to test the literature review as discussed in the previous chapters, is described.
CHAPTER 5
RESEARCH METHODOLOGY

5.1 INTRODUCTION

Research is based on an open thought system without any hidden agendas, within which researchers continually test and review their work (Kent, 2007:47). Researchers examine data critically; therefore the focus is not on the agreement or disagreement with statements, but rather on the evidence that was used to draw conclusions. It is a time-consuming process (Kent, 2007:44). According to Zikmund (2003:37), researchers endeavour with much effort to obtain systematic, reliable and valid data, which they have to interpret and understand. The interpretation and understanding of this data is based on the researcher’s knowledge of existing theory and literature in the fields of interest, as well as personal experience and perspective.

As argued in the previous chapters, the eleven elements of the internal marketing mix have an influence on brand awareness as perceived by customers. It was motivated in Chapters 1 and 3 that product, price, place, promotion, people, process, physical evidence, personal relationships, packaging, positioning and performance are constructs that possibly influence the brand awareness of car rental customers. Chapter 4 motivated that these possible influences on brand recognition and brand recall should be investigated.

In Chapter 1 it was stated that this research focuses on determining the influence of selected internal marketing constructs on the brand awareness of car rental companies in South Africa from a customer’s perspective. In order to respond to the research questions and research objectives of this study, an empirical investigation was conducted among a sample of Avis, First Car Rental and Hertz car rental customers. Chapter 5 comprises the first of the three components of the empirical phase and is central to enhancing the internal validity of the findings. The second component relates
to the research results and interpretation thereof (Chapter 6), and the third component contains the conclusions and recommendations (Chapter 7).

However, for ease of reference the focus of the study is first summarised, followed by the role of marketing research as a background to the research methodology which is described subsequently.

5.2 FOCUS OF THE STUDY

In Chapters 1 to 4 and indicated in Figure 1.2 and reproduced in Figure 5.1 specific independent variables have been identified for the purpose of this study. These variables include the four traditional Ps: product, price, promotion and place; the three services Ps: people, process and physical evidence; and the four recent Ps: personal relationships, packaging, positioning and performance. It is proposed that these independent variables can possibly influence the brand awareness perceived by car rental customers in South Africa (Figure 5.1). Brand awareness is broken down into brand recognition and brand recall. Brand recall is measured in terms of trustworthiness, overall evaluation and loyalty. For ease of reference the proposed influences are displayed in Figure 5.1. In the suggested framework, brand recognition, trustworthiness, overall evaluation and loyalty are specified as dependent variables. Furthermore, the framework depicts the empirical investigation of the study and the methodology is explained in this chapter, Chapter 5.
The secondary sources, Chapters 1 to 4 described the probable relationship between the selected independent variables, namely product, price, promotion, place, people, process, physical evidence, personal relationships, packaging, positioning and performance and the dependent variables, namely brand recognition, trustworthiness, overall evaluation and loyalty. From the analysis of the secondary sources, the theoretical framework to be tested in the empirical investigation was developed (as displayed in Figure 5.1).
In order to perform the empirical investigation, the research methodology has to be selected first. The research methodology of the actual empirical investigation of this study is presented in Chapter 5. Chapter 5 starts with a description of the role of marketing research and the steps required to conduct the research (Malhotra, 2009:37). These steps include:

- the research design;
- the measuring instrument;
- data collection methods;
- details surrounding samples; and
- data analysis methods used for the empirical investigation.

5.3 THE ROLE OF MARKETING RESEARCH
Marketing research is described as the systematic and objective identification, collection, analysis, dissemination and use of information that is applied to improve decision-making which is related to identifying and solving problems, or opportunities in marketing. Marketing research has a broad range of applications and plays a crucial role in the marketing decision-making process (Malhotra, 2009:37). These applications are discussed in more detail next.

5.3.1 Applications of marketing research
5.3.1.1 Translating data into useful information
A major goal of marketing is to identify and satisfy customer needs. Customers can be grouped as internal and external customers. To address the customer needs, marketing managers need information about the customers, competitors and other forces, such as environmental trends in the marketplace. In the last ten years, timely information has become extremely important (Malhotra, 2009:37), especially in a competitive environment such as the car rental industry. Marketing research is probably the most
effective way to assist marketing managers in obtaining the required information. The task of marketing research is to assess the information needs and provide management with relevant, accurate, reliable, valid and current information to aid marketing decision-making (Brumbaugh, 2010:30).

5.3.1.2 Attracting and retaining customers
Organisations that aim to attract and retain customers in a competitive market environment make use of marketing research. Marketing managers use marketing to create strategies to enhance attraction and retention, based on the organisation's understanding of its customers. Marketing research provides the platform for determining this understanding (Iacobucci & Churchill, 2010:3).

5.3.1.3 Marketing research adds value to a person's career
As stated by Iacobucci and Churchill (2010:3), a working knowledge of marketing research enhances anyone's business career. For example, management consulting is fundamentally based on marketing research. Entrepreneurs enhance their likelihood of success by understanding their customers, and financial analysts have to understand the perceptions of their customers to sell their services.

5.3.1.4 Other organisations benefiting from marketing research
It is not only organisations that are business orientated that benefit from marketing research. Others using marketing research for their various purposes, include politicians and trial lawyers to test spin strategies, land developers to choose site locations for shopping malls, radio stations to determine their listeners' taste in music, brand managers to determine brand identity, to name but a few (Bürmann et al., 2009:265).

5.3.2 The principal task of marketing research
The principal task of marketing research is to assist marketing managers in creating value for customers. Normally marketing managers focus their efforts on the marketing mix elements, i.e. product, price, promotion, place, people, process, physical evidence, personal relationships, packaging, positioning and performance) to produce value for
customers. Marketing managers adjust these elements, but due to uncontrollable factors in the environment, the results of their efforts are not always certain (Iacobucci & Churchill, 2010:4). Therefore, marketing research is required to provide managers with information on how to make the adjustments.

As stated by Iacobucci and Churchill (2010:4), marketing research has to be involved in all phases of the information management process, including:

- The specification of what information is required;
- The collection and analysis of the information; and
- The interpretation of the information regarding the objectives of the study.

Since the purpose of this study is to provide guidance to car rental companies to improve their internal marketing programmes and thereby enhance brand awareness, marketing research is required for sound information and proper analysis of the current situation and to determine what customers ideally want from car rental companies.

5.4 PERSPECTIVES ON RESEARCH METHODOLOGY

The methodological dimension of research is distinguished on three levels, namely methodological paradigms, research methods and research techniques (Kent, 2007:48). Methodological paradigms, the most abstract level, include the distinction between qualitative, quantitative and participatory research. Research methods are those methods that are used in certain stages of the research process, such as sampling, data collection and data analysis. Research techniques represent the most concrete level of the methodological dimension to execute specific tasks and include specific techniques related to sampling, data collection and data analysis (Malhotra, 2009:36). This distinction between paradigms, methods and techniques is helpful in forming a better understanding of the concept 'research methodology'. The three levels in the methodological paradigm as described by Kent (2007:48), are demonstrated in Figure 5.2.
5.4.1 Methodological paradigms

Kent (2007:48) suggests that the ontological, epistemological and theoretical assumptions about marketing should be considered in deciding which methodological assumptions would govern a study. Ontological assumptions are regarded as a research philosophy concerned with the nature of reality, and forms the basis of metaphysics (Anonymous, 2009:2). The ontological or phenomenological (qualitative) paradigm aims to study and document authentic behaviour in a real situation. Qualitative approaches often use thoughtful reflection, interpretation and analysis of verbal and/or written content (Burns & Burns, 2008:14-19).

Epistemology is described as empirical research with a common focus on knowledge issues. It incorporates a stream of empirical hypotheses, theories, and models for knowledge research (Muller, 2011:220). Kent (2007:48) states that the epistemological assumption guides the way in which researchers acquire knowledge (epistemology). Burns and Burns (2008:13) have another description for these research paradigms and call them the positivistic (quantitative) and the phenomenological (qualitative, interpretivist or constructivist) paradigms. Based on the above descriptions, the
epistemological or positivistic (quantitative) paradigm is accepted for the purposes of this study.

Research strategy and research design are two other terms related to research methodology. Research strategy guides the research effort by defining the context within which it is conducted and provides the link between research objectives and research activities. Research strategy is partly derived from the methodological paradigm – qualitative or quantitative – that fits a particular research problem (Zeithaml et al., 2006:143).

Malhotra (2009:94) refers to research design as a roadmap for conducting research as it provides details of each step in the marketing research process. Cooper and Schindler (2007:140) describe the research design as control over variables, time dimension, research environment and perceptions of participants. The research design is described in more detail in section 5.6.

5.4.2 Research methods and techniques

The research method refers to sampling, data collection and data analysis, while the technique is the approach taken to obtain data. The approach taken in obtaining data can be divided in two approaches, direct and indirect. The direct approach can include focus groups and depth interviews in which the true purpose of the research is disclosed to the respondents or is obvious to them. Indirect approaches are unstructured and indirect, and encourage respondents to project their feelings or motivations regarding the issues of concern (Malhotra, 2009:195).

As discussed in detail in the following sections, this study followed a quantitative research method and a direct technique to collect, analyse and interpret data. The data collection technique is a direct survey method.
5.4.3 Qualitative versus quantitative research

Qualitative research provides insight into and understanding of the problem setting. It is based on small, non-representative samples and the data is analysed in a non-statistical way (Burns & Burns, 2008:14). This study did not follow a qualitative research method.

Quantitative research, on the other hand, is described as a research methodology that seeks to quantify the data and typically applies some form of statistical analysis (Rootman, 2011:235). Quantitative research is also regarded as being more objective than qualitative research, since its emphasis is on finding facts or causes of social phenomena. The findings of quantitative research can be treated as conclusive and can be used to recommend a final course of action (Malhotra, 2009:180). The reason for collecting quantitative data is because it is easy to interpret results in simple conclusions. Quantitative research involves the collection of primary data from large numbers of respondents with the intention of projecting the results to a wider population (Zikmund & Babin, 2010:92). For the purpose of this study a quantitative research method was used to obtain responses from the customers of car rental companies participating in the study.

5.4.4 Exploratory versus conclusive research

Exploratory studies tend towards loose structures with the objective of discovering future research tasks. The immediate purpose of exploration is usually to develop hypotheses or questions for further research, as the researcher begins without firm preconceptions as to what will be found (Aaker et al., 2007:79). According to Zikmund and Babin (2010:95) exploratory studies are typically used when very little previous research has been conducted on a specific topic.

The conclusive or formal study commences with a hypothesis or research question and involves precise procedures and data source specifications. The goal of formal research is to test the hypotheses or answer the research questions posed (Cooper & Schindler,
Since this study aimed to test the hypotheses as depicted in Chapter 1 (refer to Figure 1.2, p13), formal research was conducted.

5.4.5 Descriptive versus exploratory research

Conclusive or formal research can either be exploratory or descriptive (Parasuraman et al., 2004:72). Exploratory research is described by Cooper and Schindler (2007:14) as more than merely a description, and it aims to explain the reasons for the specific situation. Descriptive research, on the other hand, is used to describe the research problem or opportunity in detail (Cant, Gerber-Nel, Nel & Kotze, 2005:33).

Aaker et al. (2007:80) distinguish between descriptive or causal research in the objectives of the research study. Causal research focuses on why – in other words, how one variable produces change in another (Malhotra, 2009:244), while descriptive research is used to describe or define variables of interest in the study (Cooper & Schindler, 2007:15). Descriptive research embraces a large portion of marketing research and attempts to answer questions such as who, what, where, when or how (Churchill et al., 2010: 107). Accuracy is very important in descriptive research and therefore requires accurate observations. Unlike exploratory research, descriptive studies require some prior understanding of the research problem, but conclusive evidence that provides an accurate picture should still be collected (Zikmund & Babin, 2007:42, 43; Cant et al., 2005:88). Information to be collected could include:

- Demographic information which assists the researcher to describe the characteristics of certain groups in a target market.
- Behavioural information which can be used to estimate the number of people in a specific population who behave in a certain way.
- Specific predictions and clear specifications which will be answered with descriptive research when questions such as who, why, when, where and how are addressed.

Descriptive research was appropriate for this study as it attempted to portray an accurate profile of customers and situations (Blumberg, Cooper & Schindler, 2005:10).
Marketing research has to be done in a systematic way to ensure proper planning and implementation thereof have been followed. To facilitate the research process, steps have been introduced to guide researchers. It is important to develop an understanding for the interdependency of each step in the process. This allows for a holistic understanding of the different steps in the research process, as applied to the methodology of this study.

The steps in the research process are depicted in Figure 5.3.
**Figure 5.3: STEPS IN THE RESEARCH PROCESS**

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Source: Adapted from Iacobucci and Churchill (2010:31); Malhotra (2009:60)
5.5 **STEP 1: FORMULATE THE RESEARCH PROBLEM**

Churchill et al. (2010:37) make it clear that the choice of methodology that will be used in the research depends on the research problem and research objectives. It is therefore appropriate to restate the research problem and objectives that guided this study, as stated earlier in Chapter 1.

**Research problem**

More attention is required in the development of a relationship between the elements of internal marketing and the dimensions of brand awareness to include the influence it has on the perceptions of customers and to enhance profitability within the car rental industry in South Africa.

**Primary objective**

The primary research objective of this study was to determine the perceived influence of the different elements of internal marketing on the brand awareness as perceived by selected car rental customers in South Africa.

**Secondary objectives**

The secondary research objectives were:

- To execute a secondary study relating to internal marketing and brand awareness.
- To determine if a relationship exists between the different elements of internal marketing and the brand awareness dimensions of selected car rental companies in South Africa.
- To determine whether there is a difference between the perceived influences of the different elements of internal marketing on the brand awareness of selected car rental companies in South Africa.
- To determine which elements of internal marketing have the largest influence on the brand awareness of selected car rental companies in South Africa.
• To examine and develop an integrated framework for car rental companies that will improve their internal marketing efforts and thereby enhance the brand awareness amongst their customers.

5.6 STEP 2: RESEARCH DESIGN
As mentioned earlier in this section, the research design encompasses factors such as conducting secondary research, generating research data, setting time dimensions and the control of constructs (Kent, 2007:62). The factors as applicable to this study are discussed in the following sections.

5.6.1 Conducting secondary research
Secondary data is information previously gathered for other purposes and not gathered for this particular study. It relates to the usage of books, annual reports, Internet sources and academic journals (Churchill & Brown, 2007:146). As stated by Zikmund and Babin (2007:160), research studies often begin with secondary data due to it being quick, inexpensive and simple to access, as it does not require direct access to respondents or subjects. The researcher made use of various secondary information sources in conducting the theoretical background of the study (refer to Chapters 2 – 4). These resources included the perusal of various academic journals, numerous dissertations and theses, text books, websites and newspapers prior to determining which primary research method will be used.

5.6.2 Conducting primary research
The data gathering or collection process may vary from a relatively simple observation at one specific location to an extensive survey of large corporations in different parts of the world. The method that is selected will largely determine the manner in which the data is collected (Muller, 2011:220; Martins, Loubser & Van Wyk, 2002:89). There are various methods of collecting primary research data, for example, by means of mail-based self-administered questionnaires, telephonic interviews, personal interviews
(face-to-face) and focus groups (Aaker et al., 2007:246-270). For the purpose of this study, primary data was extracted in the form of a questionnaire distributed to the selected sample. In the following section methods of generating research data are discussed.

5.6.3 Generating research data
Zikmund and Babin (2010:25) describe data as facts or recorded measures of certain phenomena. Cooper and Schindler (2007:141) describe two methods of generating data, namely monitoring and interrogation/communication processes. Monitoring includes studies in which the researcher inspects the activities of a subject or the nature of material without attempting to elicit responses from anyone. In using the interrogation or communication technique, the researcher questions the subjects and collects their responses by personal or impersonal means (Jogulu & Pansiri, 2011:687). The gathered data may result from interviews or self-administered instruments sent electronically or by other means (Iacobucci & Churchill, 2010:188). A self-administered questionnaire was used in this study (refer to section 5.7, p268).

5.6.4 Time dimensions
Any research process is linked with a time frame. There are two possible time dimensions that could be used in the research design to conduct the research. These time dimensions are referred to as cross-sectional studies and longitudinal studies. Cross-sectional studies are carried out once and represent a snapshot of one point in time, while longitudinal studies are repeated over an extended period (Churchill et al., 2010:114). As the objectives of this study are to describe a current situation, not to observe trends or changes, a cross-sectional time dimension is appropriate.

In the next section the specific research methods and techniques used in this study are described. The section devotes time to the more concrete levels of the research methodology, which include data collection, sampling and data analysis methods and techniques.
5.7 STEP 3: DATA COLLECTION METHOD AND FORMS

When undertaking a survey in marketing research, the researcher collects information from a group of people to describe their abilities, opinions, attitudes, beliefs and/or knowledge with regard to a particular topic or issue. Generally, the purpose of using survey research in marketing is because it is robust and simple (Antonucci & Goeke, 2011:132).

The questionnaire is the primary research instrument that was used in the study. A questionnaire is a data collection instrument used to gather primary data in survey-based studies. A structured questionnaire consists of well-formulated questions and fixed response alternatives that are directly related to the research objectives (Burns & Burns, 2008:496). The survey approach involves questioning or surveying people and recording their responses for analysis. The great strength of questioning (or conducting a survey) is its versatility. It does not require any visual or other objective perception of the information sought by the researcher. Surveys provide a quick, often inexpensive, efficient, and accurate means of assessing information about a population (Gaiser & Schreiner, 2009:47). Abstract information of all types, opinions, attitudes, intentions and expectations can be gathered by questioning others. Questioning is more efficient and economical than observation (Antonucci & Goeke, 2011:132; Zikmund & Babin, 2010:148).

The largest constraint when using a self-administered questionnaire is a low rate of return (De Loo, Verstegen & Swagerman, 2011:291). The data collection time is also long. To limit the amount of information respondents have to respond to, Russell and Purcell (2009:157) advised that questionnaire items should be categorised and grouped together. The researcher can therefore increase the rate of return by making the completion of the questionnaire worthwhile for the respondent, thus ensuring an acceptable rate of return for the e-mailed and/or faxed questionnaire (Aaker et al., 2007:260). In this study the items relating to a specific construct were grouped together. Items under the internal marketing elements were grouped per element in section 1, and brand awareness items were grouped together in section 2 of the questionnaire as discussed in the following section.
5.7.1 Questionnaire design

In Chapter 1 (refer to section 1.7 and Table 1.1), the conceptual framework that forms the basis of this study was set out. The framework included two concepts, concept 1: management of internal marketing, and its constructs, namely the traditional 4 Ps, services marketing Ps, and recently added Ps; and concept 2: management of brand awareness and its related constructs, namely brand recognition and brand recall. In the following sections an explanation is provided as to how this conceptual framework guided the design and formulation of questions in developing the questionnaire that was used as the measuring instrument of the study. It is important to note that the discussion that follows applies to the final version of the questionnaire. The pilot test and subsequent changes to the original questionnaire are discussed in section 5.7.5.

According to Gaiser and Schreiner (2009:46-48), questionnaires are designed to achieve mainly three goals:

- To maximise the relevance and accuracy of the data collected;
- To maximise the participation and cooperation of the target respondents; and
- To facilitate the collection and analysis of the data.

The literature in this study was used as guideline for the development of the statements in the questionnaire. A structured questionnaire consists of well-developed statements and preset response options that are directly related to the research objectives (Schmidt & Hollensen, 2006:147). The questionnaire developed for this study made use of structured statements, specifically closed-ended, meaning that the respondents had to select their responses from a predetermined collection of responses or scale options (Hair et al., 2009:430). The scaling technique used in the study was the five-point Likert scale, which is described in section 5.7.4.

The questionnaire was formally divided into different sections according to the concepts and constructs, and included statements based on the theoretical framework, as well as
on general demographic information. Therefore the questionnaire was divided into 3 sections:

- Demographics of the customer
- Section 1 – Internal marketing
- Section 2 – Brand awareness

The relationship between the primary research objective, constructs and the items in the questionnaire is summarised in Annexure A.

In the sub-section to follow, a discussion of the abovementioned sections in the questionnaire is provided.

- **Demographic Information**

The purpose of the demographic information was to record information on the respondent. Statements regarding the respondent’s age group, gender and race were included (refer to Annexure E). Questions were asked about the frequency of using a car rental company from the listed airports and equivalent cities; which car rental company they rented from last; which company they used most often; whether respondents travel mainly for leisure or business purposes; and whether their last travel was for leisure or business purposes. The last two questions in this section requested respondents to indicate whether they would choose the same car rental company if they had a choice, and in the event of being business customers, to indicate the size of their business.

- **Section 1: Internal marketing**

Section 1 of the questionnaire consisted of 11 sub-categories totalling 55 statements that were developed based on the internal marketing theory described in Chapter 3. All statements in section 1 displayed an ideal situation and the current situation. The purpose of including the ideal situation was to determine if the current world of reality was also relevant for the ideal situation. If not, the difference in responses might
indicate to car rental companies that there are issues that they have to address to create an ideal situation for customers.

The statements covered the eleven elements of internal marketing, namely the 4 traditional Ps: internal product, internal price, internal promotion and internal distribution; the 3 services Ps: people, internal process and physical evidence; and the 4 recent Ps: personal relationships, packaging, positioning and performance (refer to Annexure E). Each one of the elements contained 5 statements.

The statements are presented below:

**Traditional Ps:**

**Product**

Internal product included statements referring to service delivery, training, motivation and career development.

B1: The employees of the car rental company I use are friendly when serving me
B2: I am serviced by the same employee(s) when I use the company
B3: The employees are knowledgeable about the company's products and services
B4: The employees of the company are passionate about the service they deliver
B5: The employees of the company display sound customer interaction skills

**Price**

Internal price statements referred to risk taking, responsibility, commitment, fear and contribution of employees.

B6: The employees of the company keep their promises to me
B7: The employees of the company take responsibility for the service they deliver
B8: Employees of the company exceed in what is expected of them in serving me
B9: The employees of the company look confident when serving me
B10: Employees of the company contribute positively to company promises made in promotion efforts
Promotion
The internal promotion statements were referring to advertising, personal selling, marketing, commitment, public relations and direct marketing.
B11: The company is extensively advertised
B12: The employees of the company tell me about other or new services they can offer
B13: The promotion message of the company is constant in all promotional material I receive
B14: Employees of the company communicate that my business is important
B15: The company communicates its specials to me in various ways, e.g. letters, Internet, e-mail, wikis, cellphone

Place (Distribution)
Internal distribution (place) included outlets, convenience, speed, methods and channels.
B16: There are vehicles available at the airport when I arrive to collect a car
B17: I receive a vehicle as per the ordered category
B18: I do not have to wait for a vehicle to be cleaned before I can pick it up
B19: The booking experience is efficient when I make online bookings
B20: The booking experience is efficient when I make bookings via the call centre

Services Ps:
People
The statements about people included training, incentives, responsibility, accountability and empowerment of employees.
B21: Employees are trained to deliver service excellence
B22: Employees appear motivated to deliver service excellence
B23: The employees of the company are responsive to customer needs
B24: The employees of the company seem accountable when making a promise to me
B25: Employees of the company can make decisions independently
Process
Statements on the internal process identified process flow, procedure, accessibility, reliability and deliverables of the service.
B26: My experience with the company is satisfactory from the booking until delivery of the vehicle
B27: The employees of the company are certain of the procedures they have to follow
B28: Even if queues are long, I do not have to wait long to get my vehicle
B29: The bill I receive from the company is explained so that I understand it
B30: I believe the company is well managed

Physical evidence
Physical evidence included statements about the environment, spatial density, professionalism, tangibility and peripherals.
B31: The working environment of employees of the company is clean
B32: There are enough employees to provide service to customers
B33: The public area of the company looks professional
B34: The website of the company is updated
B35: The service standard is consistent when I interact with the company

Recent Ps:
Personal relationships
Personal relationships statements referred to collaboration, relationships, trust, adaptability and personal relationships.
B36: Long-term relationships with customers depend on the management’s ability to establish a positive relationship with employees
B37: The company focuses on building relationships with customers
B38: Trust is an integral part of my relationship with the company
B39: The company is trying to act in my best interest
B40: I receive many special offers from the company because I am a regular customer
Packaging
Packaging referred to influence, promotional value and package offered.
B41: The promotional material, i.e. brochures, service delivery by employees, new products influence me to purchase the company's services
B42: The appearance of employees of the company is an important aspect of packaging for the company to create promotional value
B43: The way in which the company presents itself to me creates a certain expectation about its values
B44: The employees of the company are wearing name tags to be identified
B45: A good service by employees is more important than the appearance of employees

Positioning
Positioning statements referred to distinguishing factors, resources, values, culture and goals of the organisation.
B46: The company has distinct value offerings that distinguishes it from competitors
B47: I can identify with the culture displayed by employees
B48: The company has values I can identify with
B49: The company has a unique culture that distinguishes it from competitors
B50: The objectives of the company are clear in the way it portrays itself through its marketing efforts

Performance
Performance identified the type of performance, ethics and measurement.
B51: I regard the company's performance higher than the performance of competitors
B52: The company performs well because of its ethical values
B53: The company keeps up with changes in the market
B54: I am requested to evaluate the performance of the company
B55: The company is good at retaining me as a customer
Section 2: Brand recognition and brand recall

Section 2 of the questionnaire addressed the brand awareness as perceived by respondents (refer to Annexure E). Brand awareness (described in detail in section 4.5) consists of brand recognition and brand recall. To measure the brand awareness, it was broken down into four constructs. The first construct is brand recognition, while brand recall is represented by three constructs that is trustworthiness, overall evaluation and loyalty.

Each construct consisted of five statements, but only referred to the current situation. The reason why the brand awareness constructs did not measure the ideal situation is because recognition and recall are referring to past experiences that created existing brand awareness. Statements specifically referred to whether respondents have heard of car rental company brands, how easy they can recognise the brand, and whether they remember the brand. The assumption was also made that if the ideal situation is achieved in the internal marketing mix elements, the brand awareness would similarly improve.

Brand recognition

Under brand recognition, statements indicating respondents' current recognition of the car rental company's brand were included.

B56: I can recognise the company distinctly
B57: The company brand is visibly displayed
B58: I feel comfortable with the company
B59: The company is well-known because of its service
B60: I can distinguish the company from competitors
Brand Recall

Trustworthiness

Trustworthiness contained statements that referred to trust, reputation, memory, brand value and reliability customers might experience during their encounter with the car rental company.

B61: I trust the brand because of the service I receive
B62: I continue using the company because of its reputation
B63: I have only positive memories of my interactions with the company
B64: I trust the company because it is a known brand
B65: I trust the company because I have not experienced problems with the vehicles I have hired

Overall evaluation

The overall evaluation statements referred to customers’ experience, satisfaction, brand value, the strength of the brand and the reputation thereof.

B66: I evaluate the services of the company according to the experience I have had
B67: I have a clear picture in my mind when I think of the company
B68: The company has a good reputation
B69: The company has a strong brand compared to competitors
B70: I can easily recall a symbol associated with the company

Loyalty

Brand loyalty referred to the loyalty customers feel towards the brand of car, switching costs, reputation and loyalty towards the brand of the car rental company they use.

B71: I am a loyal customer of the company
B72: It is my preferred choice to remain a customer of the company
B73: The brand reputation of the company will influence my decision to continue using the company
B74: I would remain a customer of the company even if I have to pay slightly (5 - 10%) more
B75: The employees of the company are an integral part of my choice of the brand
A survey research design that involves collecting primary data from a particular sample generally has a degree of error due to fluctuations in data (Hair et al., 2009:227). However, the researcher has to minimise the common survey errors by following certain steps, such as to design a measurement instrument that is clear to respondents to comprehend and respond to (Cant et al., 2005:89).

Response errors occur when respondents provide a response to an item or question, but the response is incorrect for some reason (Churchill & Brown, 2007:400). Response errors also occur when respondents do not tell the truth, either intentionally or inadvertently (Iacobucci & Churchill, 2010:329).

Response errors were minimised by constructing Likert-type statements on the questionnaire from related literature, and pretesting the questionnaire to respondents in the population.

Despite precautions, some respondents failed to complete sections of the survey and important decisions had to be made concerning the problem of missing data in preparation for hypotheses testing (Hair et al., 2010:102,103). Due to the sample size being relatively large, all respondents with missing values in the demographic section were removed, resulting in a total number of 555 respondents who were recorded in the descriptive statistics (refer to section 6.3.1, p309).

5.7.2 Distribution of questionnaire
The survey was hosted by the Statistical Consultation Services (SCS) of the University of Johannesburg. The SCS provided a separate link to the questionnaire, which was included in the cover letter sent by e-mail. The cover letter was edited into HTML format and was distributed to respondents to ensure professionalism, effective delivery and anonymity for the respondents.
The e-mail message included an explanation of the process behind submission of responses. The e-mails were not personalised. The majority of the respondents had busy schedules and would not have had time to read lengthy e-mails. The most essential information was therefore placed right at the beginning of the e-mail message. The subject line and introductory sections were formulated to immediately grab respondents' attention. The research study was introduced in the introductory section. The e-mail letter explained the purpose of the study, indicated how the information would be used, and motivated why the individual's participation was important. The letter identified the person undertaking the survey and was aimed at persuading the respondent to complete and return the questionnaire by the specified closing date. A link to the questionnaire was provided, included in the e-mail letter. (See Appendix D for an example of the e-mail message that was sent to respondents). Step-by-step instructions were provided in the questionnaire to facilitate its completion. (See Appendix E for the questionnaire developed).

As discussed in section 5.7.1 survey research might experience some errors. One type of error that can occur is a non-response error. A non-response error refers to a failure to obtain information from the sample (Iacobucci & Churchill, 2010:330). Non-response errors also occur when the results of the respondents who participated in the research vary from what the results would have been if all the respondents originally selected, had participated in the research. Respondents may wish not to participate because they do not have time or because they are just not interested (Churchill & Brown, 2007:397; Cant et al., 2005:91).

Non-response errors in this study occurred because the e-mail addresses of some respondents were not correct. Another reason could be that due to the corporate firewalls the e-mail was sent directly to their spam folder or due to the system not permitting the e-mail to go through at all. Furthermore, the researcher received some “out of office” messages from respondents who were out of the office for a long period and therefore missed the deadline of responding. The results are reported in section 6.3.1 of the study.
5.7.3 Levels of measurement

Measurement in research consists of assigning numbers to empirical events in compliance with a set of rules (Malhotra, 2009:274; Cooper & Schindler, 2007:209). In other words, by assigning numbers to variables, people can observe what is otherwise invisible. The levels of measurement reflect the correspondence numbers assigned to the observations in question and the meaningfulness of performing mathematical operations on the numbers assigned. There are four levels of measurement, namely nominal, ordinal, interval and ratio (Malhotra, 2009:274, 275). One can distinguish between these levels according to four characteristics, namely classification, order, distance and origin (Eiselen, Uys & Potgieter, 2010:27; Cooper & Schindler, 2007:209-210).

- A nominal scale is a figurative labelling scheme in which the numbers serve only as labels or tags for identifying or classifying objects, such as classifying the respondent as a male or female.
- An ordinal scale is a ranking scale in which numbers are assigned to objects to indicate the relative extent to which the objects possess certain characteristics.
- On an interval scale, numerically equal distances on the scale represent equal values in the characteristic being measured.
- A ratio scale possesses all the properties of the nominal, ordinal and interval scales, and in addition, an absolute zero point.

This study used nominal and interval scales. Items in the demographics of respondents were measured by the nominal scale and included items like item identifying each respondent's gender. The interval scale was used in sections 1 and 2 for items 1 – 75, specifically the Likert scale. Scaling is considered an extension of measurement and will be discussed next.
5.7.4 Scaling techniques

According to Cooper and Schindler (2007:234), there are three types of measurement scales, namely rating, ranking and categorisation scales. In itemised rating scales, respondents are provided with a scale that has a number of brief descriptions associated with each category. The Likert scale, which is an example of itemised rating scales, was employed in this study. As a general rule, researchers should use the scaling technique that would yield the highest level of information feasible in a given situation and permit using the greatest variety of statistical analysis. Likert scales are mainly used to measure attitudes, and since this study aimed to measure the attitudes (or opinions) of the customers of selected car rental companies, the main part of the questionnaire consisted of Likert scales. The Likert scale is a widely-used rating scale that requires the respondents to indicate a degree of agreement or disagreement with each of a series of statements about the objects (Hair et al., 2009:287). Each scale item has five response categories, ranging from 1 = “strongly disagree” to 5 = “strongly agree” as perceived in the current situation (Antonucci & Goeke, 2011:133). A further scale indicated the ideal situation, which varies from “not important” to “extremely important”, referring to a level of importance (Vagias, 2006:1). The ideal situation was only tested for scale items related to the eleven elements of the internal marketing mix, since the recognition and recall of the car rental brand refer to a current or past experience of the brand. Each response was given a numerical score to reflect its degree of favourable attitude, and the scores may be totalled to measure the respondent’s opinion or attitude (Hair et al., 2009:287). The Likert scale was used here because it has several advantages. Likert scales assist researchers to compare one respondent’s scores with the distribution of scores from a well-defined group; it is easy to construct and administer, and respondents readily understand how to use the scale (Blumberg et al., 2005:374). The main disadvantage of the Likert scale is that it takes long to complete because respondents have to read each statement.
5.7.5 Pilot test

A pilot test of the questionnaire is conducted to detect weaknesses in research design and instrumentation (Russell & Purcell, 2009:130). An important purpose of the pilot test is to discover the respondents' reactions to questions and it also helps to discover repetitiveness or redundancy (Burns & Burns, 2008:508). The principle idea of a pilot test is to determine whether respondents have any difficulty in understanding the questionnaire and whether the wording, as well as the instructions provided is clear (Zikmund & Babin, 2007:377). The objective of the pilot test in this study was to test the measuring instrument and ascertain whether the questionnaire items reflected the underlying constructs as depicted in the conceptual framework.

A pilot test was conducted among twelve customers, four from each car rental company group, namely Avis, First Car Rental and Hertz. The e-mail addresses of these customers were supplied by the car rental companies. The questionnaire was e-mailed to them and their responses and comments were included in the final design of the measurement instrument. The customers who participated in the pilot study were not included in the final sample.

After the pilot study, duplicate questions were deleted and unclear statements were rephrased to improve understanding, for example:

"I do not care about the appearance of employees as long as they provide excellent services" was changed to "A good service by employees is more important than the appearance of employees";

"The company has predetermined goals that determine the way in which it positions itself in the market through its marketing plan" was changed to "The objectives of the company are clear in the way it portrays itself through its marketing efforts"; and

"The service I receive from employees of the company allows me to trust the brand" was changed to "I trust the brand because of the service I receive".
The next step in the research methodology is the selection of a population and sample as described in the following section.

5.8 STEP 4: POPULATION AND SAMPLE SELECTION

The basic idea of sampling is to identify the target population, sampling frame and the unit of analysis, as well as the appropriate sampling technique(s). In Figure 5.4, the target population, sample units and sample size are displayed.
5.8.1 Target population

The target population is described as the totality of cases that conform to some designated specifications (Iacobucci & Churchill, 2010:283). In this study the target population is represented by car rental companies in South Africa.

The sampling frame is closely related to the population. The sampling frame is the list of elements from which the sample is actually drawn (Parasuraman et al., 2004:356).
Although the sampling frame should ideally include all members of the target population, it is not always practically possible. Many researchers find it difficult to acquire sampling frames for their research due to the lack of available information and/or errors on available lists. Furthermore, the description of a sampling frame does not have to enumerate all population members. It might be sufficient to specify the procedure by which each sampling unit can be located (Aaker et al., 2007:382). This study has relevance, since the population of customers of car rental companies in South Africa is undefined, meaning that the complete population of car rental companies could not be established for this study. Therefore, for the purpose of this study, the sampling frame mirrors the population from which the samples were selected. Car rental companies were not prepared to make lists of customers available due to the protection of customer information in their possession as promised to customers. However, as an exception, the car rental companies made random e-mail addresses of between 10 and 20 percent of their customers available.

5.8.2 Unit of analysis and sampling elements

The unit of analysis is the person or object from whom the researcher collects data (Parasuraman et al., 2004:356). Such data can only describe the specific unit from which data is collected, but when combined with similar data collected from a group of similar units, provides an accurate picture of the group to which that unit belongs (Kent, 2007:229). Units of analysis fall into broad categories such as individuals, groups, organisations, time periods and social artefacts. Kent (2007:229) further observes that in some cases the unit of analysis and data source are identical, while they differ in other cases. One way to distinguish between the two is to remember that the unit of analysis is that to which a researcher’s conclusions ought to apply, while the data source is that which has to be explored or investigated in order to gather information about the unit of analysis. In this study the unit of analysis and data source were identical, namely the customers of Avis, First Car Rental and Hertz over a period of three months, November 2010 until January 2011.
The sampling elements included Avis, First Car Rental and Hertz customers at OR Tambo, Cape Town, Durban, Bloemfontein, Port Elizabeth, East London, George, Nelspruit, Kimberley and Lanseria airports, as well as branches in Johannesburg, Cape Town, Durban, Bloemfontein, Port Elizabeth, East London, George, Nelspruit and Kimberley. These airports and related city branches were selected since they are the major airports per province in South Africa.

Avis, First Car Rental and Hertz comprise a fair representation of the car rental companies in South Africa due to all three companies having more than 30 branches and fleets in excess of 6 000, and combined they have a market share of more than 55%. It was therefore believed that they were a fair representation of the car rental industry in South Africa. They are also seen to represent a large (Avis), medium, (First Car Rental) and small (Hertz) car rental company.

In most research studies investigating internal marketing, employees of the selected organisations are part of the sampling unit. However, since the research aim of this study was to determine the influence on brand awareness perceived by customers, the focus was on how customers experience brand awareness. The behaviour, attitude and service delivery experienced by customers in dealing with employees were due to the internal marketing efforts and programmes offered by the organisation, which resulted in contributing to the brand awareness experienced by customers. Therefore, only customers were selected for the sampling elements.

5.8.3 Sampling technique

Sampling, according to Malhotra (2009:402) is described as a rigorous procedure of selecting units of analysis from a larger population. There are several reasons why samples are drawn, rather than to investigate the whole population (Zikmund & Babin, 2010:302). These reasons include lower cost of the research, greater accuracy of results, greater speed of data collection and availability of population elements.
Sampling techniques can be divided into two broad categories, namely probability and non-probability samples. Non-probability samples rely on personal judgement somewhere in the element-selection process and therefore prohibit estimating the probability that any given population element is included in the sample (Churchill et al., 2010:333). Probability samples are distinguished by the fact that each population element has a known, non-zero chance of being included in the sample. In most cases, in order to obtain a representative sample, probability sampling is preferred. Probability sampling has several advantages, as it permits the researcher to demonstrate the sample's representativeness; it allows an explicit statement as to how much variation is introduced, because a sample is used instead of a census of the population, and it makes possible the most explicit identification of possible biases (Aaker et al., 2011:342).

Stratified sampling is one of the probability sampling techniques and is the technique used in this study. In simple random sampling, a random sample is taken from the sampling frame representing the population. Often, some information about subgroups within the sample frame can be used to improve the efficiency of sampling. In this regard, stratified sampling improves the sampling efficiency by increasing the accuracy at a faster rate than the cost increase (Russell & Purcell, 2009:175). The subgroups are called strata and in the process of selecting a sample, a simple random sample is drawn independently from each stratum. It is often true of many populations in marketing that a small subset accounts for a large portion of the behaviour of interest, the well-known 80-20 rule, where 20% of the customers' account for 80% of the purchase. This is very relevant in the case of car rental, because regular customers use the company a number of times during the time of observation.

There are two types of stratified sampling, namely proportionate stratified sampling and disproportionate stratified sampling. Disproportionate stratified sampling is used when one group is known to be more heterogeneous in the population. With a proportionate stratified sample, the number of observations in the sample is in proportion to the relative number in the population. A stratum containing one fifth of all the population
elements would account for one fifth of the total sample observations. Directly proportionate stratified sampling was used in the study, as the goal was to draw a probabilistic sample from a population to describe the population's characteristics, or parameters, based on statistics calculated from the sample (Iacobucci & Churchill, 2010:303). In Table 5.1 the drawn sample is displayed.

**Table 5.1: Direct proportionate stratified sample**

<table>
<thead>
<tr>
<th>Car rental company</th>
<th>Number of customers over a period of 3 months</th>
<th>20% of customers over 3-month period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avis</td>
<td>18 000</td>
<td>3 600</td>
</tr>
<tr>
<td>First Car Rental</td>
<td>9 500</td>
<td>1 500</td>
</tr>
<tr>
<td>Hertz</td>
<td>2 500</td>
<td>500</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>30 000</strong></td>
<td><strong>5 600</strong></td>
</tr>
</tbody>
</table>

**5.8.4 Sample size**

The size of the sample determines the statistical precision of the findings. The size of the sample is a function of change in the population parameters under study and the estimation of the quality that is needed by the researcher (Russell & Purcell, 2009:174). Generally, larger samples result in more precise statistical findings (Burns & Burns, 2008:181). If the sample size is too small, the study might not reach a valid conclusion. However, as argued by Schmidt and Hollensen (2006:168), if the sample size is too large, more time and money will be spent than is necessary, and the result obtained from the large sample might not be more accurate than that from a smaller sample. The sample size in certain statistical analysis should not be too large, as it will compromise the effectiveness of the analysis due to its complexity (Schmidt & Hollensen, 2006:168). This would apply in structural equation modelling and confirmatory factor analysis.

Since structural equation modelling and confirmatory factor analysis would be used in the study, generally, the minimum sample should be at least five times as many
observations as the number of constructs analysed. The more acceptable sample size would be ten times the number of constructs analysed (Hair et al., 2010:102). The measurement instrument in the study contained 75 constructs to be analysed, therefore the minimum required sample would be 375, and the maximum 750. A total number of 581 responses were received, which provided for a good sample.

5.8.5 Sampling errors
A sample error is described as the statistically measured difference between the actual sample results and the true population results (Hair et al., 2006:224). In this study, a sample of 5 600 respondents, selected according to strata, was used to minimise sampling error.

5.9 STEP 5: DATA ANALYSIS
As stated by Zikmund and Babin (2007:68), data analysis is the application of interpretation to comprehend the data that has been gathered. In its most basic structure, analysis may involve determining constant patterns and summarising the significant details exposed in the study. Once data collection has been completed, the emphasis of the research process shifts to the analysis of the data collected.

SPSS and Mplus are the computer programmes used to perform the data analysis. Mplus is a software programme that was designed for random effects models which can be represented as a SEM. One of its key features is the distinction between latent and manifest variables (Lee, 2007:14). Manifest variables are those that can be measured directly and include all data records of measurements from observed data. Very often, researchers have to work with latent variables that cannot be directly measured by a single manifest variable (Allison, 2009:88). It is in this regard that the SEM was appropriate, as well as for testing the hypothesised framework. In the next sections more detailed descriptions of the statistical analysis are described.
5.9.1 Statistical analysis

Descriptive statistics and inferential statistics were included in the statistical analysis procedure. Each of these procedures followed is discussed in the subsequent sections.

5.9.2 Descriptive statistics

Descriptive statistics describe or summarise the characteristics of the data set. Inferential statistics are used to test hypotheses and make inferences about a sample to a larger population (Kerr, Hall & Kozub, 2009:6). The descriptive statistics as discussed in Chapter 6 (refer to section 6.3.1, p309) include the frequency and percentage of age group, gender, race, frequency of renting a car at airports and cities, the car rental company last rented from, the car rental company most often used, whether travelling as leisure or business customer, as which customer the respondent travelled most recently, should the respondent have a choice, would the same company be used, and finally the size of the respondent's company in the case of business customers.

Although SEM was the main analysis technique used in this study, SPSS was used to perform the descriptive statistics, specifically frequency distributions. In a frequency distribution, one variable is considered at a time. The objective is to obtain a count of the number of responses associated with different values of the variable. A frequency distribution for a variable produces a Table of frequency counts, percentages and cumulative percentages for all the values associated with that variable (Malhotra, 2009:504). The most commonly used statistics associated with frequencies are the mean and standard deviation (Kerr et al., 2009:6). The mean basically comprises the calculated average of each question and it is a common measure of central tendency (Zikmund & Babin, 2007:432). The measure of central tendency is used to report a single piece of information that describes the most common response to a question. It basically indicates the most frequent response given to a question (Green and Salkind, 2008:147). A five-point Likert scale was used in this study and therefore the mean would be the most common of the response ranging from “strongly disagree” to
"strongly agree". The mean is often used as a reference point as it is based on all observations (Churchill et al., 2010:327). Mean scores were included for the airports and cities most often used for car rented services.

The purpose of descriptive statistics is to summarise the sample data in a manner to simplify interpretation and presentation of the results (Zikmund, 2003:473). Descriptive statistics were performed on samples of car rental customers, as well as for the factors in the proposed framework.

Research that is regarded as accurate and that can be used by marketers in decision-making has to be valid, reliable and generalisable. The reliability of the measuring instrument is discussed in the following section.

5.9.3 Reliability
Reliability refers to the ability of a research instrument to obtain consistent results for the same construct across time, across different evaluators or across items forming the measuring instrument (Churchill et al., 2010:279). Reliability is a sign of a research instrument's internal consistency (Iacobucci & Churchill, 2010:258).

The internal consistency reliability of measuring instruments is evaluated by using Cronbach alpha (α) coefficients and was used in this study. The Cronbach alpha index is indicative of the extent to which all items in the measuring instrument are measuring the same characteristic, and that the set of variables is consistent within what it is intended to measure (Iacobucci & Churchill, 2010:259). Cronbach alpha values of 0.8 or higher are considered as high reliability; those between 0.70 and 0.80 are regarded as having good reliability; values between 0.60 and 0.70 are fair; and coefficients lower than 0.60 are questionable. As stated in section 5.9.4 the CFA within SEM allows automatic correction of possible errors that ensured reliability of the measuring instrument (Hair et al., 2010:708). The Cronbach alpha estimates are outlined in Chapter 6.
As mentioned in section 1.9.4 generalisability of the findings was also considered. Cooper and Schindler (2007:284) described generalisability as the extent to which the study's results can apply to situations beyond those of the particular study. It is thus the ability to generalise the findings of the study to other groups in the target population which are being studied (Rootman, 2011:271). Since Avis, First Car Rental and Hertz represent more than 55% of the car rental industry in South Africa (refer to section 1.9.3, p28), the findings of this study can be generalised for the car rental population in South Africa.

A critical part in SEM is confirmatory factor analysis (CFA). The CFA process allows relationships between constructs to be automatically corrected for the amount of error variance that might exist in the construct measures (Hair et al., 2010:708). CFA and the goodness-of-fit indices of the SEM are suitable to address the objectives of the study, namely to determine if a relationship exists between the different elements of internal marketing and the brand awareness dimensions; to determine whether there is a difference between the perceived influences of the different elements of internal marketing on the brand awareness; and to determine which elements of internal marketing have the largest influence on the brand awareness of selected car rental companies in South Africa. In the following section, CFA is explained in more detail.

5.9.4 Confirmatory factor analysis

Factor analysis is a statistical method of analysis aimed at reaching a meaningful interpretation of the ways in which a set of variables is related. It is a technique that statistically identifies a reduced number of factors from a larger number of measured variables. The factors themselves are not measured, but instead they are identified by forming a variate using the measured variables (Zikmund & Babin, 2010:629). As stated by Field (2009:628), factor analysis has three main uses:
• To comprehend the structure of a set of variables;
• To create a questionnaire to measure the principal variable;
• To reduce a data set to a more manageable size, while maintaining as much of the original information as possible.

Correlation coefficients are converted into factor loadings or weights that are attached to factors showing commonality. Therefore, factor analysis is concerned with the discovery and description of a reduced structure in complex patterns of relations (Field, 2009:628). Lee (2007:13) distinguishes between exploratory factor analysis and confirmatory factor analysis (CFA). In explorative factor analysis the correlation coefficient matrix with the loadings or weights is analysed and resultant descriptive statistics are calculated. In this study, explorative factor analysis was generally performed and with SPSS, descriptive statistics on the demographics of respondents were produced as discussed in section 5.7.1.

CFA allows the researcher to assess the contribution of each scale item, as well as incorporate how well the scale measures the construct (reliability). The scales are integrated into the estimation of the relationships between exogenous and endogenous variables or constructs in the structural model (Hair et al., 2010:20). From the literature, the researcher had already identified constructs that would be grouped to a latent variable (factor) of interest, and CFA was used to establish if the identified constructs loaded on the prior selected number of constructs as predicted. However, for CFA to be used successfully, researchers have to hypothesise the number of constructs in the conceptual framework and usually, also hypothesise about which constructs should load onto which factors before CFA is performed (Lee, 2007:18). In consideration of the above discussion, it is evident that CFA is a tool enabling researchers to either confirm or reject theoretical predictions.

In this study, secondary resources provided a base from which items in the questionnaire were selected and grouped together into eleven independent variables (constructs) and four dependent variables (constructs). In the CFA process the items
were loaded onto the preselected constructs to determine if the loadings of the measured constructs conform to what is expected based on the literature overview, suggesting that the eleven internal marketing mix elements might influence the perceived brand awareness of car rental companies' customers.

Once the factor loadings have been completed, they need to be interpreted. Hair et al. (2010:705) suggested that in CFA, standardised factor loadings and correlations should be inside the range of +1.0 to -1.0. Loadings of 0.50 or greater are considered as practically significant. The CFA reliability and validity results of the SEM framework are presented in Chapter 6 (refer to sections 6.4, p327 onwards).

5.9.5 Structural Equation Modelling for model fit
The framework to be tested and analysed in this study included independent (exogenous) and dependent (endogenous) variables. A dependent variable is presumed to be affected, responded to, a change in the independent variable (Hair et al., 2010:2). In other words, the dependent variable is the variable of primary interest to the researcher, and the independent variable is the variable that presumably causes an effect on the dependent variable (Hair et al., 2010:2). As described in section 1.7, this study’s conceptual framework included eleven independent or latent variables (constructs) and four dependent variables or constructs. Due to the complexity of the hypothesised framework in the study, the researcher made the decision that structural equation modelling (SEM) would be suitable for the data analysis (refer to sections 1.9.5, p31 and 5.9, p288).

As discussed in section 1.9.5, SEM was the most appropriate statistical technique to use for the study's empirical investigation. SEM is a multivariate statistical technique for building and testing statistical models (Rootman, 2011:261; Tsai & Tang, 2008:1120, 1121). SEM is a statistical technique that explores the plausibility of behavioural and other models that are implied by empirical designs. SEM analysis requires logical reasoning, application of path diagrams that demonstrate assumed relationships.
between variables, and calculation of structural equations consisting of constants, regression weights, intercorrelations, error measurement and latent variables that assess the plausibility of a particular model. SEM analysis produces goodness-of-fit statistics that test the plausibility of models (Lee, 2007:1, 2).

Hair et al. (2010:19) described SEM as a multivariate statistical technique that allows separate relationships for each of a set of dependent variables. SEM provides the appropriate and most efficient estimation technique for a series of separate multiple regression equations estimated simultaneously (Lee, 2007:2). It is characterised by two basic components, i.e. the structural or path model, which relates independently to dependent variables; and the measurement model or confirmatory factor analysis, which enables the researcher to use several variables for a single independent or dependent variable (Muthen, Muthen & Sengt, 2010:51). In path diagrams, the directly observed (manifest) variables are enclosed by rectangles, while latent variables are enclosed by circles or ellipses. A straight, single-headed arrow denotes a direct causal effect of one variable on another, while a curved double-headed arrow denotes a bivariate correlation between two exogenous (independent) variables. Endogenous variables are variables that are dependent in at least one equation. Exogenous variables are those that are not dependent variables in any equation (Allison, 2009:88). The endogenous variables in this study are the brand awareness constructs, namely brand recognition, trustworthiness, overall evaluation and loyalty. The exogenous variables are the eleven internal marketing elements, namely product, price, promotion, place, people, process, physical evidence, personal relationships, packaging, positioning and performance.

SEM was conducted to determine the goodness-of-fit of the proposed framework in this study. The SEM is used to examine a series of interrelated dependence relationships simultaneously, and was therefore applied to test and estimate the relationships between the exogenous and endogenous variables. Evaluation of the goodness-of-fit was done by using the Chi-square test, the Root Mean Square Error of Approximation (RMSEA), the Chi-square test of model fit (CFI/TLI) and Standardised Root Mean
Square Residual (SRMR). After the initial results, constructs were removed to improve the goodness-of-fit (refer to section 6.4, p327 for results).

Generally, SEM requires a confirmatory, i.e. a hypothesis-testing approach to the analysis of a structural theory bearing on some phenomenon (Byrne, 2006:3). All tests of SEM require sets of parameters which test a logical order that increases restrictions in every step and in doing so, improves goodness-of-fit. Several aspects of SEM distinguish it from older generations of multivariate procedures (Byrne, 2006:3, 4):

- Firstly, it takes a confirmatory rather than an explanatory approach to data analysis. By demanding that the pattern of intervariable relations be specific, SEM lends itself well to the analysis of data for inferential purposes.
- Secondly, although traditional multivariate procedures are either assessing or correcting measurement error, SEM provides precise estimates of these error variance parameters.
- Thirdly, SEM procedures can incorporate both unobserved (latent) and observed (manifest) variables.

To test the measurement model (framework), the researcher can assess the contribution of each scale item and incorporate how well the scale measures the concept (reliability) in CFA. The scales are then integrated into the estimation of the relationships between exogenous (independent) variables (eleven internal marketing mix elements) and endogenous or dependent (brand awareness constructs) variables in the structural model (Hair et al., 2010:20). Therefore, in contrast to other multivariate techniques, SEM allows the researcher both to assess measurement properties, and to test for key theoretical relationships with one technique (Hair et al., 2006:706).

Hair et al. (2010:664) stated that goodness-of-fit indicates the consistency of variances and covariances in the data with the structural model specified by the researcher (Rootman, 2011:262). Therefore, once a specified model is estimated, model fit
compares the theory to reality by assessing the similarity of the estimated covariance theory to reality (Hair et al., 2006:734).

Although there is no fixed rule that has to be followed in a goodness-to-fit model, for the sample size such as in this study, using three to four indices should provide adequate evidence of model fit (Hair et al., 2010:672). Table 5.2 presents the indices used to measure the model fit in the SEM process for the study.

Table 5.2: Indices of model fit for SEM

<table>
<thead>
<tr>
<th>INDEX</th>
<th>ACCEPTABLE FIT</th>
<th>GOODNESS-OF-FIT TEST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normed Chi-square ($x^2$/df)</td>
<td>$(x^2$/df) $\leq$ 3</td>
<td>Basic fit measure</td>
</tr>
<tr>
<td>Root mean square error of approximation (RMSEA)</td>
<td>RMSEA $&lt;$ 0.07</td>
<td>Absolute fit index</td>
</tr>
<tr>
<td>Comparative fit index (CFI)</td>
<td>CFI $&gt;$ 0.9</td>
<td>Incremental fit index</td>
</tr>
<tr>
<td>Tucker-Lewis index (TLI)</td>
<td>TLI $&gt;$ 0.9</td>
<td>Incremental fit index</td>
</tr>
<tr>
<td>Standardised Root Mean Square Residual (SRMR)</td>
<td>SRMR $\leq$ 0.05</td>
<td>Absolute fit index</td>
</tr>
</tbody>
</table>

As stated by Hair et al. (2006:732), an acceptable level of fit according to the required values of the indices only confirms that the proposed framework is one of several possible acceptable models. Figure 1.2 displays the framework and hypotheses that were tested in this study. First the measurement model was tested using confirmatory factor analysis (CFA) to test validity and reliability of the measuring instrument, and thereafter the structural model was tested with SEM. Since the purpose of SEM is to reduce scale items and to improve goodness-of-fit, certain scale items and constructs were removed to improve the goodness-of-fit of the model, as well as to propose a suitable model as a recommendation to car rental companies, which addresses
objective 5 of the study. The SEM results for goodness-of-fit of the researcher's framework (measurement model) are discussed in Chapter 6 (refer to sections 6.4, p327 onwards).

5.9.6 Validity of the measuring instrument

Evaluation of the measuring instrument’s validity is very important when using SEM, since SEM entails a confirmatory approach (Kline, 2005:24). In essence, validity is the degree to which the research measures what it proposed to measure (Aaker et al., 2007:295). Validity is described by Zikmund and Babin (2007:323) as the precision of a measure or the degree to which a research instrument honestly characterises a concept. Construct validity basically considers how well ideas and theories are transformed into real measures or statements (Shao, 2002:247). As stated by Hair et al., (2010:708), the measuring instrument’s construct validity can be confirmed by considering its face or content validity, its convergent, discriminant and nomological validity.

Face or content validity refers to the measurement of constructs that adequately cover the most important aspects of the constructs (Churchill et al., 2010:260). Hair et al. (2010:125), described content validity, also called face validity, as the assessment of the correspondence of the variables to be included in a summated scale and its conceptual definition. Content validity can never be guaranteed, because it is partly a matter of judgement. However, a systematic process can be followed in developing the items to be measured. A systematic process usually commences with a review of any relevant literature to determine how other researchers have measured the concept in the past. Another option is to discuss the items with experts in the field applicable to the study (Churchill et al., 2010:260). In this study, the researcher developed the measurement instrument based on the comprehensively researched theoretical chapters and perused, and discussed the applicability to the study with the two mentor researchers. This, together with the pilot study, ensured the questionnaire was altered and corrected to be relevant and applicable to the objectives of the study.
Convergent validity assesses the ability of the items of the same construct to correlate when measured by two measurements (Shao, 2002:248). In other words, the items that are indicators of a specific variable should converge (Hair et al., 2010:709). Discriminant validity refers to the extent to which a construct is truly distinct from other constructs. In addition to distinctiveness between constructs, discriminant validity also implies that individually measured items should represent only one latent construct. A rigorous test for discriminant validity is where the average variance extracted values for any two constructs are compared with the square of the correlation estimate between the two constructs (Hair et al., 2010:710). Nomological validity evaluates whether the correlations among the constructs in a measurement theory are accurate and relevant (Hair et al., 2006:136). For the purpose of this study, construct validity of the measuring instrument was measured by the goodness-of-fit within SEM.

5.9.7 Comparisons between the current situation and ideal situation

The measuring instrument included the current perceptions of customers of car rental companies, as well as an ideal situation for the exogenous latent variables, being the eleven internal marketing elements.

Vandenberg and Lance (2000:9) stated that the demonstration of measurement equivalence is a logical prerequisite to the evaluation of substantive hypotheses regarding group differences, irrespective of whether the comparison is purely testing mean differences between groups, or whether it is complex, for example testing whether a theoretical structural model is invariant across groups.

In order to determine which of the latent variables are perceived as important by customers, as indicated by the ideal situation, equivalent models within SEM were used to compare the relevance of the current and ideal situations. Equivalent models are described as SEM models that involve the same observed covariance matrix with the same fit and degrees of freedom (nested models), but that differ in one or more paths.
The number of equivalent models expands quickly as model complexity increases and demonstrates alternative explanations that fit equally well as the proposed model (Hair et al., 2010:631; Iacobucci & Churchill, 2010:259).

In measuring equivalence, certain steps have to be followed. These steps include:

- **Step 1:** An omnibus test of equality of covariance matrices across groups (measurement invariance)
- **Step 2:** Configural (factor structures) invariance
- **Step 3:** Structural or functional invariance
- **Step 4:** Confirmation of functional invariance by applying factor loading and path coefficients.

In multigroup confirmatory factor analysis, when parameters are constrained they are forced to be equal across groups and are therefore considered invariant, stable or equivalent across groups (Kline, 2005:225). The constraints were imposed on the sequence as proposed by Vandenberg and Lance (2000:11, 12), starting with equality of the number of factors, followed by the equality of factor variances and factor covariances, and concluding with equality of factor loadings. The change in the Chi-square with each constraint dictated provides an indication of the extent to which the constraints could be considered reasonable for the groups. A statistically non-significant change will indicate an equal factor variance for the current and ideal situations.

### 5.10 HYPOTHESES TESTING

Although the goodness-of-fit statistics provide an indication, they do not prove that a given model is the only correct structure. These statistics are also insufficient to support a proposed structural theory. A structural model is considered acceptable only when it demonstrates acceptable goodness-of-fit, and the path estimates representing each of the hypotheses are significant and in the predicted direction (Hair et al., 2010:677). Therefore, to be able to test the hypotheses of this study, the estimated parameters that
were obtained from the SEM process have to be examined as well. Estimated parameters of 0.5 or higher are regarded as good parameters and can be used with other parameters to accept or reject a hypothesis (Hair et al., 2010:677).

Variability observed in the data can also be computed, while the coefficient of determination, $R^2$, determines the percentage of the variation in the manifest variables (endogenous constructs, i.e. recognition, trustworthiness, overall evaluation and loyalty) that can be explained by variations in the latent variables (exogenous, i.e. product, price, promotion, distribution, people, process, physical evidence, personal relationships, packaging, positioning and performance). According to Hair et al. (2010:677) this coefficient can vary between 0 and 1.

In summary, the following measures within SEM were used to reject or accept the hypotheses in this study:

- Goodness-of-fit
- Path estimates
- Estimated parameters
- Variation in variables

Chapter 6, section 6.8 provides details on the results and conclusions of whether the researcher should reject or accept the hypotheses presented in section 1.6.

5.11 CONCLUSION

This chapter introduced the empirical component of the study. It has provided a description of the research strategy, design and methodology used to obtain results. The researcher conversed the core of the study, focused on the research design, the data collection and sampling procedures. The measuring instrument and data analysis were also highlighted.
The discussion on the validity of the measuring instrument received special attention to provide an explanation on how the researcher ensured that the measuring instrument was valid and reliable. The research design is viewed as solid, and from the chapter it is evident that the most suitable data analysis methods were selected for the empirical investigation. In Chapter 6 the results of the empirical study are discussed.
CHAPTER 6
EMPIRICAL RESULTS

6.1 INTRODUCTION

In this chapter the empirical evidence and interpretation of the research findings constitute the focal point. Each result is structured according to the research objectives described in chapter 1. The presentation of evidence and the interpretation in relation to each objective were based on the theory as described in Chapters 2 to 4. In order to report accurately on the findings from the empirical investigation, this chapter outlines an evaluation of the conceptual model depicted in Chapter 1 (refer to figure 1.2, p13).

Firstly, a brief summary of the objectives of the study and the conceptual framework to be tested are presented again for ease of reference. Thereafter, a detailed report on the empirical results is provided. Descriptive statistics outline the demographic characteristics of the sample, including cross-tabulations. The reliability, confirmatory factor analysis and validity of the measuring instrument are also reported, followed by the structural equation modelling goodness-of-fit results. The relationships between the exogenous and endogenous variables are assessed by means of hypotheses testing. Lastly, the chapter concludes with a comparison of the current and ideal situation as perceived by customers of Avis, First Car Rental and Hertz.

6.2 SUMMARY OF RESEARCH OBJECTIVES AND HYPOTHESES

In section 1.4 the primary and secondary objectives of the study were identified. The primary objective was to determine the perceived influence of the different elements of internal marketing on the brand awareness as perceived by selected car rental customers in South Africa. The first secondary objective, namely to execute a secondary study relating to internal marketing and brand awareness, was addressed in Chapters 2 to 4, discussing information obtained from secondary sources, such as articles in peer reviewed journals, books and previous research studies. The second,
third and fourth secondary objectives, were respectively to determine if a relationship exists between the different elements of internal marketing and the brand awareness dimensions of selected car rental companies in South Africa; to determine whether there is a difference between the perceived influences of the different elements of internal marketing on brand awareness of selected car rental companies in South Africa; and to determine which elements of internal marketing have the largest influence on brand awareness of selected car rental companies in South Africa, and they were tested by the SEM. The last secondary objective, namely to examine and develop an integrated framework for car rental companies that will improve their internal marketing efforts and thereby enhance their brand awareness amongst their customers, was addressed by the final SEM model and recommendations highlighted in Chapter 7.

The research objectives indicate the probable influence of the eleven internal marketing mix elements on the brand awareness and relationships between the internal marketing mix elements and brand awareness. Therefore, because of the research objectives, these relationships were formulated in hypotheses that were tested among customers. The null hypotheses stated that no relationships exist between the identified variables. In Figure 1.2 the hypotheses were depicted and described, and they were reproduced in Figure 6.1.
The hypotheses, previously given in Chapter 1, are highlighted below in Table 6.1 for ease of reference.
### Table 6.1: Objectives and formulated hypotheses

<table>
<thead>
<tr>
<th>Nr</th>
<th>OBJECTIVE</th>
<th>HYPOTHESIS</th>
<th>NULL HYPOTHESIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To determine if a relationship exists between the different elements of internal marketing and the brand awareness dimensions of selected car rental companies in South Africa.</td>
<td>H (1a) A relationship between the traditional internal marketing elements (product, price, promotion and distribution (place)) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) is evident in the selected car rental companies in South Africa.</td>
<td>A relationship between the traditional internal marketing elements (product, price, promotion and distribution (place)) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) is not evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>2</td>
<td>To determine whether there is a difference between the perceived influences of the different elements of internal marketing on brand awareness of selected car rental companies in South Africa.</td>
<td>H (2a) There is a difference in the influences of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.</td>
<td>There is no difference in the influences of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>3</td>
<td>To determine whether there is a difference between the perceived influences of the different elements of internal marketing on brand awareness of selected car rental companies in South Africa.</td>
<td>H (3a) The influence of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa is positive.</td>
<td>The influence of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa is not positive.</td>
</tr>
<tr>
<td>4</td>
<td>To determine which elements of internal marketing have the largest influence on brand awareness of selected car rental companies in South Africa.</td>
<td>H (4a) There is a difference between the level of influence of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).</td>
<td>There is no difference between the level of influence of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).</td>
</tr>
<tr>
<td>Nr</td>
<td>OBJECTIVE</td>
<td>HYPOTHESIS</td>
<td>NULL HYPOTHESIS</td>
</tr>
<tr>
<td>----</td>
<td>---------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1</td>
<td>To determine if a relationship exists between the different elements of internal marketing and the brand awareness dimensions of selected car rental companies in South Africa</td>
<td>A relationship between the services internal marketing elements (people, process, physical evidence) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) is evident in the selected car rental companies in South Africa.</td>
<td>There is no difference between the services internal marketing elements (people, process, physical evidence) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) is not evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>2</td>
<td>To determine whether there is a difference between the perceived influences of the different elements of internal marketing on brand awareness of selected car rental companies in South Africa.</td>
<td>There is a difference in the influences of the services internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.</td>
<td>There is no difference in the influences of the services internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>3</td>
<td>To determine whether there is a difference between the perceived influences of the different elements of internal marketing on brand awareness of selected car rental companies in South Africa.</td>
<td>The influence of the services internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa is positive.</td>
<td>The influence of the services internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa is not positive.</td>
</tr>
<tr>
<td>4</td>
<td>To determine which elements of internal marketing have the largest influence on brand awareness of selected car rental companies in South Africa.</td>
<td>There is a difference between the level of influence of the service internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).</td>
<td>There is no difference between the level of influence of the service internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).</td>
</tr>
</tbody>
</table>
To determine if a relationship exists between the different elements of internal marketing and the brand awareness dimensions of selected car rental companies in South Africa.

A relationship between the recent internal marketing elements (personal relationships, packaging, positioning and performance) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) is evident in the selected car rental companies in South Africa.

To determine whether there is a difference in the perceived influences of the different elements of internal marketing on brand awareness of selected car rental companies in South Africa.

There is a difference in the influences of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.

To determine whether there is a difference in the perceived influences of the different elements of internal marketing on brand awareness of selected car rental companies in South Africa.

The influence of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa is positive.

To determine which elements of internal marketing have the largest influence on brand awareness of selected car rental companies in South Africa.

There is a difference between the level of influence of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).

There is no difference between the level of influence of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).

It was previously indicated in Chapters 1 and 5 that the above hypotheses would be tested and the results are provided in the sections to follow.
6.3 DISCUSSION OF THE DATA ANALYSIS RESULTS

The focus of this section is on the analysis and interpretation of the empirical data gathered for the sample as described in Chapter 5. Descriptive statistics on the sample are discussed and the data gathered through the measuring instrument used are subjected to thorough analysis to determine the empirical results of the hypothesised relationships investigated in the study.

6.3.1 Sample descriptive statistics

In any research study, the sample size plays an important role depending on the type of data analysis the researcher is performing (Russell & Purcell, 2009:174). The sample realisation rate is represented by the percentage of responses received, and this value was achieved as calculated below:

\[
\text{Sample realisation rate} = \frac{\text{Number of responses received}}{\text{Number of questionnaires distributed to respondents}}
\]

In section 5.8.3 it was indicated that for the purpose of this study a direct proportionate stratified sample was selected. For ease of reference the number of customers and the sample drawn, as well as the sampling size and percentage of respondents realised in the study are presented in Table 6.2.
Table 6.2: Sample realisation rate

<table>
<thead>
<tr>
<th>Sampling unit</th>
<th>Number of customers over a period of 3 months</th>
<th>Number of questionnaires distributed (20% of customers over 3-month period)</th>
<th>Number of questionnaires received</th>
<th>Percentage of responses received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of Avis customers</td>
<td>18 000</td>
<td>3 600</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total number of First Car Rental customers</td>
<td>9 500</td>
<td>1 500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total number of Hertz customers</td>
<td>2 500</td>
<td>500</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total number of customers of Avis, First Car Rental and Hertz at airports and branches from November 2010 to January 2011</td>
<td>30 000</td>
<td>5 600</td>
<td>581</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

Source: Researcher’s own construct

From Table 6.2 it became evident that Avis represents a large, First Car Rental medium and Hertz a small size of car rental companies. The researcher made the commitment to the participating companies that the study was not about comparisons between the car rental companies, and therefore there was no indication from which car rental company respondents were customers.

The percentage indicated in Table 6.2 exceeded the minimum required response rate to conduct SEM and confirmatory factor analysis as described in section 5.9.4. From the Table it is evident that 581 questionnaires out of 5 600 were completed (10.4%). The sample had more than 375 respondent cases and therefore the SEM analysis could be performed (refer to section 5.9.5, p293). However, due to missing values in the demographic section of the measuring instrument, as described in section 5.7.1, only a selected number of respondents could be used. The demographic information of the
customers, totalling a number \((n)\) of 555 respondents is summarised next, and was used in all further analysis in this study.

6.3.2 Descriptive statistics using frequency distributions

The demographics of customers of Avis, First Car Rental and Hertz are explained at the hand of frequency distributions and percentages. The results of the demographics are presented in the Tables to follow. Table 6.3 provides a summary of the categories of the demographic information obtained, namely age category, gender, race, company rented from last, company used most often, travelled for leisure or business purposes, travelled most recently as a leisure or business customer, if customers had a choice, would they use the same company, and what the size of the company is if the customer is a business customer.

Table 6.3: Demographic information of car rental customers

<table>
<thead>
<tr>
<th>Items</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age category</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-25</td>
<td>11</td>
<td>2.0</td>
</tr>
<tr>
<td>26-30</td>
<td>51</td>
<td>9.2</td>
</tr>
<tr>
<td>31-35</td>
<td>65</td>
<td>11.7</td>
</tr>
<tr>
<td>36-40</td>
<td>88</td>
<td>15.9</td>
</tr>
<tr>
<td>41-45</td>
<td>78</td>
<td>14.0</td>
</tr>
<tr>
<td>46-50</td>
<td>68</td>
<td>12.2</td>
</tr>
<tr>
<td>51-55</td>
<td>72</td>
<td>13.0</td>
</tr>
<tr>
<td>56 or older</td>
<td>122</td>
<td>22.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>555</td>
<td>100</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>385</td>
<td>69.4</td>
</tr>
<tr>
<td>Female</td>
<td>170</td>
<td>30.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>555</td>
<td>100</td>
</tr>
<tr>
<td><strong>Race</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Asian</td>
<td>30</td>
<td>5.4</td>
</tr>
<tr>
<td>Black</td>
<td>135</td>
<td>24.3</td>
</tr>
<tr>
<td>Coloured</td>
<td>16</td>
<td>2.9</td>
</tr>
<tr>
<td>White</td>
<td>370</td>
<td>66.7</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>0.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>555</td>
<td>100</td>
</tr>
<tr>
<td>Items</td>
<td>Frequency</td>
<td>Percentage (%)</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-----------</td>
<td>----------------</td>
</tr>
<tr>
<td><strong>Company rented from last</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avis</td>
<td>191</td>
<td>34.4</td>
</tr>
<tr>
<td>Budget</td>
<td>7</td>
<td>1.3</td>
</tr>
<tr>
<td>Europcar</td>
<td>35</td>
<td>6.3</td>
</tr>
<tr>
<td>First Car Rental</td>
<td>271</td>
<td>48.8</td>
</tr>
<tr>
<td>Hertz</td>
<td>30</td>
<td>5.4</td>
</tr>
<tr>
<td>Tempest</td>
<td>16</td>
<td>2.9</td>
</tr>
<tr>
<td>Thrifty</td>
<td>4</td>
<td>0.7</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>555</td>
<td>100</td>
</tr>
<tr>
<td><strong>Company used most often</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Avis</td>
<td>225</td>
<td>40.5</td>
</tr>
<tr>
<td>Budget</td>
<td>19</td>
<td>3.4</td>
</tr>
<tr>
<td>Europcar</td>
<td>47</td>
<td>8.5</td>
</tr>
<tr>
<td>First Car Rental</td>
<td>207</td>
<td>37.3</td>
</tr>
<tr>
<td>Hertz</td>
<td>24</td>
<td>4.3</td>
</tr>
<tr>
<td>Tempest</td>
<td>16</td>
<td>2.9</td>
</tr>
<tr>
<td>Thrifty</td>
<td>5</td>
<td>0.9</td>
</tr>
<tr>
<td>Other</td>
<td>12</td>
<td>2.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>555</td>
<td>100</td>
</tr>
<tr>
<td><strong>Leisure or business</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leisure</td>
<td>212</td>
<td>38.2</td>
</tr>
<tr>
<td>Business</td>
<td>343</td>
<td>61.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>555</td>
<td>100</td>
</tr>
<tr>
<td><strong>Most recently travelled as leisure or business customer</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leisure</td>
<td>239</td>
<td>43.1</td>
</tr>
<tr>
<td>Business</td>
<td>316</td>
<td>56.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>555</td>
<td>100</td>
</tr>
<tr>
<td><strong>If choice of company was yours, would choice be the same</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>447</td>
<td>80.5</td>
</tr>
<tr>
<td>No</td>
<td>70</td>
<td>12.6</td>
</tr>
<tr>
<td>Not applicable</td>
<td>38</td>
<td>6.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>555</td>
<td>100</td>
</tr>
<tr>
<td><strong>Size of company for business customers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;25</td>
<td>161</td>
<td>46.9</td>
</tr>
<tr>
<td>26-100</td>
<td>63</td>
<td>18.4</td>
</tr>
<tr>
<td>101-500</td>
<td>33</td>
<td>9.6</td>
</tr>
<tr>
<td>501-1000</td>
<td>25</td>
<td>7.3</td>
</tr>
<tr>
<td>1000+</td>
<td>61</td>
<td>17.8</td>
</tr>
<tr>
<td><strong>Total business customers</strong></td>
<td>343</td>
<td>100</td>
</tr>
</tbody>
</table>

It is evident from Table 6.3 that the majority of respondents were in the age category 56 years or older (22%; \(n = 122\)), followed by respondents between the ages 36 and 40 years (15.9%, \(n = 88\)). Only 11 (2.0%) of the respondents were between 18 and 25 years old. The majority of respondents were male (69.4%, \(n = 385\)), while females were...
represented by 170 (30.6%). The highest number of respondents were white (66.7%, n = 370), followed by blacks (24.3%, n = 130). The lowest number of respondents, 4 (0.7%) were "other", who referred to Middle Eastern, next were coloureds with 16 (2.9%) respondents.

Interestingly, the number of respondents who used a particular car rental company most often, differs from the indication of which car rental company was last rented from. The majority of respondents hired most recently from First Car Rental (48.8%, n = 271), followed by Avis (34.4%, n = 191); compared to most often used being Avis with 225 (40.5%) respondents and First Car Rental with 207 (37.3%) respondents. Most respondents use car rental for business travel as indicated by 343 (61.8%) respondents, while 212 (38.2%) respondents indicated that they use car rental for leisure purposes.

The survey was done covering both business months and the December holiday season, therefore it is not surprisingly that a larger number of respondents travelled recently as leisure customers (43.1%, n = 239), but still the majority of customers 316 (56.9%) travelled for business purposes.

It was assumed that business customers did not have a choice in car rental, since the company they work for normally has an agreement with a particular car rental company. Therefore, respondents were requested to indicate that if they had a choice, would they choose the same company to which the majority of respondents (80.5%, n = 447) answered yes. Only 38 (6.9%) respondents indicated that the question was not applicable. Business customers were also requested to indicate the size of their companies and it is interesting to note that the majority of respondents (46.9%, n = 161) were employed by companies with less than 25 employees, followed by companies with employee numbers between 26 and 100 (18.34%, n = 63) and companies with employee numbers in excess of 1 000 (17.8%, n = 61).

In Tables 6.4 and 6.5 a summary of the realised samples' usage at the various airports and cities is displayed respectively.
Table 6.4: Summary of realised sample’s usage of car rental times per annum at selected airports

<table>
<thead>
<tr>
<th>Airport</th>
<th>Total</th>
<th>Never</th>
<th>1-3</th>
<th>4-7</th>
<th>8-11</th>
<th>12&lt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>OR Tambo</td>
<td>440</td>
<td>134</td>
<td>124</td>
<td>28.2</td>
<td>80</td>
<td>18.2</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Cape Town</td>
<td>452</td>
<td>89</td>
<td>213</td>
<td>47.1</td>
<td>78</td>
<td>17.3</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Durban</td>
<td>392</td>
<td>103</td>
<td>179</td>
<td>45.7</td>
<td>59</td>
<td>15.1</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Port Elizabeth</td>
<td>330</td>
<td>160</td>
<td>129</td>
<td>39.1</td>
<td>24</td>
<td>7.3</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Bloemfontein</td>
<td>279</td>
<td>195</td>
<td>56</td>
<td>20.1</td>
<td>16</td>
<td>5.7</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Kimberley</td>
<td>271</td>
<td>222</td>
<td>37</td>
<td>13.7</td>
<td>6</td>
<td>2.2</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>George</td>
<td>295</td>
<td>196</td>
<td>72</td>
<td>24.4</td>
<td>18</td>
<td>6.1</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Nelspruit</td>
<td>276</td>
<td>218</td>
<td>44</td>
<td>15.9</td>
<td>7</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Lanseria</td>
<td>283</td>
<td>227</td>
<td>39</td>
<td>13.8</td>
<td>7</td>
<td>2.5</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>East London</td>
<td>295</td>
<td>185</td>
<td>79</td>
<td>26.8</td>
<td>15</td>
<td>5.1</td>
</tr>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
</tbody>
</table>

From Table 6.3 it is evident that most respondents (15.7%, $n = 69$) rented cars from OR Tambo Airport more than 12 times per annum, and 80 (18.2%) respondents rented cars between 4 and 7 times per annum. Cape Town Airport is the next most popular, with 213 (47.1%) respondents who rented cars between 1 and 3 times per annum, and 35 (7.7%) rented cars between 8 and 11 times per annum. Kimberley Airport is in categories 1-3 times (13.7%, $n = 37$), 4-7 times (2.2%, $n = 6$) and 8-11 times (0.4%, $n = 1$) the airport from which the smallest number of respondents rented cars, and Nelspruit Airport (1.4%, $n = 4$) is the lowest in the category 12 or more per annum. Lanseria Airport is the airport from which the largest number of respondents, 227 (80.2%), never rented a car.
Table 6.5: Summary of realised sample’s usage of car rental times per annum at selected cities

<table>
<thead>
<tr>
<th>City</th>
<th>Total</th>
<th>Never</th>
<th>1-3</th>
<th>4-7</th>
<th>8-11</th>
<th>12 &lt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>Johannesburg</td>
<td>414</td>
<td>192</td>
<td>46.4</td>
<td>98</td>
<td>23.7</td>
<td>52</td>
</tr>
<tr>
<td>Cape Town</td>
<td>383</td>
<td>178</td>
<td>46.5</td>
<td>140</td>
<td>36.6</td>
<td>29</td>
</tr>
<tr>
<td>Durban</td>
<td>354</td>
<td>199</td>
<td>56.2</td>
<td>97</td>
<td>27.4</td>
<td>24</td>
</tr>
<tr>
<td>Port Elizabeth</td>
<td>304</td>
<td>222</td>
<td>73</td>
<td>62</td>
<td>20.4</td>
<td>9</td>
</tr>
<tr>
<td>Bloemfontein</td>
<td>276</td>
<td>239</td>
<td>86.6</td>
<td>25</td>
<td>9.1</td>
<td>3</td>
</tr>
<tr>
<td>Kimberley</td>
<td>269</td>
<td>243</td>
<td>90.3</td>
<td>17</td>
<td>6.3</td>
<td>3</td>
</tr>
<tr>
<td>George</td>
<td>282</td>
<td>232</td>
<td>82.3</td>
<td>38</td>
<td>13.5</td>
<td>7</td>
</tr>
<tr>
<td>Nelspruit</td>
<td>270</td>
<td>245</td>
<td>90.7</td>
<td>16</td>
<td>5.9</td>
<td>3</td>
</tr>
<tr>
<td>East London</td>
<td>278</td>
<td>231</td>
<td>83.1</td>
<td>32</td>
<td>11.5</td>
<td>4</td>
</tr>
<tr>
<td>Other</td>
<td>236</td>
<td>181</td>
<td>76.7</td>
<td>25</td>
<td>10.6</td>
<td>13</td>
</tr>
</tbody>
</table>

Table 6.5 provides the frequency and percentages of cities (branches of car rental companies) from which cars were rented. It was evident that in categories 4-7 (12.6%, n = 52), 8-11 (6.3%, n = 26) and 12 or more (11.1%, n = 46) times per annum Johannesburg was the highest. Most respondents (36.6%, n = 140) rented cars from Cape Town between 1 and 3 times per annum. Nelspruit was in the category never rented (90.7%, n = 245) the highest, and in categories 1-3 times (5.9%, n = 37) the city from which the smallest number of respondents rented cars, while Kimberley (0%, n = 0) was the lowest in the category 8 to 11 times per annum.

In Table 6.6 the mean scores and standard deviations of the airports and cities most frequently used are displayed.
Table 6.6: Mean scores and standard deviations of airports and cities from which cars were rented

<table>
<thead>
<tr>
<th></th>
<th>OR Tam/ Jhb</th>
<th>CT</th>
<th>Durb</th>
<th>PE</th>
<th>Bfn</th>
<th>Kimb</th>
<th>George</th>
<th>Nelsp</th>
<th>Lanseria</th>
<th>East London</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air</td>
<td>2.5</td>
<td>2.38</td>
<td>2.22</td>
<td>1.73</td>
<td>1.46</td>
<td>1.27</td>
<td>1.47</td>
<td>1.30</td>
<td>1.31</td>
<td>1.57</td>
<td>-</td>
</tr>
<tr>
<td>Sd dev</td>
<td>1.398</td>
<td>1.130</td>
<td>1.116</td>
<td>.935</td>
<td>.855</td>
<td>.696</td>
<td>.811</td>
<td>.708</td>
<td>.779</td>
<td>.938</td>
<td>-</td>
</tr>
<tr>
<td>Cit</td>
<td>2.12</td>
<td>1.86</td>
<td>1.76</td>
<td>1.4</td>
<td>1.22</td>
<td>1.17</td>
<td>1.25</td>
<td>1.16</td>
<td>-</td>
<td>1.29</td>
<td>1.46</td>
</tr>
<tr>
<td>Sd dev</td>
<td>1.353</td>
<td>1.102</td>
<td>1.127</td>
<td>822</td>
<td>693</td>
<td>660</td>
<td>.657</td>
<td>.618</td>
<td>-</td>
<td>.790</td>
<td>986</td>
</tr>
</tbody>
</table>

OR Tambo had the highest mean, 2.5, indicating that on average the most respondents rented cars from it. The second most popular airport was Cape Town with a mean score of 2.38, and Durban followed with a mean score of 1.73. Johannesburg was the city from which most cars were rented, mean score 2.12, followed by Cape Town with 1.86 and Durban with 1.76. The standard deviations of OR Tambo, Cape Town and Durban Airports, and similarly the cities of Johannesburg, Cape Town and Durban had the highest standard deviations. By implication the larger the standard deviation, the more spread out the values around the mean. Therefore, the high values of these three airports and cities indicated a higher variability.

The findings are as follows:

(D1): Airports were most frequently used to rent vehicles from.

(D2): OR Tambo, Cape Town and Durban Airports and the cities of Johannesburg, Cape Town and Durban were the airports and cities from which most respondents rented vehicles, but not all respondents rented vehicles the same number of times at these airports and cities.
6.3.3 Cross-tables
The demographics, namely age, gender and race of respondents were cross-tabled with the internal marketing elements and the brand awareness constructs. A distinction was also made between the current situation and ideal situation in the case of internal marketing elements. Only significant relationships were recorded as follows:

6.3.3.1 Current situation

- **Age Category Cross-Tabulations**
  There was a significant association between the age of respondents and the traditional internal marketing element promotion $\chi^2(182) = 216.950$, $p < 0.05$. The majority of respondents were of the opinion that the car rental company they were using did not do enough internal promotion. For example, in the age category 56 and older, which represented the largest number of respondents (124), only 3.2% strongly agreed (33) that sufficient internal promotion was done.

  The finding is that:

  *(D3): The age of respondents had a significant influence on internal promotion, with the majority of respondents experiencing there was a lack of internal promotion.*

  There was a significant association between the age of respondents and the recent marketing element packaging $\chi^2(140) = 181.382$, $p < 0.05$. The majority of respondents were of the opinion that the car rental company they were using applied internal packaging (83.9%) in their internal marketing programme. This meant that employees were wearing uniforms, name tags and that the total package presented by the organisation was professional.
The finding is that:

(D4): The age of respondents had a significant influence on internal packaging, with the majority of respondents experiencing internal packaging was deployed.

Age did not have any other significant associations with the other internal marketing elements. Gender was the next category that was cross-tabulated against the current situation's internal marketing elements.

- Gender Cross-Tabulations
The gender category had a significant association with the traditional internal marketing element price $\chi^2(27) = 43.704, p < 0.05$. A percentage (41%) of males and females were of the opinion that employees adhered to the internal price, that is employees kept their promises and were accountable for their decisions. The majority (59%), however, were uncertain or did not agree.

The finding is that:

(D5): The gender of respondents had a significant influence on internal price, with a slight majority of respondents feeling that employees paid a high price by being an employee of the car rental company.

The gender of respondents also had a significant influence on the traditional internal marketing element promotion $\chi^2(26) = 41.165, p < 0.05$. A small majority of 53.7% of respondents were of the opinion that the car rental company they were using has internal promotion.
The finding is as follows:

(D6): The gender of respondents had a significant influence on internal promotion, with a slight majority of respondents feeling that the car rental company they were using had done internal promotion.

The gender of respondents had a significant influence on the recent internal marketing element personal relationships \( \chi^2(18) = 31.422, p < 0.05 \). Respondents (44%) were of the opinion that the car rental company they were using has internal personal relationships, meaning that the company has various ways to improve relationships amongst employees, as well as with customers.

The finding is stated as:

(D7): The gender of respondents had a significant influence on the recent internal marketing element personal relationships, with a slight majority of respondents feeling that the car rental company did not focus on internal relationships.

No significant associations were found between gender and any of the other internal marketing elements, as all p-values were above 0.05.

- Race Cross-Tabulations

There was a significant association between the race of respondents and the traditional marketing element product \( \chi^2(88) = 132.265, p < 0.05 \). The majority of respondents were of the opinion that employees of the car rental company they supported were good internal products (81.7%). This meant that employees were friendly and knowledgeable about the products and services of the car rental company.
The finding is:

(D8): The race of respondents had a significant influence on the traditional internal marketing element product, with respondents feeling that employees were friendly and knowledgeable.

There was also a significant association between the race of respondents and the traditional marketing element price $\chi^2(104) = 105.651, p < 0.05$. The majority of respondents agreed that employees adhered to the internal price, that is employees kept their promises and were accountable for their decisions. Coloured respondents were the highest with a percentage of 21.1%.

The finding is:

(D9): The race of respondents had a significant influence on the traditional internal marketing element price, agreeing that employees kept their promises and were accountable.

The race of respondents had a significant influence on the services internal marketing element physical evidence $\chi^2(88) = 126.771, p < 0.05$. The majority of respondents (80.9%) were of the opinion that the physical evidence of the car rental company they were using was present. This meant that the offices were clean and professional, there were enough employees to assist customers, and marketing material was up to date.

The finding is:

(D10): The race of respondents had a significant influence on the services internal marketing element physical evidence, agreeing that the car rental company's offices and employees conduct were professional.
Furthermore, the race of respondents had a significant influence on the recent internal marketing element personal relationships $\chi^2(72) = 128.157$, $p < 0.05$. The majority of respondents (75.8%) were of the opinion that the car rental company they were using did not form a relationship with customers and did not act in their best interest.

The finding is as follows:

(D11): The race of respondents had a significant influence on the recent internal marketing element personal relationships, agreeing that the car rental company did not focus on building relationships within the organisation, as well as with customers.

The race of respondents had a highly significant influence on the recent internal marketing element performance $\chi^2(116) = 176.488$, $p < 0.05$. The majority of respondents (84%) were of the opinion that the car rental company they were using did not perform well, in other words, the company did not retain customers and customers were not requested to rate the company.

The finding can be stated as:

(D12): The race of respondents had a significant influence on the recent internal marketing element performance, agreeing that the car rental company’s performance was not efficient.

No significant associations were found between race and any of the other internal marketing elements, as all $p$-values were above 0.05. The ideal situation was evaluated to determine if respondents had a different opinion about what an ideal situation should be when engaging with car rental companies.
6.3.3.2 Ideal situation

- **Age Cross-Tabulations**

There was a significant association between the age of respondents and the traditional marketing element place $\chi^2(105) = 136.143$, $p < 0.05$. The majority of respondents (70.3%) were of the opinion that internal distribution or place was important for car rental companies. This meant that vehicles should be ready when they are collected, the call centre and internet booking systems should run without problems, and customers should not have to stand in long queues to receive services.

The finding is that:

**(D13): The age of respondents had a significant influence on internal place; with the majority of respondents agreeing that vehicles have to be ready and clean, bookings have to run smoothly, and waiting times should be managed effectively.**

The age of respondents had a significant influence on the services internal marketing element physical evidence $\chi^2(154) = 1866.883$, $p < 0.05$. The majority of respondents (84.8%) were of the opinion that the physical evidence of car rental companies should be present. This meant that the offices should be clean and professional, there should be enough employees to assist customers, and marketing material should be up to date.

The finding is:

**(D14): The age of respondents had a significant influence on the services internal marketing element physical evidence, agreeing that it was important for car rental companies' offices and employees' conduct to be professional.**
There was a significant association between the age of respondents and the recent marketing element packaging $\chi^2(133) = 171.396, p < 0.05$. The majority of respondents were of the opinion that it was important for car rental companies to apply internal packaging (77.5%) in their internal marketing programme. This meant that employees should wear uniforms, name tags and that the total package presented by the organisation should be professional.

The finding is that:

(D15): The age of respondents had a significant influence on internal packaging, with the majority of respondents agreeing that internal packaging was important for a car rental company.

No other significant associations were found between age and internal marketing elements, as all p-values were above 0.05.

- Gender Cross-Tabulations
There was a significant association between the gender of respondents and the recent marketing element packaging $\chi^2(19) = 34.612, p < 0.05$. The majority of respondents were of the opinion that it was important for car rental companies to apply internal packaging (59%) in their internal marketing programme. This meant that employees should wear uniforms, name tags and that the total package presented by the organisation should be professional.

The finding is that:

(D16): The gender of respondents had a significant influence on internal packaging, with the majority of respondents agreeing that internal packaging was important for a car rental company.
No significant associations were found between gender and any other internal marketing elements, as all p-values were above 0.05.

- Race Cross-Tabulations
There was a significant association between the race of respondents and the traditional marketing elements, namely price and promotion; services internal marketing elements, namely process and physical evidence; and the recent internal marketing element, positioning. The results are displayed in Table 6.7.

Table 6.7: Cross-tabulation for race in the ideal situation

<table>
<thead>
<tr>
<th>Internal element</th>
<th>$\chi^2$</th>
<th>df</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>135.331</td>
<td>104</td>
<td>84.4%</td>
</tr>
<tr>
<td>Promotion</td>
<td>156.424</td>
<td>100</td>
<td>82.3%</td>
</tr>
<tr>
<td>Process</td>
<td>124.097</td>
<td>72</td>
<td>78.9%</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>128.101</td>
<td>88</td>
<td>82.6%</td>
</tr>
<tr>
<td>Positioning</td>
<td>223.615</td>
<td>112</td>
<td>83.4%</td>
</tr>
</tbody>
</table>

All values $p < 0.05$

As can be seen from Table 6.7, the race of respondents had a significant influence on the internal marketing elements listed above.

The findings are:

(D17): The race of respondents had a significant influence on the traditional internal marketing element price, agreeing that employees should be trained to keep their promises and to be accountable.

(D18): The race of respondents had a significant influence on the traditional internal marketing element promotion, agreeing that car rental companies should advertise and promote their products and services.
(D19): The race of respondents had a significant influence on the services internal marketing element process, agreeing that car rental companies should ensure the internal process is effectively planned and implemented.

(D20): The race of respondents had a significant influence on the services internal marketing element physical evidence, agreeing that it was important for car rental companies' offices and employees' conduct to be professional.

(D21): The race of respondents had a significant influence on the recent internal marketing element positioning, agreeing that it was important for car rental companies to ensure they distinguish themselves from competitors, and display their values and culture.

No significant associations were found between race and any other internal marketing elements, as all p-values were above 0.05. In the section below the demographics of respondents are cross-tabled with brand awareness constructs.

6.3.3.3 Brand awareness

- **Age Cross-Tabulations**
  There were no significant associations found between age and any brand awareness constructs, as all p-values were above 0.05.

- **Gender Cross-Tabulations**
  There was a significant association between the gender of respondents and the brand awareness constructs, namely brand recognition, trustworthiness, overall evaluation and loyalty. The results are displayed in Table 6.8.
Table 6.8: Cross-tabulation for gender with brand awareness

<table>
<thead>
<tr>
<th>Internal element</th>
<th>$\chi^2$</th>
<th>df</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand recognition</td>
<td>54.089</td>
<td>22</td>
<td>88%</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>44.569</td>
<td>26</td>
<td>67%</td>
</tr>
<tr>
<td>Overall evaluation</td>
<td>29.700</td>
<td>17</td>
<td>74%</td>
</tr>
<tr>
<td>Loyalty</td>
<td>33.932</td>
<td>19</td>
<td>76%</td>
</tr>
</tbody>
</table>

All values $p < 0.05$

As can be seen from Table 6.8, the gender of respondents had a significant influence on the brand awareness constructs listed above.

The findings are:

(D22): The gender of respondents had a significant influence on brand recognition, agreeing that they could recognise the brand of the car rental company they used.

(D23): The gender of respondents had a significant influence on trustworthiness, herewith acknowledging that they had trust in the brand of the car rental company they used.

(D24): The gender of respondents had a significant influence on overall evaluation, agreeing that they evaluated the brand of the car rental company they used positively.

(D25): The gender of respondents had a significant influence on loyalty, agreeing that they were loyal to the brand of the car rental company they used.

• Race Cross-Tabulations
There was a significant association between the race of respondents and trustworthiness of the car rental company’s brand $\chi^2(100) = 143.054$, $p < 0.05$. The majority of respondents (69%) agreed that they had trust in the brand of the car rental company they used.
The finding is:

\((D26)\): The race of respondents had a significant influence on trustworthiness, herewith acknowledging that they had trust in the brand of the car rental company they used.

There were no other significant associations found between race and brand awareness constructs, as all p-values were above 0.05.

The reliability of the measuring instrument was tested at the hand of the Cronbach alpha test and is discussed in the next section.

6.4 RELIABILITY OF THE MEASURING INSTRUMENT

In section 5.9.3 the reliability or internal consistency of the measuring instrument was described. Reliability can be confirmed by the computation of Cronbach alpha correlation coefficients, and a value of greater than 0.7 is used to indicate that the scale item is reliable. Values between 0.8 and 0.95 are considered to have very high levels of reliability. In Table 6.9 the Cronbach alphas are displayed.
### Table 6.9: Results of the Cronbach alpha test

<table>
<thead>
<tr>
<th>Concept</th>
<th>Construct</th>
<th>Cronbach alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal Marketing</strong></td>
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<tr>
<td></td>
<td><strong>Internal Product</strong></td>
<td>.992</td>
</tr>
<tr>
<td></td>
<td>(Items 81-85)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Internal Price</strong></td>
<td>.994</td>
</tr>
<tr>
<td></td>
<td>(Items 86-90)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Internal Promotion</strong></td>
<td>.989</td>
</tr>
<tr>
<td></td>
<td>(Items 91-95)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Internal Place</strong></td>
<td>.994</td>
</tr>
<tr>
<td></td>
<td>(Items 96-99)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Internal People</strong></td>
<td>.996</td>
</tr>
<tr>
<td></td>
<td>(Items 100-104)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Internal Process</strong></td>
<td>.996</td>
</tr>
<tr>
<td></td>
<td>(Items 105-109)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Internal Physical evidence</strong></td>
<td>.995</td>
</tr>
<tr>
<td></td>
<td>(Items 110-114)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Internal Personal relationships</strong></td>
<td>.997</td>
</tr>
<tr>
<td></td>
<td>(Items 115-119)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Internal Packaging</strong></td>
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<td>(Items 120-124)</td>
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<td><strong>Internal Positioning</strong></td>
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<tr>
<td></td>
<td>(Items 125-129)</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Internal Performance</strong></td>
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<tr>
<td></td>
<td>(Items 130-134)</td>
<td></td>
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<tr>
<td><strong>Brand awareness</strong></td>
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<td></td>
<td><strong>Brand recognition</strong></td>
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<td></td>
<td>(Items 135-139)</td>
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<td></td>
<td><strong>Trustworthiness</strong></td>
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<tr>
<td></td>
<td>(Items 140-144)</td>
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<td></td>
<td><strong>Overall evaluation</strong></td>
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<td></td>
<td>(Items 145-149)</td>
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<tr>
<td></td>
<td><strong>Loyalty</strong></td>
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<tr>
<td></td>
<td>(Items 150-154)</td>
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</tr>
</tbody>
</table>

Since all Cronbach alphas listed in Table 6.9 are higher than 0.7, it was evident that the constructs and scale items had a satisfactory reliability.

The finding from reliability testing can be summarised as follows:

*(S1): The measuring instrument used for the study was reliable.*
6.5 CORRELATIONS BETWEEN VARIABLES

As discussed in section 5.9, in order to test the measuring framework the contribution of each scale item should be assessed. The standard output of most SEM programmes includes residuals. Residuals refer to the individual differences between observed covariance terms and the estimated covariance terms. Smaller residuals indicate a better fit. Standardised residuals (z scores) less than 2.5 at a significance level of .001 do not suggest a problem. Values up to even 4.0 can still be accepted, but do raise concern (Hair et al., 2010:711). In the following Tables the residuals for the exogenous (internal marketing) and endogenous (brand awareness) variables are displayed.

Table 6.10: Standardised Residuals (z scores) for covariances/correlations

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<th>B3</th>
<th>B4</th>
<th>B5</th>
<th>B6</th>
<th>B7</th>
<th>B8</th>
<th>B9</th>
<th>B10</th>
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<td>2.111</td>
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<td>-.1946</td>
<td>-2.278</td>
<td>3.089</td>
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</table>
For ease of reference, the scale items of the traditional Ps are presented below:

**Product**
- B1: The employees of the car rental company I use are friendly when serving me
- B2: I am served by the same employee(s) when I use the company
- B3: The employees are knowledgeable about the company's **products and services**
- B4: The employees of the company are passionate about the service they deliver
- B5: The employees of the company display sound customer interaction skills

**Price**
- B6: The employees of the company keep their promises to me
- B7: The employees of the company take responsibility for the service they deliver
- B8: Employees of the company exceed in what is expected of them in serving me
- B9: The employees of the company look confident when serving me
- B10: Employees of the company contribute positively to company promises made in promotion efforts

**Promotion**
- B11: The company is extensively advertised
- B12: The employees of the company tell me about other or new services they can offer
- B13: The promotion message of the company is constant in all promotional material I receive
- B14: Employees of the company communicate that my business is important
- B15: The company communicates its specials to me in various ways, e.g. letters, Internet, e-mail, wikis, cell phone
Place (Distribution)
B16: There are vehicles available at the airport when I arrive to collect a car
B17: I receive a vehicle as per the ordered category
B18: I do not have to wait for a vehicle to be cleaned before I can pick it up
B19: The booking experience is efficient when I make online bookings
B20: The booking experience is efficient when I make bookings via the call centre

The purpose of standardised residuals is to diagnose problems with the measuring instrument. As can be seen from Table 6.8, there were no covariances that reached a value of 4.0. However, B8 with B10; B9 with B10; B18 with B19; and B19 with B20 were above 2.5, which was an indication of a higher covariance.

Table 6.11 provides the residual values of the services Ps.

Table 6.11: Standardised Residuals (z scores) for covariances/correlations

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<td>B35</td>
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<td>-3.074</td>
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<td>999</td>
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</tbody>
</table>

People
B21: Employees are trained to deliver service excellence
B22: Employees appear motivated to deliver service excellence
B23: The employees of the company are responsive to customer needs
B24: The employees of the company seem accountable when making a promise to me
B25: Employees of the company can make decisions independently

Process
B26: My experience with the company is satisfactory from the booking until delivery of the vehicle
B27: The employees of the company are certain of the procedures they have to follow
B28: Even if queues are long, I do not have to wait long to get my vehicle
B29: The bill I receive from the company is explained so that I understand it
B30: I believe the company is well managed

Physical evidence
B31: The working environment of employees of the company is clean
B32: There are enough employees to provide service to customers
B33: The public area of the company looks professional
B34: The website of the company is updated
B35: The service standard is consistent when I interact with the company

The areas of concern were marked with an asterisk (*). They were above the value of 4.0, namely B28 with B30; B29 with B30; and B34 with B35. These scale items reflected high risk, since they had a high covariance.

In Table 6.12 the recent Ps are depicted.
### Table 6.12: Standardised Residuals (z scores) for covariances/correlations

#### Recent Ps

<table>
<thead>
<tr>
<th></th>
<th>B36</th>
<th>B37</th>
<th>B38</th>
<th>B39</th>
<th>B40</th>
<th>B41</th>
<th>B42</th>
<th>B43</th>
<th>B44</th>
<th>B45</th>
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### Personal relationships

- **B36**: Long-term relationships with customers depend on the management's ability to establish a positive relationship with employees
- **B37**: The company focuses on building relationships with customers
- **B38**: Trust is an integral part of my relationship with the company
- **B39**: The company is trying to act in my best interest
- **B40**: I receive many special offers from the company because I am a regular customer

---

**328**
Packaging
B41: The promotional material, i.e. brochures, service delivery by employees, etc. influence me to purchase the company's services
B42: The appearance of employees of the company is an important aspect of packaging for the company to create promotional value
B43: The way in which the company presents itself to me creates a certain expectation about its values
B44: The employees of the company are wearing name tags to be identified
B45: A good service by employees is more important than the appearance of employees

Positioning
B46: The company has distinct value offerings that distinguish it from competitors
B47: I can identify with the culture displayed by employees
B48: The company has values I can identify with
B49: The company has a unique culture that distinguishes it from competitors
B50: The objectives of the company are clear in the way it portrays itself through its marketing efforts

Performance
B51: I regard the company's performance higher than the performance of competitors
B52: The company performs well because of its ethical values
B53: The company keeps up with changes in the market
B54: I am requested to evaluate the performance of the company
B55: The company is good at retaining me as a customer

In Table 6.12, B39 with B40 was above 2.5, but still below 4.0. However, B36 with B38; B37 with B38; B46 with B50; and B54 with B55 were all above the 4.0 level, which indicated a high covariance.

The endogenous variables of this study included brand recognition, trustworthiness, overall evaluation and loyalty. As was done with the exogenous variables, the results of the standardised residuals of the endogenous variables are displayed in Table 6.13.
### Table 6.13: Standardised Residuals (z scores) for covariances/correlations

#### Brand awareness

<table>
<thead>
<tr>
<th></th>
<th>B56</th>
<th>B57</th>
<th>B58</th>
<th>B59</th>
<th>B60</th>
<th>B61</th>
<th>B62</th>
<th>B63</th>
<th>B64</th>
<th>B65</th>
</tr>
</thead>
<tbody>
<tr>
<td>B56</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B57</td>
<td>4.165*</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B58</td>
<td>999</td>
<td>999</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>B59</td>
<td>999</td>
<td>0.746</td>
<td>0.836</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B60</td>
<td>999</td>
<td>-3.585</td>
<td>999</td>
<td>0.848</td>
<td>-0.002</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>B61</td>
<td>999</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B62</td>
<td>999</td>
<td>999</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>B63</td>
<td>999</td>
<td>999</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B64</td>
<td>999</td>
<td>999</td>
<td>-1.731</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B65</td>
<td>999</td>
<td>-4.684</td>
<td>999</td>
<td>-1.135</td>
<td>-0.008</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>B66</th>
<th>B67</th>
<th>B68</th>
<th>B69</th>
<th>B70</th>
<th>B71</th>
<th>B72</th>
<th>B73</th>
<th>B74</th>
<th>B75</th>
</tr>
</thead>
<tbody>
<tr>
<td>B66</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B67</td>
<td>11.741*</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B68</td>
<td>0.702</td>
<td>999</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B69</td>
<td>-10.398</td>
<td>-5.894</td>
<td>2.171</td>
<td>0.154</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>B70</td>
<td>-8.892</td>
<td>0.421</td>
<td>-2.384</td>
<td>999</td>
<td>-0.013</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>B71</td>
<td>999</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>B72</td>
<td>999</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B73</td>
<td>-3.654</td>
<td>-2.525</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B74</td>
<td>-3.983</td>
<td>999</td>
<td>11.010*</td>
<td>999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B75</td>
<td>999</td>
<td>-4.017</td>
<td>6.792*</td>
<td>6.631*</td>
<td>-0.007</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

#### Brand recognition

**B56:** I can recognise the company distinctly
**B57:** The company brand is visibly displayed
**B58:** I feel comfortable with the company
**B59:** The company is well-known because of its service
**B60:** I can distinguish the company from competitors
Brand recall:

**Trustworthiness**
B61: I trust the brand because of the service I receive
B62: I continue using the company because of its reputation
B63: I have only positive memories of my interactions with the company
B64: I trust the company because it is a known brand
B65: I trust the company because I have not experienced problems with the vehicle I have hired

**Overall evaluation**
B66: I evaluate the services of the company according to the experience I have had
B67: I have a clear picture in my mind when I think of the company
B68: The company has a good reputation
B69: The company has a strong brand compared to competitors
B70: I can easily recall a symbol associated with the company

**Loyalty**
B71: I am a loyal customer of the company
B72: It is my preferred choice to remain a customer of the company
B73: The brand reputation of the company will influence my decision to continue using the company
B74: I would remain a customer of the company even if I have to pay slightly (5 - 10%) more
B75: The employees of the company are an integral part of my choice of the brand

The highly covariance items amongst the brand awareness scale items included B56 with B57; B66 with B67; B73 with B74; and B74 with B75.

The finding from the residuals is summarised as:

(S2): The residuals of scale items B30 (process); B35 (physical evidence); B38 (personal relationships); B45 (packaging); B50 (positioning); B55 (performance); B57 (recognition); B67 (overall evaluation); and B74 (loyalty) were higher than the recommended value of 4.0.
However, before any of these items were removed from further analysis, correlations, confirmatory factor analysis and squared multiple correlations were also considered.

Furthermore, latent constructs are related to measured variables with a measurement relationship. Two types of relationships are possible among constructs, namely correlational (covariance) and dependence relationships. Normally, an exogenous construct has only correlational relationships with other constructs and acts as an independent variable in structural relationships, while an endogenous construct acts like a dependent variable. A relationship between exogenous constructs might be correlated, but does not mean they are dependent on one another, because high correlations up to 0.9 can still produce significant differences in fit (Hair et al., 2010:667,668). The correlations between exogenous constructs are depicted in Table 6.14.

Due to space constraints the constructs were abbreviated as follows:

- Product – Pd
- Price – Pr
- Promotion – Prm
- Place – Pl
- People – Pe
- Process – Prc
- Physical evidence – Ph
- Personal relationships – Psr
- Packaging – Pk
- Positioning – Pos
- Performance – Pfm
Correlations that raised concern are highlighted in bold in Table 6.14. These values were above 0.8, but still below 0.9, except for physical evidence with process, which had a value of 0.900. Other areas of concern were price with product; people with product and price; process with price and people; physical evidence with people and process; personal relationships with people; positioning with personal relationships; and performance with packaging.

In the next Table the correlations between endogenous constructs are depicted.

Table 6.15: Correlation matrix of endogenous latent variables

<table>
<thead>
<tr>
<th>Brand recognition</th>
<th>Trustworthiness</th>
<th>Overall evaluation</th>
<th>Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand recognition</td>
<td>459</td>
<td>.757</td>
<td>.338</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>.875</td>
<td>462</td>
<td>.397</td>
</tr>
<tr>
<td>Overall evaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The finding for correlations between constructs is:

(S3): There were no correlations higher than 0.9, although physical evidence with process was the highest.

In performing structural equation modelling and prior to final recommendations, it is important to consider various analyses before a final structural model is proposed. Part of these analyses is confirmatory factor analysis that is discussed in the next section.

6.6 CONFIRMATORY FACTOR ANALYSIS

In section 5.9.4 exploratory factor analysis (EFA) was described and it was explained that EFA was generally performed. In the following sections the testing thereof and results of the confirmatory factor analysis are discussed.

In the prior sections residuals and correlations between variables were considered for the best fit of scale items and constructs for the final structural model. Another assessment to measure the contribution of each scale item is confirmatory factor analysis (CFA). CFA is used to test or confirm whether a theoretical measurement model is valid (Hair et al., 2010:707). The factor loadings for each item should be significant. In other words, standardised factor loadings should be at a value of 0.5 or higher (refer to section 5.9.4, p292). The significance of the factor loadings also confirms the construct validity of the measuring instrument, because in essence validity is the degree to which the research measures what it proposed to measure (refer to section 5.9.6, p297).

The exogenous constructs in this study were the eleven internal marketing elements, which were divided in traditional Ps (product, price, promotion and place); services Ps (people, process and physical evidence); and recent Ps (personal relationships, packaging, positioning and performance). In Tables 6.16 and 6.17 the factor loadings of
these exogenous latent variables and endogenous latent variables of the measuring instrument are shown respectively.

Table 6.16: Factor loadings of exogenous latent variables

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Traditional Ps</th>
<th>Factor loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B1</td>
<td>The employees of the car rental company I use are friendly when serving me</td>
<td>0.688</td>
</tr>
<tr>
<td>B2</td>
<td>I am served by the same employee(s) when I use the company</td>
<td>0.369</td>
</tr>
<tr>
<td>B3</td>
<td>The employees are knowledgeable about the company’s products and services</td>
<td>0.746</td>
</tr>
<tr>
<td>B4</td>
<td>The employees of the company are passionate about the service they deliver</td>
<td>0.850</td>
</tr>
<tr>
<td>B5</td>
<td>The employees of the company display sound customer interaction skills</td>
<td>0.869</td>
</tr>
<tr>
<td><strong>Price</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B6</td>
<td>The employees of the company keep their promises to me</td>
<td>0.800</td>
</tr>
<tr>
<td>B7</td>
<td>The employees of the company take responsibility for the service they deliver</td>
<td>0.851</td>
</tr>
<tr>
<td>B8</td>
<td>Employees of the company exceed in what is expected of them in serving me</td>
<td>0.822</td>
</tr>
<tr>
<td>B9</td>
<td>The employees of the company look confident when serving me</td>
<td>0.748</td>
</tr>
<tr>
<td>B10</td>
<td>Employees of the company contribute positively to company promises made in promotion efforts</td>
<td>0.814</td>
</tr>
<tr>
<td><strong>Promotion</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B11</td>
<td>The company is extensively advertised</td>
<td>0.339</td>
</tr>
<tr>
<td>B12</td>
<td>The employees of the company tell me about other or new services they can offer</td>
<td>0.732</td>
</tr>
<tr>
<td>B13</td>
<td>The promotion message of the company is constant in all promotional material I receive</td>
<td>0.662</td>
</tr>
<tr>
<td>B14</td>
<td>Employees of the company communicate that my business is important</td>
<td>0.695</td>
</tr>
<tr>
<td>B15</td>
<td>The company communicates its specials to me in various ways, e.g. Letters, Internet, e-mail, wikis, cellphone</td>
<td>0.631</td>
</tr>
<tr>
<td><strong>Place</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B16</td>
<td>There are vehicles available at the airport when I arrive to collect a car</td>
<td>0.836</td>
</tr>
<tr>
<td>B17</td>
<td>I receive a vehicle as per the ordered category</td>
<td>0.731</td>
</tr>
<tr>
<td>B18</td>
<td>I do not have to wait for a vehicle to be cleaned before I can pick it up</td>
<td>0.689</td>
</tr>
<tr>
<td>B19</td>
<td>The booking experience is efficient when I make online bookings</td>
<td>0.355</td>
</tr>
<tr>
<td>B20</td>
<td>The booking experience is efficient when I make bookings via the call centre</td>
<td>0.340</td>
</tr>
<tr>
<td>Constructs</td>
<td>Services Ps</td>
<td>Factor loadings</td>
</tr>
<tr>
<td>-----------------</td>
<td>----------------------------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td><strong>People</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B21</td>
<td>Employees are trained to deliver service excellence</td>
<td>0.812</td>
</tr>
<tr>
<td>B22</td>
<td>Employees appear motivated to deliver service excellence</td>
<td>0.851</td>
</tr>
<tr>
<td>B23</td>
<td>The employees of the company are responsive to customer needs</td>
<td>0.861</td>
</tr>
<tr>
<td>B24</td>
<td>The employees of the company seem accountable when making a promise to me</td>
<td>0.833</td>
</tr>
<tr>
<td>B25</td>
<td>Employees of the company can make decisions independently</td>
<td>0.745</td>
</tr>
<tr>
<td><strong>Process</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B26</td>
<td>My experience with the company is satisfactory from the booking until delivery of the vehicle</td>
<td>0.794</td>
</tr>
<tr>
<td>B27</td>
<td>The employees of the company are certain of the procedures they have to follow</td>
<td>0.823</td>
</tr>
<tr>
<td>B28</td>
<td>Even if queues are long, I do not have to wait long to get my vehicle</td>
<td>0.593</td>
</tr>
<tr>
<td>B29</td>
<td>The bill I receive from the company is explained so that I understand it</td>
<td>0.535</td>
</tr>
<tr>
<td>B30</td>
<td>I believe the company is well managed</td>
<td>0.783</td>
</tr>
<tr>
<td><strong>Physical evidence</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B31</td>
<td>The working environment of employees of the company is clean</td>
<td>0.715</td>
</tr>
<tr>
<td>B32</td>
<td>There are enough employees to provide service to customers</td>
<td>0.746</td>
</tr>
<tr>
<td>B33</td>
<td>The public area of the company looks professional</td>
<td>0.771</td>
</tr>
<tr>
<td>B34</td>
<td>The website of the company is updated</td>
<td>0.616</td>
</tr>
<tr>
<td>B35</td>
<td>The service standard is consistent when I interact with the company</td>
<td>0.692</td>
</tr>
</tbody>
</table>
The factor loadings of the endogenous variables are displayed in Table 6.17.
### Table 6.17: Factor loadings of endogenous latent variables

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Scale items</th>
<th>Factor loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B56</td>
<td>I can recognise the company distinctly</td>
<td>0.899</td>
</tr>
<tr>
<td>B57</td>
<td>The company brand is visibly displayed</td>
<td>0.823</td>
</tr>
<tr>
<td>B58</td>
<td>I feel comfortable with the company</td>
<td>0.864</td>
</tr>
<tr>
<td>B59</td>
<td>The company is well-known because of its service</td>
<td>0.632</td>
</tr>
<tr>
<td>B60</td>
<td>I can distinguish the company from competitors</td>
<td>0.754</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B61</td>
<td>I trust the brand because of the service I receive</td>
<td>0.854</td>
</tr>
<tr>
<td>B62</td>
<td>I continue using the company because of its reputation</td>
<td>0.808</td>
</tr>
<tr>
<td>B63</td>
<td>I have only positive memories of my interactions with the company</td>
<td>0.790</td>
</tr>
<tr>
<td>B64</td>
<td>I trust the company because it is a known brand</td>
<td>0.813</td>
</tr>
<tr>
<td>B65</td>
<td>I trust the company because I have not experienced problems with the vehicle I have hired</td>
<td>0.707</td>
</tr>
<tr>
<td>Overall evaluation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B66</td>
<td>I evaluate the services of the company according to the experience I have had</td>
<td>0.552</td>
</tr>
<tr>
<td>B67</td>
<td>I have a clear picture in my mind when I think of the company</td>
<td>0.733</td>
</tr>
<tr>
<td>B68</td>
<td>The company has a good reputation</td>
<td>0.803</td>
</tr>
<tr>
<td>B69</td>
<td>The company has a strong brand compared to competitors</td>
<td>0.737</td>
</tr>
<tr>
<td>B70</td>
<td>I can easily recall a symbol associated with the company</td>
<td>0.725</td>
</tr>
<tr>
<td>Loyalty</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B71</td>
<td>I am a loyal customer of the company</td>
<td>0.895</td>
</tr>
<tr>
<td>B72</td>
<td>It is my preferred choice to remain a customer of the company</td>
<td>0.908</td>
</tr>
<tr>
<td>B73</td>
<td>The brand reputation of the company will influence my decision to continue using the company</td>
<td>0.711</td>
</tr>
<tr>
<td>B74</td>
<td>I would remain a customer of the company even if I have to pay slightly (5 - 10%) more</td>
<td>0.525</td>
</tr>
<tr>
<td>B75</td>
<td>The employees of the company are an integral part of my choice of the brand</td>
<td>0.567</td>
</tr>
</tbody>
</table>

As can be seen from Table 6.16, scale items B2, B11, B19, B20, B40, B41 and B45 were below the required 0.5 value. The factor loadings of the endogenous scale items in Table 6.17 were all in accordance with the recommended value of 0.5 or higher, however, B66, B74 and B75 raised concern because they were lower than the range of...
other scale items within the particular constructs. These items were also highlighted as concern areas in the evaluation of standard residuals (refer to Table 6.13, p335). Furthermore, due to high correlations as described in section 6.5, scale items were omitted from further analysis. By implication, these scale items might have an influence on the goodness-of-fit of the structural model and might jeopardise the validity of the measuring instrument.

Since all constructs of the measuring instrument consisted of five scale items, it would be risky to remove more than one scale item per construct. In CFA, too few scale items, namely two or three items to analyse might improve model fit, but it was possible that the theoretical domain and ultimately the validity of the measuring instrument might diminish (Hair et al., 2010:671). Based on the risk of removing too many scale items, the researcher made a decision not to remove more than one scale item per construct.

Scale items B19 and B20 were both referring to the booking experience customers perceived. B19 referred to online bookings and B20 to call centre bookings. The researcher made the assumption that online bookings were more widely used and therefore did not omit B19 from further analysis. Scale items B41 and B45 under the construct, packaging, were both below 0.5, however B41 had a value of 0.472, which was not too far below 0.5, compared to the value of B45, which is 0.101. Therefore, B41 was not omitted for further analysis. Due to the risk of removing too many scale items, the researcher did not even consider removing B75 from further analysis. However, scale items B66 and B74 were removed from continuing analysis.

In summary, the scale items that were omitted from further analysis were:
B2: I am served by the same employee(s) when I use the company
B11: The company is extensively advertised
B20: The booking experience is efficient when I make bookings via the call centre
B40: I receive many special offers from the company because I am a regular customer
B45: A good service by employees is more important than the appearance of employees
B66: I evaluate the services of the company according to the experience I have had  
B74: I would remain a customer of the company even if I have to pay slightly (5-10%) more.

The findings for the factor loadings of exogenous and endogenous constructs are:

(S4): Scale items B2, B11, B19, B20, B41 and B45 were below the required value of 0.5 and were omitted from further analysis.

(S5): Scale items B66 and B74 were below the values of scale items within constructs overall evaluation and loyalty respectively, and were omitted from further analysis.

Reasons for the unsatisfactory values of the omitted scale items could be due to the fact that customers did not agree with the statements, or were uncertain about how to respond, or because they did not make use of the service, e.g. make bookings via the call centre. Other possible reasons why these omitted scale items were not in line with recommended values, might be because respondents did not use car rental often and found it difficult to evaluate their experiences, and also because they were not in a position to change from one car rental company to another, since another department in the company they work for has the responsibility of appointing a car rental company to be used by all employees.

In sections 1.9.5 and 5.9.5 it was stated that the main statistical technique used for empirical investigation in this study was SEM. In the subsequent section, the SEM results are reported.

6.7 STRUCTURAL EQUATION MODELLING

SEM was conducted to determine the goodness-of-fit of the hypothesised framework depicted in Figure 1.2. Each one of the constructs was tested to determine their fitness after scale items were removed.
The measures used include the normed Chi-square ($\chi^2/df$), which is recommended to be an order of 3 or less; the Root mean square error of approximation (RMSEA), which should preferably be between 0.05 and 0.08, however lower RMSEA indicates a better fit; the Comparative fit index (CFI), ideally should obtain a value above 0.9; the Tucker-Lewis index (TLI) should preferably show a value above 0.9; and the Standard root mean square residual which is recommended to be in the order of 0.05 or less (Hair et al., 2010:667,668; Lee, 2007:165).

The values of the goodness-of-fit of the exogenous latent variables tests are displayed in Table 6.18.

Table 6.18: Goodness-of-fit indices for the exogenous latent variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>$\chi^2/df$</th>
<th>RMSEA</th>
<th>CFI</th>
<th>TLI</th>
<th>SRMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>1.877</td>
<td>0.043*</td>
<td>0.997</td>
<td>0.990</td>
<td>0.012</td>
</tr>
<tr>
<td>Price</td>
<td>2.125</td>
<td>0.048*</td>
<td>0.994</td>
<td>0.989</td>
<td>0.014</td>
</tr>
<tr>
<td>Promotion</td>
<td>1.470</td>
<td>0.031*</td>
<td>0.997</td>
<td>0.991</td>
<td>0.014</td>
</tr>
<tr>
<td>Place</td>
<td>3.505*</td>
<td>0.075</td>
<td>0.980</td>
<td>0.940</td>
<td>0.024</td>
</tr>
<tr>
<td>People</td>
<td>7.551*</td>
<td>0.122*</td>
<td>0.961</td>
<td>0.922</td>
<td>0.029</td>
</tr>
<tr>
<td>Process</td>
<td>1.971</td>
<td>0.047*</td>
<td>0.989</td>
<td>0.978</td>
<td>0.020</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>5.402*</td>
<td>0.100*</td>
<td>0.956</td>
<td>0.911</td>
<td>0.033</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>11.367*</td>
<td>0.159*</td>
<td>0.940</td>
<td>0.820*</td>
<td>0.043</td>
</tr>
<tr>
<td>Packaging</td>
<td>1.966</td>
<td>0.048*</td>
<td>0.992</td>
<td>0.977</td>
<td>0.017</td>
</tr>
<tr>
<td>Positioning</td>
<td>6.128*</td>
<td>0.112*</td>
<td>0.967</td>
<td>0.934</td>
<td>0.027</td>
</tr>
<tr>
<td>Performance</td>
<td>5.163*</td>
<td>0.106*</td>
<td>0.965</td>
<td>0.931</td>
<td>0.035</td>
</tr>
</tbody>
</table>

| Note: | $\chi^2/df < 3$  | RMSEA between 0.05 and 0.08; CFI > 0.9, TLI > 0.9, SRMR < 0.05 |

Hair et al. (2010:672) indicated that for a sample size larger than 250, as in the case of this study, the $\chi^2$ normally resulted in insignificant $p$-values, even with a good fit.
Therefore, more emphasis was placed on the other goodness-of-fit indices. Table 6.18 shows a goodness-of-fit, because three of the values, namely CFI, TLI and SRMR for all constructs were within the stipulated norms. The only value that might raise a concern was personal relationships. However, since the TLI value was close to 0.9, it was still acceptable to maintain the construct for further analysis. The estimated values, which are attached in annexure A, p481, provide further evidence of well-constructed items, indicating valid construct validity.

The endogenous constructs were also tested to determine their goodness-of-fit. The values of these constructs are displayed in Table 6.19.

### Table 6.19: Goodness-of-fit Indices for endogenous latent variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>$\chi^2$/df</th>
<th>RMSEA</th>
<th>CFI</th>
<th>TLI</th>
<th>SRMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition</td>
<td>6.830*</td>
<td>0.110*</td>
<td>0.860*</td>
<td>0.791*</td>
<td>0.131*</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>11.903*</td>
<td>0.150*</td>
<td>0.860*</td>
<td>0.790*</td>
<td>0.186*</td>
</tr>
<tr>
<td>Overall evaluation</td>
<td>5.240*</td>
<td>0.102*</td>
<td>0.975</td>
<td>0.924</td>
<td>0.022</td>
</tr>
<tr>
<td>Loyalty</td>
<td>7.838*</td>
<td>0.129*</td>
<td>0.967</td>
<td>0.902</td>
<td>0.035</td>
</tr>
</tbody>
</table>

Normed Chi-square ($\chi^2$/df), < 3  
RMSEA: between 0.05 and 0.08  
CFI > 0.9  
TLI > 0.9  
SRMR: < 0.05

Table 6.19 is an indication that there was a moderate goodness-of-fit. Recognition and trustworthiness especially did not provide a good fit, but since the TLI value for both was close to 0.9, it was still acceptable to maintain the constructs for further analysis. Furthermore, as indicated in section 6.6, removing too many scale items might jeopardise the theoretical framework of the study.

The results of the parameter estimates, standard errors (SE) and p-values of the scale items are displayed in annexure B. The estimated values provided evidence of well-
constructed items, as they were all above 0.5, hence providing evidence of construct validity.

In order to improve the goodness-of-fit of the final structural model the researcher also examined the paths between the constructs. The paths with factors significant at the 0.05 level or less are highlighted in Table 6.20.
Table 6.20: Paths between constructs

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand recognition on</strong></td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td>0.646</td>
</tr>
<tr>
<td>Price</td>
<td>0.219</td>
</tr>
<tr>
<td>Promotion</td>
<td>0.343</td>
</tr>
<tr>
<td>People</td>
<td>0.282</td>
</tr>
<tr>
<td>Process</td>
<td>0.069</td>
</tr>
<tr>
<td>Physical Evidence</td>
<td>0.942</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.369</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.231</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.503</td>
</tr>
<tr>
<td>Performance</td>
<td>0.438</td>
</tr>
<tr>
<td><strong>Trustworthiness on</strong></td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td>0.672</td>
</tr>
<tr>
<td>Price</td>
<td>0.991</td>
</tr>
<tr>
<td>Promotion</td>
<td>0.260</td>
</tr>
<tr>
<td>People</td>
<td>0.848</td>
</tr>
<tr>
<td>Process</td>
<td>0.009*</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>0.184</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.892</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.959</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.093</td>
</tr>
<tr>
<td>Performance</td>
<td>0.001*</td>
</tr>
<tr>
<td><strong>Overall evaluation on</strong></td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td>0.203</td>
</tr>
<tr>
<td>Price</td>
<td>0.361</td>
</tr>
<tr>
<td>Promotion</td>
<td>0.251</td>
</tr>
<tr>
<td>People</td>
<td>0.858</td>
</tr>
<tr>
<td>Process</td>
<td>0.275</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>0.848</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.218</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.292</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.905</td>
</tr>
<tr>
<td>Performance</td>
<td>0.059</td>
</tr>
<tr>
<td><strong>Loyalty on</strong></td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td>0.482</td>
</tr>
<tr>
<td>Price</td>
<td>0.437</td>
</tr>
<tr>
<td>Promotion</td>
<td>0.104</td>
</tr>
<tr>
<td>People</td>
<td>0.556</td>
</tr>
<tr>
<td>Process</td>
<td>0.428</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>0.579</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.723</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.389</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.194</td>
</tr>
<tr>
<td>Performance</td>
<td>0.006*</td>
</tr>
</tbody>
</table>

*significant at 5% level
As indicated in section 6.6, product and price raised concerns. From Table 6.20 it also became evident that the traditional marketing mix elements had no significant paths with any of the endogenous constructs. Interestingly, no paths were found between the endogenous constructs and place. One possible reason could be that the four traditional Ps, namely product, price, promotion and place are more important in a product market environment, while marketing mix elements, such as process and performance have a more important role to play in a services environment, like the car rental industry. To improve the fitness of the model, the four elements within the traditional marketing mix, namely product, price, promotion and place, which seemed to be insignificant, were omitted for further analysis.

After omission of the traditional four marketing mix elements, the goodness-of-fit of the exogenous latent variables had clearly improved. The results can be seen from the comparative indices in Table 6.21.

Table 6.21: Comparison of goodness-of-fit indices for exogenous latent variables

<table>
<thead>
<tr>
<th>Index</th>
<th>Results for exogenous latent variables</th>
<th>Refined results for exogenous latent variables</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMSEA</td>
<td>0.048</td>
<td>0.056</td>
</tr>
<tr>
<td>CFI</td>
<td>0.897</td>
<td>0.906</td>
</tr>
<tr>
<td>TLI</td>
<td>0.888</td>
<td>0.896</td>
</tr>
<tr>
<td>SRMR</td>
<td>0.057</td>
<td>0.056</td>
</tr>
</tbody>
</table>

The indices in Table 6.21 display that the model fit had improved. According to the criteria stated by Hair et al. (2010.672), the RMSEA (0.056) in the refined data was still within the parameter of the recommended less than 0.07 value. The CFI and TLI improved to be closer to the recommended 0.9 level (0.096 and 0.896 respectively), and
the SRMR value of 0.056 was very close to the recommended 0.05 value. The refined data was fit to the model and the results are displayed in Table 6.22.

Table 6.22: Goodness-of-fit indices for the final SEM model

<table>
<thead>
<tr>
<th>Index</th>
<th>Result for SEM model</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMSEA</td>
<td>0.055</td>
</tr>
<tr>
<td>CFI</td>
<td>0.865</td>
</tr>
<tr>
<td>TLI</td>
<td>0.860</td>
</tr>
<tr>
<td>SRMR</td>
<td>0.086</td>
</tr>
</tbody>
</table>

The SEM results indicated a standard scaled Chi-square measure of 2877.632. The normed Chi-square ($\chi^2$/df) for the hypothesised SEM model was 2.359. Since the normed Chi-square was within the recommended value of 3 or less as recommended by Hair et al. (2010:672), it can be concluded that the data had a reasonable fit with the model. As can be seen from the results above, the RMSEA equalling 0.055 indicated a good fit for the model as it was well within the recommended value of less than 0.07. The CFI (0.865) and TLI (0.860) were very close to the recommended 0.9 level and were regarded as indications of a satisfactory model fit. Although the SRMR was slightly above the 0.05 recommended value at 0.086, the goodness-of-fit of the model still proved to be satisfactory.

The researcher again examined the paths between the constructs. The paths with factors significant at the 0.05 level or less are highlighted in Table 6.23.
Table 6.23: Final SEM paths between constructs

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Brand recognition on</strong></td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>0.081</td>
</tr>
<tr>
<td>Process</td>
<td>0.014*</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>0.723</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.387</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.400</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.406</td>
</tr>
<tr>
<td>Performance</td>
<td>0.556</td>
</tr>
<tr>
<td><strong>Trustworthiness on</strong></td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>0.078</td>
</tr>
<tr>
<td>Process</td>
<td>0.001*</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>0.170</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.716</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.452</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.088</td>
</tr>
<tr>
<td>Performance</td>
<td>0.000*</td>
</tr>
<tr>
<td><strong>Overall evaluation on</strong></td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>0.183</td>
</tr>
<tr>
<td>Process</td>
<td>0.033*</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>0.958</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.208</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.522</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.595</td>
</tr>
<tr>
<td>Performance</td>
<td>0.026*</td>
</tr>
<tr>
<td><strong>Loyalty on</strong></td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>0.082</td>
</tr>
<tr>
<td>Process</td>
<td>0.043*</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>0.897</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.540</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.850</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.247</td>
</tr>
<tr>
<td>Performance</td>
<td>0.001*</td>
</tr>
</tbody>
</table>

*significant at 5% level

From Table 6.23 it is evident that the SEM model not only provided a satisfactory model fit, but the paths between exogenous and endogenous constructs had also improved. Brand recognition, trustworthiness, overall evaluation and loyalty were all influenced by process and performance. People, by implication employees, whose P-values were
close to the significant level also played a significant role in influencing brand recognition and brand recall as displayed in Table 6.23.

In the subsequent section the evaluation, acceptance and rejection of hypotheses are discussed.

6.8 HYPOTHESES RELATIONSHIPS

Table 6.21 indicated the hypothesised relationships that were statistically significant at the 0.05 level of significance. The estimated parameters were used to evaluate the hypotheses and indicated which null hypotheses should be rejected. The null hypotheses stated that the independent variables (people, process, physical evidence, personal relationships, packaging, positioning and performance) have no influence on the dependent variables (brand recognition, trustworthiness, overall evaluation and loyalty). In Table 6.24 the estimated parameters used to evaluate the hypothesised relationships are displayed.
Table 6.24: Parameter estimates and p-values to evaluate hypotheses

<table>
<thead>
<tr>
<th></th>
<th>ESTIMATE</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Services Ps</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand recognition &lt;-&gt; People</td>
<td>-310</td>
<td>0.081</td>
</tr>
<tr>
<td>Brand recognition &lt;-&gt; Process</td>
<td>537</td>
<td>0.014*</td>
</tr>
<tr>
<td>Brand recognition &lt;-&gt; Physical evidence</td>
<td>112</td>
<td>0.723</td>
</tr>
<tr>
<td><strong>Recent Ps</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand recognition &lt;-&gt; Personal relationships</td>
<td>-275</td>
<td>0.387</td>
</tr>
<tr>
<td>Brand recognition &lt;-&gt; Packaging</td>
<td>134</td>
<td>0.400</td>
</tr>
<tr>
<td>Brand recognition &lt;-&gt; Positioning</td>
<td>137</td>
<td>0.406</td>
</tr>
<tr>
<td>Brand recognition &lt;-&gt; Performance</td>
<td>120</td>
<td>0.556</td>
</tr>
<tr>
<td><strong>Services Ps</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trustworthiness &lt;-&gt; People</td>
<td>-303</td>
<td>0.078</td>
</tr>
<tr>
<td>Trustworthiness &lt;-&gt; Process</td>
<td>986</td>
<td>0.001*</td>
</tr>
<tr>
<td>Trustworthiness &lt;-&gt; Physical evidence</td>
<td>-558</td>
<td>0.170</td>
</tr>
<tr>
<td><strong>Recent Ps</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trustworthiness &lt;-&gt; Personal relationships</td>
<td>113</td>
<td>0.716</td>
</tr>
<tr>
<td>Trustworthiness &lt;-&gt; Packaging</td>
<td>125</td>
<td>0.452</td>
</tr>
<tr>
<td>Trustworthiness &lt;-&gt; Positioning</td>
<td>335</td>
<td>0.088</td>
</tr>
<tr>
<td>Trustworthiness &lt;-&gt; Performance</td>
<td>908</td>
<td>0.000</td>
</tr>
<tr>
<td><strong>Services Ps</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall evaluation &lt;-&gt; People</td>
<td>160</td>
<td>0.183</td>
</tr>
<tr>
<td>Overall evaluation &lt;-&gt; Process</td>
<td>388</td>
<td>0.033*</td>
</tr>
<tr>
<td>Overall evaluation &lt;-&gt; Physical evidence</td>
<td>014</td>
<td>0.958</td>
</tr>
<tr>
<td><strong>Recent Ps</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall evaluation &lt;-&gt; Personal relationships</td>
<td>-294</td>
<td>0.208</td>
</tr>
<tr>
<td>Overall evaluation &lt;-&gt; Packaging</td>
<td>077</td>
<td>0.522</td>
</tr>
<tr>
<td>Overall evaluation &lt;-&gt; Positioning</td>
<td>061</td>
<td>0.595</td>
</tr>
<tr>
<td>Overall evaluation &lt;-&gt; Performance</td>
<td>291</td>
<td>0.026*</td>
</tr>
<tr>
<td><strong>Services Ps</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty &lt;-&gt; People</td>
<td>-397</td>
<td>0.082</td>
</tr>
<tr>
<td>Loyalty &lt;-&gt; Process</td>
<td>717</td>
<td>0.043*</td>
</tr>
<tr>
<td>Loyalty &lt;-&gt; Physical evidence</td>
<td>-064</td>
<td>0.897</td>
</tr>
<tr>
<td><strong>Recent Ps</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty &lt;-&gt; Personal relationships</td>
<td>210</td>
<td>0.540</td>
</tr>
<tr>
<td>Loyalty &lt;-&gt; Packaging</td>
<td>036</td>
<td>0.850</td>
</tr>
<tr>
<td>Loyalty &lt;-&gt; Positioning</td>
<td>-267</td>
<td>0.247</td>
</tr>
<tr>
<td>Loyalty &lt;-&gt; Performance</td>
<td>829</td>
<td>0.001*</td>
</tr>
</tbody>
</table>

*significant at 5% level
The estimated parameters were not all positive and therefore indicated that not all independent variables had a positive influence on and a positive relationship with the dependent variables. The positive estimated parameters indicated that the customers of car rental companies regarded these factors as satisfactory when they were utilising the services of the car rental company.

The findings from the SEM analysis are described next:

(S6) Process had a significant influence on all four dependent variables, namely brand recognition, trustworthiness, overall evaluation and loyalty.

(S7) Performance had a significant influence on trustworthiness, overall evaluation and loyalty.

Car rental companies should ensure that their process and performance of employees, as well as overall performance of the organisation are of high standard to retain existing customers and to build their reputation to attract new customers. Areas where there were positive estimated parameters should receive special attention to improve the internal marketing programmes and enhance the brand recognition and recall.

(S8) Seven strong relationships were found as indicated in bold in Table 6.22, of which process and trustworthiness were the strongest (estimate .986, p < .005).

The items in the questionnaire relating to process considered the customers' perceptions of how well processes were planned and implemented. If car rental companies ensure that processes are functioning optimally, customers regard them as trustworthy.

(S9) Performance and trustworthiness were the second strongest relationship (estimate .908, p < .005).
(S10): There was a strong relationship between performance and loyalty (estimate 0.829; \( p < 0.05 \)).

Finding (S7) was an indication that when car rental companies were performing well in terms of employee and company performance, customers had trust in them resulting in loyalty towards the car rental company as indicated by finding (S8).

(S11): Physical evidence was the factor that had the smallest or lowest influence on brand recognition (estimate 0.112; \( p \leq 0.05 \)) at a 0.05 level of significance.

This meant that customers regard other factors higher than physical evidence, for example, the location or the layout of the car rental company's offices in recognising the brand of the company. Therefore, if the physical evidences, such as clean and professional offices, enough employees to serve customers, website content updates and service standard improve, a relationship between physical evidence and the dependent variables (brand recognition, trustworthiness, overall evaluation and loyalty) will improve.

(S12): People (employees) had a negative relationship with brand recognition, trustworthiness, overall evaluation and loyalty.

The fact that people (employees) had a negative relationship with brand recognition, trustworthiness, overall evaluation and loyalty was an interesting finding, since it was mentioned in the literature Chapters 3 and 4 that employees played a significant role in creating a positive customer experience, especially in a services industry, such as car rental companies. This means that car rental companies have to focus more on employees to ensure that they are rightfully trained and equipped to deliver a positive service experience.
The empirical investigation indicated that other factors, such as process, packaging, positioning and performance had a stronger influence on brand recognition, trustworthiness, overall evaluation and loyalty.

The hypothesised relationships were also ranked according to the influence of internal marketing elements on brand awareness constructs. The value in the ranking of the hypothesised relationships representing the extent to which a measured variable's variance is explained by a latent factor, is referred to as squared multiple correlations ($R^2$) (Hair et al., 2010:692). The $R^2$ was used to determine how much variation the significant independent internal marketing constructs had on the dependent brand awareness constructs. These variances are presented in Table 6.25.

Table 6.25: $R^2$ for the variances of internal marketing on brand awareness

<table>
<thead>
<tr>
<th>Endogenous latent variable</th>
<th>$R^2$</th>
<th>Sig (p-value)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand recognition</td>
<td>.395</td>
<td>.000</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>.844</td>
<td>.000</td>
</tr>
<tr>
<td>Overall evaluation</td>
<td>.630</td>
<td>.000</td>
</tr>
<tr>
<td>Loyalty</td>
<td>.670</td>
<td>.000</td>
</tr>
</tbody>
</table>

The results in Table 6.25 show that the values were significantly different from 0.000 ($p < 0.05$). The researcher's view as guided by Hair et al. (2010:692), is that when $R^2$ is high, which is evident from the values above, it indicates adequate convergence, which confirms construct validity of the measuring instrument. Many researchers mentally translate $R^2$ into percentages, for example .39 means the regression findings explain 39% of the dependent construct (Hair et al., 2010:693).

The significant elements of internal marketing on brand recognition, namely internal process, positioning, packaging, performance and physical evidence explained 39.2% of the brand recognition perceived by customers. Internal process, performance and personal relationships explained 83.8% of the trustworthiness, while internal process,
performance, people, packaging, positioning and physical evidence explained 60.1% of the overall evaluation by customers, compared to the 64.3% explained by the internal performance, process and personal relationships on loyalty of customers. The low variance ($R^2$) of 39.2% on brand recognition could be attributed to the fact that other factors, which were not included in the study, might have an influence on customers' perception of brand recognition.

Due to the high $R^2$ values, the following findings were drawn concerning the influence of the internal marketing elements on the brand awareness constructs.

(S14): Customers perceived internal process, positioning, packaging, performance and physical evidence to have an influence on the brand recognition of the car rental company they use.

(S15): Customers perceived internal process, performance and personal relationships to have an influence on the trustworthiness of the car rental company.

(S16): Customers perceived internal process, performance, people, packaging, positioning and physical evidence to have an influence on the overall evaluation of the car rental company.

(S17): Customers perceived internal performance, process and personal relationships to have an influence on loyalty towards car rental companies.

The brand awareness constructs, namely brand recognition, trustworthiness, overall evaluation and loyalty were all found to be influenced by various elements of internal marketing. Based on this, the researcher determined that there was a significant difference between the perceived influence of the different elements of internal marketing on the constructs of brand awareness at car rental companies in South Africa. The researcher also determined that there was a significant difference in the level of influence as indicated in findings S12-17. With reference to findings S6-11, the
researcher determined that there was a relationship between the different elements of internal marketing on brand awareness as perceived by car rental customers.

Based on findings S6-17, the accepted (in bold) and rejected hypotheses of the traditional marketing elements are summarised in Table 6.26.

Table 6.26: Accepted and rejected hypotheses of the traditional internal marketing elements

<table>
<thead>
<tr>
<th>NUMBER</th>
<th>HYPOTHESIS AND NULL HYPOTHESIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>H (1a)</td>
<td>A relationship between the traditional internal marketing elements (product, price, promotion and distribution (place)) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) is evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H0(1a)</td>
<td>A relationship between the traditional internal marketing elements (product, price, promotion and distribution (place)) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) is not evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (2a)</td>
<td>There is a difference in the influences of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H0(2a)</td>
<td>There is no difference in the influences of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (3a)</td>
<td>The influence of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa is positive.</td>
</tr>
<tr>
<td>H0(3a)</td>
<td>The influence of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa is not positive.</td>
</tr>
<tr>
<td>H (4a)</td>
<td>There is a difference between the level of influence of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).</td>
</tr>
<tr>
<td>H0(4a)</td>
<td>There is no difference between the level of influence of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).</td>
</tr>
</tbody>
</table>
Since the traditional marketing mix elements, namely product, price, promotion and place did not have a significant relationship with and influence on brand awareness constructs, the null hypothesis is accepted.

The services and recent internal marketing elements were broken down in sub-hypotheses. Due to the large number of hypotheses, only the main hypotheses, null hypotheses, and accepted subhypotheses are displayed. The services marketing elements are summarised in Tables 6.27 and 6.28.
Table 6.27: Accepted and rejected hypotheses of the services internal marketing elements

<table>
<thead>
<tr>
<th>NUMBER</th>
<th>HYPOTHESIS AND NULL HYPOTHESIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>H (1b)</td>
<td>A relationship between the services internal marketing elements (people, process, physical evidence) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) is evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H0(1b)</td>
<td>A relationship between the services internal marketing elements (people, process, physical evidence) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) is not evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (2b)</td>
<td>There is a difference in the influences of the services internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H0(2b)</td>
<td>There is no difference in the influences of the services internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (3b)</td>
<td>The influence of the services internal marketing elements (people, process and physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa is positive.</td>
</tr>
<tr>
<td>H0(3b)</td>
<td>The influence of the services internal marketing elements (people, process and physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa is not positive.</td>
</tr>
<tr>
<td>H (4b)</td>
<td>There is a difference between the level of influence of the service internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).</td>
</tr>
<tr>
<td>H0(4b)</td>
<td>There is no difference between the level of influence of the service internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).</td>
</tr>
</tbody>
</table>
Table 6.28: Accepted subhypotheses of services internal marketing mix elements

<table>
<thead>
<tr>
<th>NUMBER</th>
<th>HYPOTHESIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>H (1b1)</td>
<td>A relationship between the services internal marketing element process and brand recognition is evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (1b2)</td>
<td>A relationship between the services internal marketing element process and trustworthiness is evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (1b3)</td>
<td>A relationship between the services internal marketing element process and overall evaluation is evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (1b4)</td>
<td>A relationship between the services internal marketing element process and loyalty is evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (2b1)</td>
<td>There is a difference in the influences of the services internal marketing element process on brand recognition of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (2b2)</td>
<td>There is a difference in the influences of the services internal marketing element process on trustworthiness of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (2b3)</td>
<td>There is a difference in the influences of the services internal marketing element process on overall evaluation of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (2b4)</td>
<td>There is a difference in the influences of the services internal marketing element process on loyalty of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (3b1)</td>
<td>The influence of the services internal marketing element process on brand recognition of selected car rental companies in South Africa is positive.</td>
</tr>
<tr>
<td>H (3b2)</td>
<td>The influence of the services internal marketing element process on trustworthiness of selected car rental companies in South Africa is positive.</td>
</tr>
<tr>
<td>H (3b3)</td>
<td>The influence of the services internal marketing element process on overall evaluation of selected car rental companies in South Africa is positive.</td>
</tr>
<tr>
<td>H (3b4)</td>
<td>The influence of the services internal marketing element process on loyalty of selected car rental companies in South Africa is positive.</td>
</tr>
<tr>
<td>H (4b1)</td>
<td>There is a difference between the level of influence of the service internal marketing element process on brand recognition.</td>
</tr>
<tr>
<td>H (4b2)</td>
<td>There is a difference between the level of influence of the service internal marketing element process on trustworthiness.</td>
</tr>
<tr>
<td>H (4b3)</td>
<td>There is a difference between the level of influence of the service internal marketing element process on overall evaluation.</td>
</tr>
<tr>
<td>H (4b4)</td>
<td>There is a difference between the level of influence of the service internal marketing element process on loyalty.</td>
</tr>
</tbody>
</table>

In Table 6.29 the summarised accepted and rejected hypotheses of recent internal marketing elements are displayed.
Table 6.29: Accepted and rejected hypotheses of the recent internal marketing elements

<table>
<thead>
<tr>
<th>NUMBER</th>
<th>HYPOTHESIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>H (1c)</td>
<td>A relationship between the recent internal marketing elements (personal relationships, packaging, positioning and performance) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) is evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td></td>
<td>A relationship between the recent internal marketing elements (personal relationships, packaging, positioning and performance) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) is not evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (2c)</td>
<td>There is a difference in the influences of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td></td>
<td>There is no difference in the influences of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (3c)</td>
<td>The influence of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa is positive.</td>
</tr>
<tr>
<td></td>
<td>The influence of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa is not positive.</td>
</tr>
<tr>
<td>H (4c)</td>
<td>There is a difference between the level of influence of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).</td>
</tr>
<tr>
<td></td>
<td>There is no difference between the level of influence of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).</td>
</tr>
</tbody>
</table>

Table 6.30 summarises the accepted subhypotheses of recent internal marketing elements.
Table 6.30: Accepted subhypotheses of services internal marketing mix elements

<table>
<thead>
<tr>
<th>NUMBER</th>
<th>HYPOTHESIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>H (1b5)</td>
<td>A relationship between the recent internal marketing element performance and trustworthiness is evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (1b6)</td>
<td>A relationship between the recent internal marketing element performance and overall evaluation is evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (1b7)</td>
<td>A relationship between the recent internal marketing element performance and loyalty is evident in the selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (2b5)</td>
<td>There is a difference in the influences of the recent internal marketing element performance on trustworthiness of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (2b6)</td>
<td>There is a difference in the influences of the recent internal marketing element performance on overall evaluation of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (2b7)</td>
<td>There is a difference in the influences of the recent internal marketing element performance on loyalty of selected car rental companies in South Africa.</td>
</tr>
<tr>
<td>H (3b5)</td>
<td>The influence of the recent internal marketing element performance on trustworthiness of selected car rental companies in South Africa is positive.</td>
</tr>
<tr>
<td>H (3b6)</td>
<td>The influence of the recent internal marketing element performance on overall evaluation of selected car rental companies in South Africa is positive.</td>
</tr>
<tr>
<td>H (3b7)</td>
<td>The influence of the recent internal marketing element performance on loyalty of selected car rental companies in South Africa is positive.</td>
</tr>
<tr>
<td>H (4b5)</td>
<td>There is a difference between the level of influence of the recent internal marketing element performance on trustworthiness.</td>
</tr>
<tr>
<td>H (4b6)</td>
<td>There is a difference between the level of influence of the recent internal marketing element performance on overall evaluation.</td>
</tr>
<tr>
<td>H (4b7)</td>
<td>There is a difference between the level of influence of the recent internal marketing element performance on loyalty.</td>
</tr>
</tbody>
</table>

The main findings and recommendations to car rental companies are presented in Chapter 7.

Based on the final results of the SEM and hypotheses testing, the final SEM model is depicted in Figure 6.2. Due to the complexity of the model and space constraints, the arrows and circles that connect the errors with the scale items were not indicated in the Figure. The negative relationships and influences were also not included in the Figure, as well as the positive influences, which were not statistically significant.
Figure 6.2: SEM model

Source: Author's own construct
As discussed in section 5.9.7, equivalence was used to draw a comparison in the perception of car rental customers in South Africa considering the current situation and an ideal situation. In the next section the results of the equivalence testing is reported.

6.9 EQUIVALENCE RESULTS

Equivalence refers to the measurement level at which scores can be compared across groups. In this study, the comparison is made between the status quo (current situation) and ideal situation as perceived by customers of car rental companies. The steps indicated in section 5.9.7 to measure equivalence are presented for ease of reference.

Step 1: An omnibus test of equality of covariance matrices across groups (measurement invariance)

Step 2: Configural (factor structures) invariance

Step 3: Structural or functional invariance

Step 4: Confirmation of functional invariance by applying factor loading and path coefficients.

First, the measurement equivalence or measurement invariance is presented. Equality is measured by investigating a factorial structure (i.e. same number of factors and pattern of item loadings on these factors), perceived item content and factor loadings (i.e. similar size of item estimates).

6.9.1. Testing for the validity and equivalence of factorial structure

In order to determine the differences in factor loadings, the test of metric invariance, where the factor loadings were constrained to be equal across groups, was conducted independently for each item. Table 6.31 displays the factor loadings.
Table 6.31: Standardised factor loadings

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Services Ps</th>
<th>Factor loadings status quo</th>
<th>Factor loadings ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>People</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B21</td>
<td>Employees are trained to deliver service excellence</td>
<td>0.828</td>
<td>0.895</td>
</tr>
<tr>
<td>B22</td>
<td>Employees appear motivated to deliver service excellence</td>
<td>0.846</td>
<td>0.860</td>
</tr>
<tr>
<td>B23</td>
<td>The employees of the company are responsive to customer needs</td>
<td>0.859</td>
<td>0.836</td>
</tr>
<tr>
<td>B24</td>
<td>The employees of the company seem accountable when making a promise to me</td>
<td>0.825</td>
<td>0.743</td>
</tr>
<tr>
<td>B25</td>
<td>Employees of the company can make decisions independently</td>
<td>0.745</td>
<td>0.648</td>
</tr>
<tr>
<td>Process</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B26</td>
<td>My experience with the company is satisfactory from the booking until delivery of the vehicle</td>
<td>0.780</td>
<td>0.793</td>
</tr>
<tr>
<td>B27</td>
<td>The employees of the company are certain of the procedures they have to follow</td>
<td>0.802</td>
<td>0.816</td>
</tr>
<tr>
<td>B28</td>
<td>Even if queues are long, I do not have to wait long to get my vehicle</td>
<td>0.647</td>
<td>0.706</td>
</tr>
<tr>
<td>B29</td>
<td>The bill I receive from the company is explained so that I understand it</td>
<td>0.555</td>
<td>0.690</td>
</tr>
<tr>
<td>B30</td>
<td>I believe the company is well managed</td>
<td>0.808</td>
<td>0.711</td>
</tr>
<tr>
<td>Physical evidence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B31</td>
<td>The working environment of employees of the company is clean</td>
<td>0.676</td>
<td>0.790</td>
</tr>
<tr>
<td>B32</td>
<td>There are enough employees to provide service to customers</td>
<td>0.744</td>
<td>0.781</td>
</tr>
<tr>
<td>B33</td>
<td>The public area of the company looks professional</td>
<td>0.705</td>
<td>0.846</td>
</tr>
<tr>
<td>B34</td>
<td>The website of the company is updated</td>
<td>0.636</td>
<td>0.691</td>
</tr>
<tr>
<td>B35</td>
<td>The service standard is consistent when I interact with the company</td>
<td>0.775</td>
<td>0.791</td>
</tr>
</tbody>
</table>

362
<table>
<thead>
<tr>
<th>Constructs</th>
<th>Recent Ps</th>
<th>Factor loadings status quo</th>
<th>Factor loadings ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personal relationships</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B36 Long-term relationships with customers depend on the management's ability to establish a positive relationship with employees</td>
<td>0.517</td>
<td>0.699</td>
<td></td>
</tr>
<tr>
<td>B37 The company focuses on building relationships with customers</td>
<td>0.794</td>
<td>0.788</td>
<td></td>
</tr>
<tr>
<td>B38 Trust is an integral part of my relationship with the company</td>
<td>0.654</td>
<td>0.790</td>
<td></td>
</tr>
<tr>
<td>B39 The company is trying to act in my best interest</td>
<td>0.845</td>
<td>0.797</td>
<td></td>
</tr>
<tr>
<td><strong>Packaging</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B41 The promotional material, i.e., brochures, service delivery by employees influence me to purchase the company's services</td>
<td>0.522</td>
<td>0.571</td>
<td></td>
</tr>
<tr>
<td>B42 The appearance of employees of the company is an important aspect of packaging for the company to create promotional value</td>
<td>0.787</td>
<td>0.825</td>
<td></td>
</tr>
<tr>
<td>B43 The way in which the company presents itself to me creates a certain expectation about its values</td>
<td>0.774</td>
<td>0.831</td>
<td></td>
</tr>
<tr>
<td>B44 The employees of the company are wearing name tags to be identified</td>
<td>0.593</td>
<td>0.663</td>
<td></td>
</tr>
<tr>
<td><strong>Positioning</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B46 The company has distinct value offerings that distinguish it from competitors</td>
<td>0.731</td>
<td>0.760</td>
<td></td>
</tr>
<tr>
<td>B47 I can identify with the culture displayed by employees</td>
<td>0.841</td>
<td>0.881</td>
<td></td>
</tr>
<tr>
<td>B48 The company has values I can identify with</td>
<td>0.871</td>
<td>0.881</td>
<td></td>
</tr>
<tr>
<td>B49 The company has a unique culture that distinguishes it from competitors</td>
<td>0.807</td>
<td>0.863</td>
<td></td>
</tr>
<tr>
<td>B50 The objectives of the company are clear in the way it portrays itself through its marketing effort</td>
<td>0.822</td>
<td>0.830</td>
<td></td>
</tr>
<tr>
<td><strong>Performance</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B51 I regard the company's performance higher than the performance of competitors</td>
<td>0.784</td>
<td>0.810</td>
<td></td>
</tr>
<tr>
<td>B52 The company performs well because of its ethical values</td>
<td>0.835</td>
<td>0.823</td>
<td></td>
</tr>
<tr>
<td>B53 The company keeps up with changes in the market</td>
<td>0.788</td>
<td>0.794</td>
<td></td>
</tr>
<tr>
<td>B54 I am requested to evaluate the performance of the company</td>
<td>0.480</td>
<td>0.669</td>
<td></td>
</tr>
<tr>
<td>B55 The company is good at retaining me as a customer</td>
<td>0.771</td>
<td>0.705</td>
<td></td>
</tr>
<tr>
<td>Constructs</td>
<td>Brand awareness</td>
<td>Factor loadings status quo</td>
<td>Factor loadings ideal situation</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>----------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>Recognition</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B56</td>
<td>I can recognise the company distinctly</td>
<td>0.881</td>
<td>0.879</td>
</tr>
<tr>
<td>B57</td>
<td>The company brand is visibly displayed</td>
<td>0.814</td>
<td>0.814</td>
</tr>
<tr>
<td>B58</td>
<td>I feel comfortable with the company</td>
<td>0.869</td>
<td>0.869</td>
</tr>
<tr>
<td>B59</td>
<td>The company is well-known because of its service</td>
<td>0.671</td>
<td>0.672</td>
</tr>
<tr>
<td>B60</td>
<td>I can distinguish the company from competitors</td>
<td>0.759</td>
<td>0.761</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B61</td>
<td>I trust the brand because of the service I receive</td>
<td>0.875</td>
<td>0.869</td>
</tr>
<tr>
<td>B62</td>
<td>I continue using the company because of its reputation</td>
<td>0.829</td>
<td>0.829</td>
</tr>
<tr>
<td>B63</td>
<td>I have only positive memories of my interactions with the company</td>
<td>0.771</td>
<td>0.759</td>
</tr>
<tr>
<td>B64</td>
<td>I trust the company because it is a known brand</td>
<td>0.799</td>
<td>0.813</td>
</tr>
<tr>
<td>B65</td>
<td>I trust the company because I have not experienced problems with the vehicle I have hired</td>
<td>0.690</td>
<td>0.681</td>
</tr>
<tr>
<td>Overall evaluation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B67</td>
<td>I have a clear picture in my mind when I think of the company</td>
<td>0.699</td>
<td>0.695</td>
</tr>
<tr>
<td>B68</td>
<td>The company has a good reputation</td>
<td>0.831</td>
<td>0.840</td>
</tr>
<tr>
<td>B69</td>
<td>The company has a strong brand compared to competitors</td>
<td>0.742</td>
<td>0.736</td>
</tr>
<tr>
<td>B70</td>
<td>I can easily recall a symbol associated with the company</td>
<td>0.723</td>
<td>0.715</td>
</tr>
<tr>
<td>Loyalty</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B71</td>
<td>I am a loyal customer of the company</td>
<td>0.889</td>
<td>0.889</td>
</tr>
<tr>
<td>B72</td>
<td>It is my preferred choice to remain a customer of the company</td>
<td>0.902</td>
<td>0.898</td>
</tr>
<tr>
<td>B73</td>
<td>The brand reputation of the company will influence my decision to continue using the company</td>
<td>0.729</td>
<td>0.731</td>
</tr>
<tr>
<td>B75</td>
<td>The employees of the company are an integral part of my choice of the brand</td>
<td>0.583</td>
<td>0.576</td>
</tr>
</tbody>
</table>
As can be seen from the Table, there were only minor differences between the factor loadings of the status quo and ideal situation. Therefore, it can be concluded that although very small differences in factor loadings do exist between the two models, there are generally high levels of conceptual equivalence and not one dimension contributed a disproportionate amount to the level of non-equivalence found for the assessed model.

The finding is summarised as:

(E1): There are generally high levels of conceptual equivalence between the status quo and ideal situation models.

The variation amongst the latent scale items of the constructs was measured using the $R^2$. These variances between the constructs for the status quo and ideal situation models are presented in Table 6.32.
### Table 6.32: Squared correlation estimate

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Services Ps</th>
<th>Status</th>
<th>quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$R^2$</td>
<td>$p$-value</td>
<td>$R^2$</td>
</tr>
<tr>
<td><strong>People</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B21</td>
<td>Employees are trained to deliver service excellence</td>
<td>0.685</td>
<td>0.000</td>
<td>0.802</td>
</tr>
<tr>
<td>B22</td>
<td>Employees appear motivated to deliver service excellence</td>
<td>0.715</td>
<td>0.000</td>
<td>0.754</td>
</tr>
<tr>
<td>B23</td>
<td>The employees of the company are responsive to customer needs</td>
<td>0.738</td>
<td>0.000</td>
<td>0.699</td>
</tr>
<tr>
<td>B24</td>
<td>The employees of the company seem accountable when making a promise to me</td>
<td>0.660</td>
<td>0.000</td>
<td>0.552</td>
</tr>
<tr>
<td>B25</td>
<td>Employees of the company can make decisions independently</td>
<td>0.546</td>
<td>0.000</td>
<td>0.420</td>
</tr>
<tr>
<td><strong>Process</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B26</td>
<td>My experience with the company is satisfactory from the booking until delivery of the vehicle</td>
<td>0.609</td>
<td>0.000</td>
<td>0.629</td>
</tr>
<tr>
<td>B27</td>
<td>The employees of the company are certain of the procedures they have to follow</td>
<td>0.643</td>
<td>0.000</td>
<td>0.666</td>
</tr>
<tr>
<td>B28</td>
<td>Even if queues are long, I do not have to wait long to get my vehicle</td>
<td>0.418</td>
<td>0.000</td>
<td>0.499</td>
</tr>
<tr>
<td>B29</td>
<td>The bill I receive from the company is explained so that I understand it</td>
<td>0.308</td>
<td>0.000</td>
<td>0.476</td>
</tr>
<tr>
<td>B30</td>
<td>I believe the company is well managed</td>
<td>0.653</td>
<td>0.000</td>
<td>0.505</td>
</tr>
<tr>
<td><strong>Physical evidence</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B31</td>
<td>The working environment of employees of the company is clean</td>
<td>0.457</td>
<td>0.000</td>
<td>0.624</td>
</tr>
<tr>
<td>B32</td>
<td>There are enough employees to provide service to customers</td>
<td>0.553</td>
<td>0.000</td>
<td>0.611</td>
</tr>
<tr>
<td>B33</td>
<td>The public area of the company looks professional</td>
<td>0.497</td>
<td>0.000</td>
<td>0.715</td>
</tr>
<tr>
<td>B34</td>
<td>The website of the company is updated</td>
<td>0.404</td>
<td>0.000</td>
<td>0.477</td>
</tr>
<tr>
<td>B35</td>
<td>The service standard is consistent when I interact with the company</td>
<td>0.600</td>
<td>0.000</td>
<td>0.626</td>
</tr>
<tr>
<td>Constructs</td>
<td>Recent P5</td>
<td>Status quo</td>
<td>Ideal situation</td>
<td></td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>------------</td>
<td>-----------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>( R^2 )</td>
<td>( p )-value</td>
<td>( R^2 )</td>
</tr>
<tr>
<td>Personal relationships</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B36</td>
<td>Long term relationships with customers depend on the management’s ability to establish a positive relationship with employees</td>
<td>0.268</td>
<td>0.000</td>
<td>0.488</td>
</tr>
<tr>
<td>B37</td>
<td>The company focuses on building relationships with customers</td>
<td>0.631</td>
<td>0.000</td>
<td>0.622</td>
</tr>
<tr>
<td>B38</td>
<td>Trust is an integral part of my relationship with the company</td>
<td>0.428</td>
<td>0.000</td>
<td>0.623</td>
</tr>
<tr>
<td>B39</td>
<td>The company is trying to act in my best interest</td>
<td>0.715</td>
<td>0.000</td>
<td>0.636</td>
</tr>
<tr>
<td>Packaging</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B41</td>
<td>The promotional materials, the brochures, service delivery by employees, influence me to purchase the company’s services</td>
<td>0.272</td>
<td>0.000</td>
<td>0.326</td>
</tr>
<tr>
<td>B42</td>
<td>The appearance of employees of the company is an important aspect of packaging for the company to create promotional value</td>
<td>0.619</td>
<td>0.000</td>
<td>0.680</td>
</tr>
<tr>
<td>B43</td>
<td>The way in which the company presents itself to me creates a certain expectation about its values</td>
<td>0.599</td>
<td>0.000</td>
<td>0.691</td>
</tr>
<tr>
<td>B44</td>
<td>The employees of the company are wearing name tags to be identified</td>
<td>0.352</td>
<td>0.000</td>
<td>0.439</td>
</tr>
<tr>
<td>Positioning</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B46</td>
<td>The company has distinct value offerings that distinguish it from competitors</td>
<td>0.534</td>
<td>0.000</td>
<td>0.578</td>
</tr>
<tr>
<td>B47</td>
<td>I can identify with the culture displayed by employees</td>
<td>0.707</td>
<td>0.000</td>
<td>0.775</td>
</tr>
<tr>
<td>B48</td>
<td>The company has values I can identify with</td>
<td>0.759</td>
<td>0.000</td>
<td>0.777</td>
</tr>
<tr>
<td>B49</td>
<td>The company has a unique culture that distinguishes it from competitors</td>
<td>0.651</td>
<td>0.000</td>
<td>0.745</td>
</tr>
<tr>
<td>B50</td>
<td>The objectives of the company are clear in the way it portrays itself through its marketing effort</td>
<td>0.675</td>
<td>0.000</td>
<td>0.689</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B51</td>
<td>I regard the company’s performance higher than the performance of competitors</td>
<td>0.614</td>
<td>0.000</td>
<td>0.656</td>
</tr>
<tr>
<td>B52</td>
<td>The company performs well because of its ethical values</td>
<td>0.698</td>
<td>0.000</td>
<td>0.677</td>
</tr>
<tr>
<td>B53</td>
<td>The company keeps up with changes in the market</td>
<td>0.621</td>
<td>0.000</td>
<td>0.630</td>
</tr>
<tr>
<td>B54</td>
<td>I am requested to evaluate the performance of the company</td>
<td>0.233</td>
<td>0.000</td>
<td>0.447</td>
</tr>
<tr>
<td>B55</td>
<td>The company is good at retaining me as a customer</td>
<td>0.594</td>
<td>0.000</td>
<td>0.497</td>
</tr>
<tr>
<td>Constructs</td>
<td>Brand awareness</td>
<td>Status quo</td>
<td></td>
<td>Ideal situation</td>
</tr>
<tr>
<td>------------------</td>
<td>----------------------------------------------------------------------------------</td>
<td>------------</td>
<td>-----</td>
<td>-----------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$R^2$</td>
<td>P-value</td>
<td>$R^2$</td>
</tr>
<tr>
<td><strong>Brand recognition</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B56</td>
<td>I can recognise the company distinctly</td>
<td>0.777</td>
<td>0.000</td>
<td>0.773</td>
</tr>
<tr>
<td>B57</td>
<td>The company brand is visibly displayed</td>
<td>0.663</td>
<td>0.000</td>
<td>0.663</td>
</tr>
<tr>
<td>B58</td>
<td>I feel comfortable with the company</td>
<td>0.755</td>
<td>0.000</td>
<td>0.755</td>
</tr>
<tr>
<td>B59</td>
<td>The company is well-known because of its service</td>
<td>0.450</td>
<td>0.000</td>
<td>0.451</td>
</tr>
<tr>
<td>B60</td>
<td>I can distinguish the company from competitors</td>
<td>0.570</td>
<td>0.000</td>
<td>0.579</td>
</tr>
<tr>
<td><strong>Trustworthiness</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B61</td>
<td>I trust the brand because of the service I receive</td>
<td>0.765</td>
<td>0.000</td>
<td>0.756</td>
</tr>
<tr>
<td>B62</td>
<td>I continue using the company because of its reputation</td>
<td>0.688</td>
<td>0.000</td>
<td>0.688</td>
</tr>
<tr>
<td>B63</td>
<td>I have only positive memories of my interactions with the company</td>
<td>0.594</td>
<td>0.000</td>
<td>0.577</td>
</tr>
<tr>
<td>B64</td>
<td>I trust the company because it is a known brand</td>
<td>0.639</td>
<td>0.000</td>
<td>0.662</td>
</tr>
<tr>
<td>B65</td>
<td>I trust the company because I have not experienced problems with the vehicle I have hired</td>
<td>0.477</td>
<td>0.000</td>
<td>0.464</td>
</tr>
<tr>
<td><strong>Overall evaluation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B67</td>
<td>I have a clear picture in my mind when I think of the company</td>
<td>0.489</td>
<td>0.000</td>
<td>0.483</td>
</tr>
<tr>
<td>B68</td>
<td>The company has a good reputation</td>
<td>0.691</td>
<td>0.000</td>
<td>0.706</td>
</tr>
<tr>
<td>B69</td>
<td>The company has a strong brand compared to competitors</td>
<td>0.551</td>
<td>0.000</td>
<td>0.541</td>
</tr>
<tr>
<td>B70</td>
<td>I can easily recall a symbol associated with the company</td>
<td>0.523</td>
<td>0.000</td>
<td>0.512</td>
</tr>
<tr>
<td><strong>Loyalty</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B71</td>
<td>I am a loyal customer of the company</td>
<td>0.790</td>
<td>0.000</td>
<td>0.791</td>
</tr>
<tr>
<td>B72</td>
<td>It is my preferred choice to remain a customer of the company</td>
<td>0.813</td>
<td>0.000</td>
<td>0.807</td>
</tr>
<tr>
<td>B73</td>
<td>The brand reputation of the company will influence my decision to continue using the company</td>
<td>0.531</td>
<td>0.000</td>
<td>0.534</td>
</tr>
<tr>
<td>B75</td>
<td>The employees of the company are an integral part of my choice of the brand</td>
<td>0.339</td>
<td>0.000</td>
<td>0.332</td>
</tr>
</tbody>
</table>
The results in Table 6.32 showed that the values were significantly different from 0.000 (p < 0.05). When R² is high, as was evident from the values above, it indicates adequate construct validity.

The finding can be stated as:

(E2) The two models, status quo and ideal situation, indicated construct validity.

The paths between the constructs have also been examined. The paths with factors significant at the 0.05 level or less are highlighted in Table 6.33.
Table 6.33: Paths between constructs

<table>
<thead>
<tr>
<th>CONSTRUCT</th>
<th>Status quo p-value</th>
<th>Ideal situation p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand recognition on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>0.081</td>
<td>0.243</td>
</tr>
<tr>
<td>Process</td>
<td>0.014*</td>
<td>0.004*</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>0.723</td>
<td>0.165</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.387</td>
<td>0.180</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.400</td>
<td>0.048*</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.406</td>
<td>0.485</td>
</tr>
<tr>
<td>Performance</td>
<td>0.556</td>
<td>0.332</td>
</tr>
<tr>
<td>Trustworthiness on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>0.078</td>
<td>0.010*</td>
</tr>
<tr>
<td>Process</td>
<td>0.001*</td>
<td>0.005*</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>0.170</td>
<td>0.070</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.716</td>
<td>0.008*</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.452</td>
<td>0.778</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.088</td>
<td>0.006*</td>
</tr>
<tr>
<td>Performance</td>
<td>0.000*</td>
<td>0.600</td>
</tr>
<tr>
<td>Overall evaluation on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>0.183</td>
<td>0.030*</td>
</tr>
<tr>
<td>Process</td>
<td>0.033*</td>
<td>0.007*</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>0.958</td>
<td>0.067</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.203</td>
<td>0.012*</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.522</td>
<td>0.572</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.595</td>
<td>0.007*</td>
</tr>
<tr>
<td>Performance</td>
<td>0.026*</td>
<td>0.867</td>
</tr>
<tr>
<td>Loyalty on</td>
<td></td>
<td></td>
</tr>
<tr>
<td>People</td>
<td>0.082</td>
<td>0.061</td>
</tr>
<tr>
<td>Process</td>
<td>0.043*</td>
<td>0.022*</td>
</tr>
<tr>
<td>Physical evidence</td>
<td>0.897</td>
<td>0.760</td>
</tr>
<tr>
<td>Personal relationships</td>
<td>0.540</td>
<td>0.657</td>
</tr>
<tr>
<td>Packaging</td>
<td>0.850</td>
<td>0.577</td>
</tr>
<tr>
<td>Positioning</td>
<td>0.247</td>
<td>0.023*</td>
</tr>
<tr>
<td>Performance</td>
<td>0.001*</td>
<td>0.963</td>
</tr>
</tbody>
</table>

*significant at 5% level

It is evident that the ideal situation not only provided a satisfactory model fit, but the paths were also more significant. Brand recognition, trustworthiness, overall evaluation and loyalty were all influenced by process. People, by implication employees, were more significant in influencing trustworthiness and overall evaluation. Interestingly,
performance had declined, but positioning had a higher level of significance in influencing trustworthiness, overall evaluation and loyalty.

Therefore the findings are:

(E2): Customers perceived the services internal marketing element process to have an influence on brand recognition, trustworthiness, overall evaluation and loyalty in an ideal situation.

(E3): Customers perceived the services internal marketing element people to have an influence on trustworthiness and overall evaluation in an ideal situation.

(E4): Customers perceived the recent internal marketing element positioning to have an influence on trustworthiness, overall evaluation and loyalty in an ideal situation.

In Table 6.34, the parameter estimates and p-values are indicated.
Table 6.34: Parameter estimates and p-values

<table>
<thead>
<tr>
<th>Services Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ESTIMATE</td>
<td>p-value</td>
</tr>
<tr>
<td>Brand recognition — People</td>
<td>310</td>
<td>0.081</td>
</tr>
<tr>
<td>Brand recognition — Process</td>
<td>537</td>
<td>0.014*</td>
</tr>
<tr>
<td>Brand recognition — Physical evidence</td>
<td>112</td>
<td>0.723</td>
</tr>
<tr>
<td>Recent Ps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brand recognition — Personal relationships</td>
<td>275</td>
<td>0.387</td>
</tr>
<tr>
<td>Brand recognition — Packaging</td>
<td>134</td>
<td>0.460</td>
</tr>
<tr>
<td>Brand recognition — Positioning</td>
<td>137</td>
<td>0.400</td>
</tr>
<tr>
<td>Brand recognition — Performance</td>
<td>120</td>
<td>0.556</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trustworthiness — People</td>
<td>-303</td>
<td>0.078</td>
</tr>
<tr>
<td>Trustworthiness — Process</td>
<td>996</td>
<td>0.001*</td>
</tr>
<tr>
<td>Trustworthiness — Physical evidence</td>
<td>-558</td>
<td>0.170</td>
</tr>
<tr>
<td>Recent Ps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trustworthiness — Personal relationships</td>
<td>113</td>
<td>0.710</td>
</tr>
<tr>
<td>Trustworthiness — Packaging</td>
<td>-125</td>
<td>0.452</td>
</tr>
<tr>
<td>Trustworthiness — Positioning</td>
<td>-338</td>
<td>0.088</td>
</tr>
<tr>
<td>Trustworthiness — Performance</td>
<td>908</td>
<td>0.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall evaluation — People</td>
<td>160</td>
<td>0.183</td>
</tr>
<tr>
<td>Overall evaluation — Process</td>
<td>398</td>
<td>0.033*</td>
</tr>
<tr>
<td>Overall evaluation — Physical evidence</td>
<td>014</td>
<td>0.058</td>
</tr>
<tr>
<td>Recent Ps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall evaluation — Personal relationships</td>
<td>-294</td>
<td>0.208</td>
</tr>
<tr>
<td>Overall evaluation — Packaging</td>
<td>077</td>
<td>0.522</td>
</tr>
<tr>
<td>Overall evaluation — Positioning</td>
<td>067</td>
<td>0.595</td>
</tr>
<tr>
<td>Overall evaluation — Performance</td>
<td>291</td>
<td>0.025*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loyalty — People</td>
<td>397</td>
<td>0.082</td>
</tr>
<tr>
<td>Loyalty — Process</td>
<td>717</td>
<td>0.043*</td>
</tr>
<tr>
<td>Loyalty — Physical evidence</td>
<td>-064</td>
<td>0.897</td>
</tr>
<tr>
<td>Recent Ps</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty — Personal relationships</td>
<td>210</td>
<td>0.540</td>
</tr>
<tr>
<td>Loyalty — Packaging</td>
<td>030</td>
<td>0.850</td>
</tr>
<tr>
<td>Loyalty — Positioning</td>
<td>-267</td>
<td>0.247</td>
</tr>
<tr>
<td>Loyalty — Performance</td>
<td>829</td>
<td>0.001*</td>
</tr>
</tbody>
</table>

*p significant at 5% level
Although there was an increased significance level in the ideal situation, it was evident that the influence of the constructs were perceived to be very negative by customers. Packaging has a negative influence on recognition of the brand (estimate -0.172; p < 0.05); people (estimate -0.377; p < 0.05) and personal relationships (estimate -0.443; p < 0.05) were perceived to be deterring trust in the car rental company; people (estimate -0.203; p < 0.05) and personal relationships (estimate -0.301; p < 0.05) were also having a negative influence on the overall evaluation of the organisation. The reason for this might be because customers felt they could not create personal relationships with employees since employees were not friendly or helpful in renting a vehicle.

The results for the SEM analysis conducted are summarised in Table 6.35.

Table 6.35: Goodness-of-fit statistics

<table>
<thead>
<tr>
<th>Model description</th>
<th>( \chi^2 )</th>
<th>df</th>
<th>RMSEA</th>
<th>CFI</th>
<th>TLI</th>
<th>SRMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status quo</td>
<td>2622.195</td>
<td>1169</td>
<td>0.053</td>
<td>0.879</td>
<td>0.869</td>
<td>0.064</td>
</tr>
<tr>
<td>Ideal situation</td>
<td>2231.840</td>
<td>1169</td>
<td>0.045</td>
<td>0.906</td>
<td>0.897</td>
<td>0.058</td>
</tr>
</tbody>
</table>

Normed Chi square (\( \chi^2/df \)) < 3
RMSEA between 0.05 and 0.08
CFI > 0.9
TLI > 0.9
SRMR < 0.05

The fit of the status quo model (in table 6.35) yielded a fairly well-fitting model as indicated by the RMSEA = 0.053; CFI = 0.879; TLI = 0.869 and SRMR = 0.064. These results supported the validity of the status quo model. The ideal situation model tested even better with RMSEA = 0.045; CFI = 0.906; TLI = 0.897 and SRMR = 0.058. These results also supported the validity of the ideal model.
The findings are:

(E5) The results of the SEM supported the validity of the status quo model.

(E6) The ideal situation SEM model had a better goodness-of-fit and validity.

The results presented in the ideal situation did not change significantly from the results presented in the status quo, meaning that the model was also fit for the ideal situation.

According to Diefendorff, Silverman and Greguras (2005:405), the measurement invariance test is the most restrictive model, and is done first to determine any differences between groups. Although the results of the SEM testing indicated small differences between the two models, the differences certainly justified further testing. The next test was the configural invariance test.

6.9.2. Configural (factor structures) Invariance

Configural invariance is the least restrictive model positing only an equivalent factor structure across respondents. If there were to be differences between groups, it could be interpreted that respondents disagree over the number or composition of constructs contained in the instrument. Configural invariance was performed by investigating the slopes at the hand of factor loadings, intercepts and residual variances.

Residuals refer to the difference between an actual and predicted score. In a perfect relation the residual for every scale item is close to zero. With real data where the relationship is not perfect, the absolute value of residuals is almost always less than one (Diefendorff et al., 2005:406).

In the following Table the slopes, intercepts and residual variances are displayed.
### Table 6.36: Unstandardised factor loadings and intercepts

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Services Pa</th>
<th>Factor loadings status quo</th>
<th>Factor loadings ideal situation</th>
<th>Intercepts status quo</th>
<th>Intercepts ideal situation</th>
<th>Variance status quo</th>
<th>Variance ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>People</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B21 Employees are trained to deliver service excellence</td>
<td>1.000 1.000</td>
<td>3.944 4.379</td>
<td>.190 .083</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B22 Employees appear motivated to deliver service excellence</td>
<td>1.051 1.025</td>
<td>3.919 4.254</td>
<td>.181 .114</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B23 The employees of the company are responsive to customer needs</td>
<td>1.155 .942</td>
<td>3.892 4.399</td>
<td>.195 .127</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B24 The employees of the company seem accountable when making a promise to me</td>
<td>1.237 .965</td>
<td>3.787 4.327</td>
<td>.206 .213</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B25 Employees of the company can make decisions independently</td>
<td>1.175 .862</td>
<td>3.426 4.141</td>
<td>.473 .359</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Process</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B26 My experience with the company is satisfactory from the booking until delivery of the vehicle</td>
<td>1.000 1.000</td>
<td>4.148 4.474</td>
<td>.280 .120</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B27 The employees of the company are certain of the procedures they have to follow</td>
<td>.911 .119</td>
<td>4.142 4.324</td>
<td>.261 .131</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B28 Even if queues are long, I do not have to wait long to get my vehicle</td>
<td>.980 .930</td>
<td>3.831 4.430</td>
<td>.583 .177</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B29 The bill I receive from the company is explained so that I understand it</td>
<td>.751 1.025</td>
<td>4.097 4.455</td>
<td>.554 .238</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B30 I believe the company is well managed</td>
<td>.955 1.141</td>
<td>4.093 4.353</td>
<td>.225 .260</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Physical evidence</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B31 The working environment of employees of the company is clean</td>
<td>1.000 1.000</td>
<td>4.301 4.302</td>
<td>.208 .162</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B32 There are enough employees to provide service to customers</td>
<td>1.551 .883</td>
<td>3.856 4.441</td>
<td>.342 .134</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B33 The public area of the company looks professional</td>
<td>1.164 1.031</td>
<td>4.274 4.345</td>
<td>.241 .114</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B34 The website of the company is updated</td>
<td>1.261 1.077</td>
<td>3.974 4.187</td>
<td>.373 .342</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B35 The service standard is consistent when I interact with the company</td>
<td>1.526 .969</td>
<td>4.048 4.377</td>
<td>.273 .151</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Constructs</td>
<td>Recent Ps</td>
<td>Factor loadings status quo</td>
<td>Factor loadings ideal situation</td>
<td>Intercepts status quo</td>
<td>Intercepts ideal situation</td>
<td>Variance status quo</td>
<td>Variance ideal situation</td>
</tr>
<tr>
<td>-------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>----------------------------</td>
<td>--------------------------------</td>
<td>-----------------------</td>
<td>--------------------------</td>
<td>----------------------</td>
<td>-------------------------</td>
</tr>
<tr>
<td>Personal relationships</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B36</td>
<td>Long-term relationships with customers depend on the management's ability to establish a positive relationship with employees</td>
<td>1.000</td>
<td>1.000</td>
<td>4.171</td>
<td>4.205</td>
<td>.431</td>
<td>.289</td>
</tr>
<tr>
<td>B37</td>
<td>The company focuses on building relationships with customers</td>
<td>1.943</td>
<td>1.089</td>
<td>3.653</td>
<td>4.179</td>
<td>.348</td>
<td>.199</td>
</tr>
<tr>
<td>B38</td>
<td>Trust is an integral part of my relationship with the company</td>
<td>1.234</td>
<td>1.028</td>
<td>4.173</td>
<td>4.352</td>
<td>.348</td>
<td>.176</td>
</tr>
<tr>
<td>B39</td>
<td>The company is trying to act in my best interest</td>
<td>2.046</td>
<td>1.077</td>
<td>3.886</td>
<td>4.272</td>
<td>.264</td>
<td>.184</td>
</tr>
<tr>
<td>Packaging</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B41</td>
<td>The promotional material, i.e., Brochures, service delivery by employees, influence me to purchase the company's services</td>
<td>1.000</td>
<td>1.000</td>
<td>3.243</td>
<td>3.529</td>
<td>.787</td>
<td>.769</td>
</tr>
<tr>
<td>B42</td>
<td>The appearance of employees of the company is an important aspect of packaging for the company to create promotional value</td>
<td>1.038</td>
<td>1.048</td>
<td>4.092</td>
<td>4.076</td>
<td>.184</td>
<td>.192</td>
</tr>
<tr>
<td>B43</td>
<td>The way in which the company presents itself to me creates a certain expectation about its values</td>
<td>1.073</td>
<td>1.186</td>
<td>3.655</td>
<td>3.714</td>
<td>.217</td>
<td>.160</td>
</tr>
<tr>
<td>B44</td>
<td>The employees of the company are wearing name tags to be identified</td>
<td>1.073</td>
<td>1.186</td>
<td>3.655</td>
<td>3.714</td>
<td>.217</td>
<td>.160</td>
</tr>
<tr>
<td>Positioning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B45</td>
<td>The company has distinct value offerings that distinguish it from competitors</td>
<td>1.000</td>
<td>1.000</td>
<td>3.552</td>
<td>4.003</td>
<td>.424</td>
<td>.299</td>
</tr>
<tr>
<td>B47</td>
<td>I can identify with the culture displayed by employees</td>
<td>1.039</td>
<td>1.186</td>
<td>3.655</td>
<td>3.714</td>
<td>.217</td>
<td>.160</td>
</tr>
<tr>
<td>B48</td>
<td>The company has values I can identify with</td>
<td>1.046</td>
<td>1.176</td>
<td>3.682</td>
<td>3.610</td>
<td>.169</td>
<td>.159</td>
</tr>
<tr>
<td>B49</td>
<td>The company has a unique culture that distinguishes it from competitors</td>
<td>1.050</td>
<td>1.427</td>
<td>3.513</td>
<td>3.755</td>
<td>.286</td>
<td>.210</td>
</tr>
<tr>
<td>B50</td>
<td>The objectives of the company are clear in the way it portrays itself through its marketing effort</td>
<td>1.044</td>
<td>1.145</td>
<td>3.640</td>
<td>3.838</td>
<td>.253</td>
<td>.234</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B51</td>
<td>I regard the company's performance higher than the performance of competitors</td>
<td>1.000</td>
<td>1.000</td>
<td>3.547</td>
<td>3.963</td>
<td>.343</td>
<td>.234</td>
</tr>
<tr>
<td>B52</td>
<td>The company performs well because of its ethical values</td>
<td>1.073</td>
<td>1.073</td>
<td>3.490</td>
<td>3.860</td>
<td>.215</td>
<td>.245</td>
</tr>
<tr>
<td>B53</td>
<td>The company keeps up with changes in the market</td>
<td>1.073</td>
<td>1.073</td>
<td>3.490</td>
<td>3.860</td>
<td>.215</td>
<td>.245</td>
</tr>
<tr>
<td>B54</td>
<td>I am requested to evaluate the performance of the company</td>
<td>1.003</td>
<td>1.003</td>
<td>3.086</td>
<td>3.685</td>
<td>.902</td>
<td>.555</td>
</tr>
<tr>
<td>B55</td>
<td>The company is good at retaining me as a customer</td>
<td>1.098</td>
<td>.856</td>
<td>3.554</td>
<td>4.082</td>
<td>.450</td>
<td>.331</td>
</tr>
<tr>
<td>Constructs</td>
<td>Brand awareness</td>
<td>Factor loadings</td>
<td>Intercepts</td>
<td>Variance</td>
<td>Variance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------</td>
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<td>------------</td>
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<td>----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>status quo</td>
<td>ideal situation</td>
<td>status quo</td>
<td>ideal</td>
<td>situation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recognition</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B56</td>
<td>I can recognise the company distinctly</td>
<td>1.000</td>
<td>4.423</td>
<td>0.092</td>
<td>0.093</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B57</td>
<td>The company brand is visibly displayed</td>
<td>1.042</td>
<td>4.394</td>
<td>0.175</td>
<td>0.176</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B58</td>
<td>I feel comfortable with the company</td>
<td>1.019</td>
<td>4.400</td>
<td>0.108</td>
<td>0.107</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B59</td>
<td>The company is well known because of its service</td>
<td>1.145</td>
<td>3.798</td>
<td>0.510</td>
<td>0.509</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B60</td>
<td>I can distinguish the company from competitors</td>
<td>.976</td>
<td>4.290</td>
<td>.223</td>
<td>.221</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trustworthiness</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B61</td>
<td>I trust the brand because of the service I receive</td>
<td>1.000</td>
<td>4.040</td>
<td>.177</td>
<td>.182</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B62</td>
<td>I continue using the company because of its reputation</td>
<td>1.030</td>
<td>3.835</td>
<td>.278</td>
<td>.275</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B63</td>
<td>I have only positive memories of my interactions with the company</td>
<td>1.054</td>
<td>3.770</td>
<td>.436</td>
<td>.454</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B64</td>
<td>I trust the company because it is a known brand</td>
<td>998</td>
<td>3.889</td>
<td>.325</td>
<td>.302</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B65</td>
<td>I trust the company because I have not experienced problems with the vehicle I have hired</td>
<td>549</td>
<td>3.928</td>
<td>.577</td>
<td>.582</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall evaluation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B67</td>
<td>I have a clear picture in my mind when I think of the company</td>
<td>1.000</td>
<td>4.315</td>
<td>.199</td>
<td>201</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B68</td>
<td>The company has a good reputation</td>
<td>1.474</td>
<td>4.060</td>
<td>.185</td>
<td>.176</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B69</td>
<td>The company has a strong brand compared to competitors</td>
<td>1.565</td>
<td>3.845</td>
<td>.381</td>
<td>.388</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B70</td>
<td>I can easily recall a symbol associated with the company</td>
<td>1.337</td>
<td>4.143</td>
<td>.311</td>
<td>.318</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loyalty</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B71</td>
<td>I am a loyal customer of the company</td>
<td>1.000</td>
<td>3.932</td>
<td>.199</td>
<td>.196</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B72</td>
<td>It is my preferred choice to remain a customer of the company</td>
<td>.994</td>
<td>3.992</td>
<td>.170</td>
<td>.174</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B73</td>
<td>The brand reputation of the company will influence my decision to continue using the company</td>
<td>.851</td>
<td>3.721</td>
<td>.478</td>
<td>.472</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B74</td>
<td>The employees of the company are an integral part of my choice of the brand</td>
<td>.592</td>
<td>3.570</td>
<td>.697</td>
<td>.702</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*All p-values < 0.001*
For each construct, the first item's factor loading was fixed equal to 1.0 to set the scale of the factor corresponding to each measurement occasion; freely estimated factor loadings were not constrained to be equal across constructs. As can be seen from Table 6.36, there were differences between the two groups.

From Table 6.36 it was also clear that there were differences in the values between the status quo and ideal situation groups.

The residual variances displayed in the Table above were all less < 1, which was in line with the suggested parameters (Diefendorff et al., 2005:406).

Since the ideal situation was only tested on the internal marketing mix elements (refer to section 5.9.7, p299), in other words the exogenous latent variables (people, process, physical evidence, personal relationships, packaging, positioning and performance), the assumption was made that the results for the endogenous latent variables (brand recognition, trustworthiness, overall evaluation and loyalty) would be similar.

Based on the above results the findings are:

(E7): The slopes were not constraint and were able to move freely.

(E8): The intercepts were significantly different from zero, indicating a significant impact.

(E9): The residual variances were in line with the suggested parameters of <1.

It was clear from Table 6.36 that there was configural invariance, in other words an equal form of invariance in the exogenous latent variables, which was assumed would be the case for the endogenous latent variables as well.
The configural invariance results for the exogenous latent variables are displayed in Table 6.37.

Table 6.37: Configural invariance for the exogenous latent variables

<table>
<thead>
<tr>
<th>Latent variables</th>
<th>$\chi^2$</th>
<th>df</th>
<th>RMSEA</th>
<th>CFI</th>
<th>TLI</th>
<th>SRMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exogenous latent variables</td>
<td>2007.007</td>
<td>948</td>
<td>0.050</td>
<td>0.920</td>
<td>0.911</td>
<td>0.052</td>
</tr>
</tbody>
</table>

Normed Chi-square ($\chi^2$/df): < 3  
RMSEA: between 0.05 and 0.08  
CFI: > 0.9  
TLI: > 0.9  
SRMR: < 0.05

The normed Chi-square ($\chi^2$/df) is 2.12, which was within the required parameters of < 3.  
The contribution of each group, namely status quo and ideal situation was 1089.167 (status quo) and 917.840 (ideal situation). The model proved to be well fitted, suggesting that a unidimensional congeneric measurement model is plausible across all measurement occasions, and that additional tests may proceed.

The finding from the configural invariance testing is:

(E10): The model for the ideal situation was well fitted.

Vandenberg and Lance (2000:17) stated that configural invariance has to be established as a necessary condition for the evaluation of further aspects of equivalence measuring. If configural invariance is not demonstrated across groups, then further tests are unwarranted because observed measures represent different constructs within each group. Since configural variance was evident, further testing was done and the next step involved structural or functional invariance testing as suggested by Vandenberg and Lance (2000:17).
6.9.3 Structural or functional testing

The next test is functional equivalence testing as suggested in the previous section. In testing functional equivalence, the gammas (factor loadings) and the betas (relationships or paths among variables) were constrained across samples to be equal. This means that for every one unit that change, the status quo and ideal situation changes with a value of 0.5.

In Table 6.38 the factor loadings are presented.
Table 6.38: Gamma or slope coefficients (standardised factor loadings)

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Services Ps</th>
<th>Factor loadings</th>
<th>Factor loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>status quo</td>
<td>ideal situation</td>
</tr>
<tr>
<td>People</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B21</td>
<td>Employees are trained to deliver service excellence</td>
<td>.828</td>
<td>.895</td>
</tr>
<tr>
<td>B22</td>
<td>Employees appear motivated to deliver service excellence</td>
<td>.846</td>
<td>.869</td>
</tr>
<tr>
<td>B23</td>
<td>The employees of the company are responsive to customer needs</td>
<td>.859</td>
<td>.836</td>
</tr>
<tr>
<td>B24</td>
<td>The employees of the company seem accountable when making a promise to me</td>
<td>.826</td>
<td>.742</td>
</tr>
<tr>
<td>B25</td>
<td>Employees of the company can make decisions independently</td>
<td>.739</td>
<td>.647</td>
</tr>
<tr>
<td>Process</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B26</td>
<td>My experience with the company is satisfactory from the booking until delivery of the vehicle</td>
<td>.779</td>
<td>.790</td>
</tr>
<tr>
<td>B27</td>
<td>The employees of the company are certain of the procedures they have to follow</td>
<td>.800</td>
<td>.817</td>
</tr>
<tr>
<td>B28</td>
<td>Even if queues are long, I do not have to wait long to get my vehicle</td>
<td>.545</td>
<td>.706</td>
</tr>
<tr>
<td>B29</td>
<td>The bill I receive from the company is explained so that I understand it</td>
<td>.551</td>
<td>.691</td>
</tr>
<tr>
<td>B30</td>
<td>I believe the company is well managed</td>
<td>.809</td>
<td>.711</td>
</tr>
<tr>
<td>Physical evidence</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B31</td>
<td>The working environment of employees of the company is clean</td>
<td>.663</td>
<td>.791</td>
</tr>
<tr>
<td>B32</td>
<td>There are enough employees to provide service to customers</td>
<td>.742</td>
<td>.785</td>
</tr>
<tr>
<td>B33</td>
<td>The public area of the company looks professional</td>
<td>.705</td>
<td>.841</td>
</tr>
<tr>
<td>B34</td>
<td>The website of the company is updated</td>
<td>.637</td>
<td>.689</td>
</tr>
<tr>
<td>B35</td>
<td>The service standard is consistent when I interact with the company</td>
<td>.774</td>
<td>.795</td>
</tr>
<tr>
<td>Constructs</td>
<td>Recent Ps</td>
<td>Factor loadings status quo</td>
<td>Factor loadings ideal situation</td>
</tr>
<tr>
<td>--------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-----------------------------</td>
<td>---------------------------------</td>
</tr>
<tr>
<td>Personal relationships</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B36</td>
<td>Long-term relationships with customers depend on the management's ability to establish a positive relationship with employees</td>
<td>.517</td>
<td>.702</td>
</tr>
<tr>
<td>B37</td>
<td>The company focuses on building relationships with customers</td>
<td>.795</td>
<td>.788</td>
</tr>
<tr>
<td>B38</td>
<td>Trust is an integral part of my relationship with the company</td>
<td>.656</td>
<td>.790</td>
</tr>
<tr>
<td>B39</td>
<td>The company is trying to act in my best interest</td>
<td>.842</td>
<td>.797</td>
</tr>
<tr>
<td>Packaging</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B41</td>
<td>The promotional material, i.e. Brochures, service delivery by employees, etc. influence me to purchase the company's services</td>
<td>.526</td>
<td>.564</td>
</tr>
<tr>
<td>B42</td>
<td>The appearance of employees of the company is an important aspect of packaging for the company to create promotional value</td>
<td>.787</td>
<td>.824</td>
</tr>
<tr>
<td>B43</td>
<td>The way in which the company presents itself to me creates a certain expectation about its values</td>
<td>.776</td>
<td>.832</td>
</tr>
<tr>
<td>B44</td>
<td>The employees of the company are wearing name tags to be identified</td>
<td>.591</td>
<td>.662</td>
</tr>
<tr>
<td>Positioning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B46</td>
<td>The company has distinct value offerings that distinguish it from competitors</td>
<td>.733</td>
<td>.759</td>
</tr>
<tr>
<td>B47</td>
<td>I can identify with the culture displayed by employees</td>
<td>.844</td>
<td>.880</td>
</tr>
<tr>
<td>B48</td>
<td>The company has values I can identify with</td>
<td>.872</td>
<td>.881</td>
</tr>
<tr>
<td>B49</td>
<td>The company has a unique culture that distinguishes it from competitors</td>
<td>.807</td>
<td>.862</td>
</tr>
<tr>
<td>B50</td>
<td>The objectives of the company are clear in the way it portrays itself through its marketing effort</td>
<td>.821</td>
<td>.831</td>
</tr>
<tr>
<td>Performance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B51</td>
<td>I regard the company's performance higher than the performance of competitors</td>
<td>.792</td>
<td>.794</td>
</tr>
<tr>
<td>B52</td>
<td>The company performs well because of its ethical values</td>
<td>.837</td>
<td>.815</td>
</tr>
<tr>
<td>B53</td>
<td>The company keeps up with changes in the market</td>
<td>.791</td>
<td>.785</td>
</tr>
<tr>
<td>B54</td>
<td>I am requested to evaluate the performance of the company</td>
<td>.485</td>
<td>.668</td>
</tr>
<tr>
<td>B55</td>
<td>The company is good at retaining me as a customer</td>
<td>.774</td>
<td>.705</td>
</tr>
</tbody>
</table>
### Constructs

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Brand awareness</th>
<th>Factor loadings status quo</th>
<th>Factor loadings ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recognition</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B56</td>
<td>I can recognise the company distinctly</td>
<td>.885</td>
<td>.876</td>
</tr>
<tr>
<td>B57</td>
<td>The company brand is visibly displayed</td>
<td>.817</td>
<td>.812</td>
</tr>
<tr>
<td>B58</td>
<td>I feel comfortable with the company</td>
<td>.871</td>
<td>.858</td>
</tr>
<tr>
<td>B59</td>
<td>The company is well-known because of its service</td>
<td>.678</td>
<td>.667</td>
</tr>
<tr>
<td>B60</td>
<td>I can distinguish the company from competitors</td>
<td>.764</td>
<td>.755</td>
</tr>
<tr>
<td><strong>Trustworthiness</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B61</td>
<td>I trust the brand because of the service I receive</td>
<td></td>
<td>.867</td>
</tr>
<tr>
<td>B62</td>
<td>I continue using the company because of its reputation</td>
<td></td>
<td>.830</td>
</tr>
<tr>
<td>B63</td>
<td>I have only positive memories of my interactions with the company</td>
<td></td>
<td>.768</td>
</tr>
<tr>
<td>B64</td>
<td>I trust the company because it is a known brand</td>
<td></td>
<td>.800</td>
</tr>
<tr>
<td>B65</td>
<td>I trust the company because I have not experienced problems with the vehicle I have hired</td>
<td></td>
<td>.889</td>
</tr>
<tr>
<td><strong>Overall evaluation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B67</td>
<td>I have a clear picture in my mind when I think of the company</td>
<td></td>
<td>.700</td>
</tr>
<tr>
<td>B68</td>
<td>The company has a good reputation</td>
<td></td>
<td>.838</td>
</tr>
<tr>
<td>B69</td>
<td>The company has a strong brand compared to competitors</td>
<td></td>
<td>.739</td>
</tr>
<tr>
<td>B70</td>
<td>I can easily recall a symbol associated with the company</td>
<td></td>
<td>.722</td>
</tr>
<tr>
<td><strong>Loyalty</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B71</td>
<td>I am a loyal customer of the company</td>
<td></td>
<td>.887</td>
</tr>
<tr>
<td>B72</td>
<td>It is my preferred choice to remain a customer of the company</td>
<td></td>
<td>.901</td>
</tr>
<tr>
<td>B73</td>
<td>The brand reputation of the company will influence my decision to continue using the company</td>
<td></td>
<td>.730</td>
</tr>
<tr>
<td>B75</td>
<td>The employees of the company are an integral part of my choice of the brand</td>
<td></td>
<td>.581</td>
</tr>
</tbody>
</table>

*All p-values < 0.001

Structural or functional equivalence ensures that the constructs in different groups are comparable, that is the items are measuring the same construct in the two groups, status quo and ideal situation.
As can be seen from Table 6.36, all factor loadings were high, which suggested that the measurement was very good and that the items were properly loaded on their corresponding constructs.

The finding from the factor loadings is:

\((E11): \text{Scale items of internal marketing and brand awareness constructs measured well and were properly loaded on their respective constructs.}\)

The paths of both the status quo and ideal situation groups are displayed in Table 6.39.
Table 6.39: Parameter estimates and p-values

<table>
<thead>
<tr>
<th>Services Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATE</td>
<td>P-value</td>
<td>ESTIMATE</td>
</tr>
<tr>
<td>Brand recognition $\rightarrow$ People</td>
<td>-2.257</td>
<td>0.011*</td>
</tr>
<tr>
<td>Brand recognition $\rightarrow$ Process</td>
<td>0.608</td>
<td>0.000*</td>
</tr>
<tr>
<td>Brand recognition $\rightarrow$ Physical evidence</td>
<td>0.184</td>
<td>0.117</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recent Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATE</td>
<td>P-value</td>
<td>ESTIMATE</td>
</tr>
<tr>
<td>Brand recognition $\rightarrow$ Personal relationships</td>
<td>-0.079</td>
<td>0.301</td>
</tr>
<tr>
<td>Brand recognition $\rightarrow$ Packaging</td>
<td>-0.053</td>
<td>0.471</td>
</tr>
<tr>
<td>Brand recognition $\rightarrow$ Positioning</td>
<td>0.154</td>
<td>0.207</td>
</tr>
<tr>
<td>Brand recognition $\rightarrow$ Performance</td>
<td>0.081</td>
<td>0.543</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATE</td>
<td>P-value</td>
<td>ESTIMATE</td>
</tr>
<tr>
<td>Trustworthiness $\rightarrow$ People</td>
<td>-0.233</td>
<td>0.032*</td>
</tr>
<tr>
<td>Trustworthiness $\rightarrow$ Process</td>
<td>0.793</td>
<td>0.000*</td>
</tr>
<tr>
<td>Trustworthiness $\rightarrow$ Physical evidence</td>
<td>-0.072</td>
<td>0.519</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recent Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATE</td>
<td>P-value</td>
<td>ESTIMATE</td>
</tr>
<tr>
<td>Trustworthiness $\rightarrow$ Personal relationships</td>
<td>-0.107</td>
<td>0.190</td>
</tr>
<tr>
<td>Trustworthiness $\rightarrow$ Packaging</td>
<td>-0.139</td>
<td>0.102</td>
</tr>
<tr>
<td>Trustworthiness $\rightarrow$ Positioning</td>
<td>-0.049</td>
<td>0.720</td>
</tr>
<tr>
<td>Trustworthiness $\rightarrow$ Performance</td>
<td>0.659</td>
<td>0.000*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATE</td>
<td>P-value</td>
<td>ESTIMATE</td>
</tr>
<tr>
<td>Overall evaluation $\rightarrow$ People</td>
<td>-0.286</td>
<td>0.006*</td>
</tr>
<tr>
<td>Overall evaluation $\rightarrow$ Process</td>
<td>0.727</td>
<td>0.000*</td>
</tr>
<tr>
<td>Overall evaluation $\rightarrow$ Physical evidence</td>
<td>0.112</td>
<td>0.296</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recent Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATE</td>
<td>P-value</td>
<td>ESTIMATE</td>
</tr>
<tr>
<td>Overall evaluation $\rightarrow$ Personal relationships</td>
<td>-0.190</td>
<td>0.015*</td>
</tr>
<tr>
<td>Overall evaluation $\rightarrow$ Packaging</td>
<td>-0.052</td>
<td>0.493</td>
</tr>
<tr>
<td>Overall evaluation $\rightarrow$ Positioning</td>
<td>0.181</td>
<td>0.111</td>
</tr>
<tr>
<td>Overall evaluation $\rightarrow$ Performance</td>
<td>0.288</td>
<td>0.024*</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATE</td>
<td>P-value</td>
<td>ESTIMATE</td>
</tr>
<tr>
<td>Loyalty $\rightarrow$ People</td>
<td>-0.286</td>
<td>0.010*</td>
</tr>
<tr>
<td>Loyalty $\rightarrow$ Process</td>
<td>0.774</td>
<td>0.000*</td>
</tr>
<tr>
<td>Loyalty $\rightarrow$ Physical evidence</td>
<td>-0.188</td>
<td>0.088</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Recent Ps</th>
<th>Status quo</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTIMATE</td>
<td>P-value</td>
<td>ESTIMATE</td>
</tr>
<tr>
<td>Loyalty $\rightarrow$ Personal relationships</td>
<td>0.018</td>
<td>0.831</td>
</tr>
<tr>
<td>Loyalty $\rightarrow$ Packaging</td>
<td>-0.074</td>
<td>0.312</td>
</tr>
<tr>
<td>Loyalty $\rightarrow$ Positioning</td>
<td>-0.011</td>
<td>0.931</td>
</tr>
<tr>
<td>Loyalty $\rightarrow$ Performance</td>
<td>0.541</td>
<td>0.000*</td>
</tr>
</tbody>
</table>

*significant at 5% level
Table 6.39 indicates that there were no significant differences between the status quo and the ideal situation. This was an indication that perceptions of respondents were the same for the status quo and the ideal situation. Therefore, functional equivalence was proved.

The finding for the functional equivalence test is:

(E12): The functional equivalence test proved that there was functional equivalence between the status quo and ideal situation groups.

Model modification indices in the Mplus software programme state that the minimum modification indice (MI) value for printing the modification index is 6.64 (Muthen et al., 2010:276). However, the model modification indices indicated that brand recognition on people was not equivalent over the two groups, as the value of 8.021 for the model index was higher than the required parameter of 6.64. As highlighted in Table 6.39, this was an indication of significant change of one grade Chi-square for the status quo (estimate -0.257) versus ideal situation group (-0.240), which was statistically significant for the two groups.

The finding is stated as follows:

(E13): There was a significant difference in the influence of the internal services marketing element, people, on brand recognition between the status quo and ideal situation groups.

The last step in measuring equivalence was to confirm the functional invariance and is dealt with in the next section.
6.9.4 Confirmation of functional invariance

Functional invariance was evident as can be viewed from Tables 6.36 and 6.37. However, it is also important to consider the goodness-of-fit indices of the configural invariance, also called the Becker model, and the path coefficients or Byrne model (Vandenberg & Lance, 2000:20).

The results of the goodness-of-fit indices for the configural invariance testing and the path coefficients are presented in Table 6.40.

Table 6.40: Goodness-of-fit indices for the configural invariance test

<table>
<thead>
<tr>
<th>Model</th>
<th>$\chi^2$</th>
<th>df</th>
<th>$\chi^2$/df</th>
<th>RMSEA</th>
<th>CFI</th>
<th>TLI</th>
<th>SRMR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Becker</td>
<td>4852.511</td>
<td>2338</td>
<td>2.075</td>
<td>0.049</td>
<td>0.892</td>
<td>0.883</td>
<td>0.061</td>
</tr>
<tr>
<td>Status quo contribution</td>
<td>2411.954</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ideal situation</td>
<td>2240.558</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Byrne</td>
<td>4934.168</td>
<td>2366</td>
<td>2.085</td>
<td>0.049</td>
<td>0.890</td>
<td>0.881</td>
<td>0.063</td>
</tr>
<tr>
<td>Status quo contribution</td>
<td>2643.279</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ideal situation</td>
<td>2290.889</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Normed Chi-square ($\chi^2$/df): < 3
RMSEA: between 0.05 and 0.08
CFI: > 0.9
TLI: > 0.5
SRMR: < 0.05

As displayed in Table 6.40, the normed Chi-square ($\chi^2$/df) for the configural invariance was 2.075, which was within the required parameters of < 3. The contribution of the status quo group was 2611.954 and the ideal situation group was 2240.558. The normed Chi-square ($\chi^2$/df) for the path coefficients was 2.085, which was within the required parameters of < 3. The contribution of the status quo group was 2643.279 and the ideal situation group was 2290.889. The RMSEA, CFI, TLI and SRMR values were also close to the required parameters as was evident in Table 6.40.
The finding for equivalence testing is:

(E14): The results of equivalence testing confirmed functional equivalence.

Since the goodness-of-fit indices indicated a reasonable fit, it further confirmed functional equivalence. Therefore, the developed SEM model can be applied in both the status quo as well as the ideal situation.

The final finding of the equivalence testing is:

(E15): The developed SEM model can be applied in a status quo as well as in an ideal situation.

The results of the equivalence testing proved that the developed SEM model was well-fitted to be used by car rental companies as guideline in their current situation. The model indicates to car rental companies which internal marketing elements have the most influence to create positive brand awareness amongst their customers. In order to strive towards a perfect and ideal car rental company, the same model can be used. Therefore, if car rental companies use the model as guideline to improve their internal marketing programmes, they should experience a positive attitude of existing customers towards their brand.

6.10 CONCLUSIONS

Chapter 6 outlined the empirical investigation addressing the primary objectives of the study, namely to determine the perceived influence of the different elements of internal marketing on the brand awareness as perceived by selected car rental customers in South Africa. Secondary objectives, to determine if a relationship exists between the internal marketing elements and brand awareness; to determine if there is a difference in perceptions of the influence of the internal marketing elements on brand awareness; to determine which elements have a larger influence; to develop a framework to improve car rental companies' internal marketing efforts; and to determine if the
developed framework can be applied in a status quo and an ideal situation, were also
investigated.

The study's empirical results were discussed in Chapter 6. The descriptive statistics
based on demographics of the respondents were reported, followed by the reliability
testing of the measuring instrument, confirmatory factor analysis (CFA), SEM and
validity of the measuring instrument, the hypotheses testing and finally equivalence
measurement.

The original theoretical framework (Figure 1.2) in Chapter 1 was subjected to SEM to
determine its goodness-of-fit. The SEM process was followed to perform the CFA,
which emphasised the correlations of scale items of the exogenous latent variables and
endogenous latent variables. Based on the results of the CFA, further data analyses
were performed to verify the final SEM model.

The hypotheses were accepted as outlined in section 6.8. The strongest relationship
was found between the constructs process and trustworthiness, with the second
strongest being performance and trustworthiness. Therefore, if car rental companies'
internal process and performance are of high standard, customers will trust the car
rental company. Other positive relationships were discussed in section 6.8.

The equivalence measurement between the status quo and ideal situation was also
recorded in Chapter 6. The findings indicated that there is equivalence between the
status quo and ideal situation, and thus the SEM model can be applied to both
situations.

In Chapter 7 the summary, conclusions and recommendations based on the empirical
results are presented. Strategies are proposed to car rental companies on improving
their internal marketing programmes and increasing brand awareness amongst potential
and existing customers. Contributions and limitations of the study, as well as possible
future research are also discussed.
CHAPTER 7
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION
Chapter 7 provides a summary of the research conducted. The main findings and recommendations to car rental companies, based on the results as described in Chapter 6 are presented. Conclusions from the empirical findings and the theoretical framework are described as the main purpose of the chapter.

The impact of the findings on the acceptability of the theoretical model developed (Figure 1.2 in Chapter 1), the achievement of the research objectives, and the modified model will also be discussed. A general explanation of the findings of the study will be provided in this chapter. Various recommendations that were drawn following the conclusions of the research will be provided to car rental companies to improve the brand awareness by improving internal marketing programmes.

This chapter will conclude with the limitations of the study and possible areas for future research.

7.2 SUMMARY OF THE STUDY
A summary of the study was outlined in Chapter 1. Brief discussions were provided on the internal marketing mix elements and brand awareness. The complexity and challenges that car rental companies are facing were described. It also explored how internal marketing mix elements were perceived to influence brand awareness. The expansion of the internal marketing mix elements from seven to eleven, namely product, price, promotion, place, people, process, physical evidence, personal relationships, packaging, positioning and performance was explained. The categories of brand awareness, namely brand recognition and brand recall with its associations, namely trustworthiness, overall evaluation and loyalty were also discussed.
The conceptual framework and meta-theoretical approach of the study, based on the systems theory which explains that any cause-and-reaction relationship takes place in a more complex system of relationships (refer to section 1.7.1.2, p18), explained how the internal marketing mix elements play a role in creating brand awareness amongst customers of car rental companies. Since the systems theory is based on relationships within an organisation, it is imperative for car rental companies to acknowledge the relationships between the internal marketing mix elements and brand awareness constructs. In order to strengthen these relationships, which were discussed in section 6.8, recommendations and strategies are provided in Chapter 7 as guidelines to car rental companies. This also links with the conceptual framework of the study and the main objective to determine the influence of the internal marketing mix elements on the brand awareness as perceived by customers of car rental companies in South Africa.

A theoretical framework (Figure 1.2) was developed that specified the four traditional Ps (product, price, promotion and place), the three services Ps (people, process and physical evidence) and the four recent Ps (personal relationships, packaging, positioning and performance) as the independent variables or exogenous latent variables. Brand awareness was displayed by brand recognition, trustworthiness, overall evaluation and loyalty as dependent variables or endogenous latent variables.

This study consisted of a literature study that clarified the services environment, internal marketing and brand awareness by identifying and explaining these important concepts, as well as a chapter on the methodology used in the study.

The results obtained from SEM proved the existence of relationships suggested by the theoretical framework based on the perceptions of car rental customers. From the results of the equivalence testing it is evident that the final SEM model can be used in the status quo, as well as in an ideal situation.
In the following sections the main findings, recommendations and hypotheses are discussed.

7.3 MAIN FINDINGS, RECOMMENDATIONS AND HYPOTHESES
The main findings from the empirical investigation are highlighted in this section. Relevant recommendations and valuable information obtained from the literature as well as from the empirical investigation are also included as suggestions to car rental companies to improve their brand awareness through internal marketing programmes. These findings will assist in addressing the secondary objectives of this study.

As part of the empirical phase of the study, descriptive statistics were obtained from the respondents, which are discussed in the next section.

7.3.1 Findings from the descriptive statistics
In Table 6.3 the demographic information of car rental customers was provided. It was recorded that the majority of respondents were older than 56, were white males from companies with less than 25 employees, and who travelled mainly for business purposes. In relation to this finding, it was highlighted in Table 6.6 that airports were more often used than city branches in the same area as the airports.

Respondents' age, gender and race were cross-tabled with the eleven internal marketing mix elements in the current situation and the ideal situation, as well as with the brand awareness constructs. Significant associations were recorded and specific findings were summarised, namely D3-D26 in section 6.3.3.

In the following section the secondary objectives, main findings and hypotheses are discussed.
7.3.2 Secondary objective 1
The first secondary objective concerned the literature study as stated below.

To execute a secondary study relating to internal marketing and brand awareness.

The secondary study was conducted at the hand of the literature review in Chapters 3 and 4. A summary of the key theory relating to internal marketing and brand awareness is as follows:

Internal marketing was identified as an important part of the services marketing triangle (refer to section 3.5, p76). It was highlighted that employees play an important role in delivering a brand's service experience to external customers, which was in line with the systems theory (described in section 1.7.1, p17). Internal marketing was also considered highly relevant in the very competitive market South African car rental companies operate in, as it can aid in identifying, attracting and retaining the best employees available in the labour market. Employees are an organisation's most important asset and are playing a vital role in the delivering of service to external customers. Therefore, it is essential for them to understand the organisation's offerings and processes. They also have to be knowledgeable and skilled to handle internal relationships (Gummesson, 2006:199).

In section 3.6.1, p85 internal marketing was defined as:

"Internal marketing strategies and integrated activities applied by services organisations to attract, train, develop, motivate and retain customer-focused employees encompassing change management, implementation of external marketing activities, organisational goals and satisfied customers".

In Chapter 3 the role of internal marketing as part of management's strategy, the management of internal marketing relationships, and a culture of empowering employees were highlighted. The value organisational culture and management's role
were explored, which can be enhanced by effective communication (refer to section 3.8, p101). In achieving the goals the organisation has for its employees, internal marketing plays a vital role. The services internal marketing mix, described in section 3.9, p112, namely the traditional Ps, namely product, price, promotion and place; the services Ps, namely people, process and physical evidence; and the recent Ps, namely personal relationships, packaging, positioning and performance should be leveraged into the organisation (refer to section 3.9, 112). The elements were divided into the 4 traditional Ps, the 3 service Ps and the recent Ps that the researcher has added to assist organisations in shaping their internal marketing programmes.

Chapter 4 provided the theoretical background on brands and brand awareness against which the empirical part of the study was set. Brands were discussed and brand awareness was defined as: ‘The ability of customers to recognise and recall the brand with a certain attitude under different circumstances’ (Brewer & Zhao, 2010:36; Keller, 2008:76) (refer to section 4.5.2, p188).

The concept of brand awareness was described and the dimensions thereof, namely brand recognition and brand recall were explained. Brand recall was broken down into its associations, namely trustworthiness, overall evaluation and loyalty. Creating brand awareness was every employees' role and responsibility and as stated by De Chernatony and McDonald (2003:232), employees must serve as brand builders as they are major communication mediums. Appointing devoted employees is critical in achieving the organisation's objective to create positive brand awareness (refer to section 4.5.3, p205). Communications in enhancing brand awareness was explained and the importance of developing effective marketing communications was emphasised. For any organisation to succeed in its brand communications, it was imperative to develop a main brand message, which should be communicated to both internal and external customers. In addition to a clear and single brand message, internal branding is equally important to create and nurture commitment among employees (refer to section 4.5.6, p217). However, brand awareness management is a process an organisation has to implement throughout the organisation involving all employees.
Employees should be aware of their responsibilities to project a consistent brand image (Grönroos, 2007:341). It is only once brand awareness has been implemented in the organisation that a strong brand can be built. A strong brand has its own identity and image that differentiate that brand from competitors. A positive brand image communicates clear values internally and may therefore strengthen positive attitudes towards the organisation amongst employees, which subsequently result in service quality and enhanced brand awareness (Grönroos, 2007:341) (refer to section 4.7, p250).

The relevant main findings from the empirical phase and recommendations are discussed in the subsequent sections.

7.3.3 Secondary objective 2: Relationships between internal marketing and brand awareness

| To determine if a relationship exists between the different elements of internal marketing and the brand awareness dimensions of selected car rental companies in South Africa. |

2.1 Main finding for the traditional Ps
There was not a strong relationship between the internal product, price, promotion and place and the brand awareness dimensions, namely brand recognition, trustworthiness, overall evaluation and loyalty.

2.2 Main finding for the services Ps
A relationship between the services internal marketing elements (people, process, physical evidence) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) was evident in the selected car rental companies in South Africa.
2.3 Main finding for the recent Ps

A relationship between the recent internal marketing elements (personal relationships, packaging, positioning and performance) and brand awareness (recognition, trustworthiness, overall evaluation and loyalty) evident in the selected car rental companies in South Africa.

In sections 6.3.3, p317 and 7.3.1, p398 findings of the cross-tabulations indicated that internal product, price, promotion and place in some way or another did have a relationship with the age, gender or race of respondents (refer to section 6.3.3, p317 findings D3-D26). However, during the structural equation modelling (SEM) process it became evident that the traditional 4 Ps, namely internal product, price, promotion and place did not have a strong relationship with brand recognition, trustworthiness, overall evaluation and loyalty. As indicated in section 6.6, p339, the traditional 4 Ps have always played a significant role in a product environment.

A possible reason why these 4 Ps were insignificant might be that some car rental customers evaluate the 4 Ps based on external experiences and found it difficult to link the 4 Ps to the internal application thereof. Another reason might be that some customers perceived the questionnaire items of the 4 Ps to contain elements of people, process and performance, for example, an employee who is friendly should be well trained to deliver service excellence, and employees who are confident should know the process and procedures that have to be followed, resulting in a perception that the 4 Ps were contained in other Ps. The high correlations among the Ps might be a further reason why the relationships seem to be insignificant.

For the above reasons, the SEM indicated that internal product, price, promotion and place could not be regarded as constructs having a relationship with brand recognition, trustworthiness, overall evaluation and loyalty of car rental customers.
Findings S8-S12 indicated that the services and recent Ps did have a relationship with brand recognition, trustworthiness, overall evaluation and loyalty. In the services Ps, process proved to have the strongest relationship and in the recent Ps category, performance had the strongest relationship.

Considering the above findings, the fact that there was a weak positive relationship between physical evidence and brand recognition shows that customers are relatively satisfied with the offices of the car rental companies. They are also reasonably satisfied with the offices in their overall evaluation of car rental companies. The level of influence is a further indication that physical evidence does not play a major role when car rental customers make use of car rental services. Physical evidence, as discussed in section 3.9.9, p150, represented the physical dimensions, including ambient condition, space, signs, symbols and artefacts, as well as servicescape, namely personal experience and spatial context.

People, personal relationships, packaging and positioning displayed negative or weak positive relationships with brand recognition, trustworthiness, overall evaluation and loyalty. Therefore, these areas require special attention by car rental companies to improve the relationships and influence of these constructs on the brand recognition, trustworthiness, overall evaluation and loyalty perceived by customers.

Process and performance, on the other hand, were ranked as two of the most important aspects to create brand recognition, instil trust, have a positive overall evaluation and establish customer loyalty. Thus, to improve and maintain the positive experience from customers in terms of process and performance, strategies recommended as guidelines to car rental companies are provided in section 7.4, p417.

2.4 Main conclusion
In the literature, internal product, price, promotion and place were highlighted as critical components of the internal marketing programmes to improve service delivery to customers (refer to section 3.9, p112). Therefore, these elements should not be ignored
by car rental companies, but deserve special attention in their internal marketing programmes to ensure an improved relationship with brand recognition and brand recall to ultimately remain competitive and retain satisfied customers.

Findings S9 and S10 provided evidence that in the category services Ps, process had the strongest relationship with brand recognition, trustworthiness, overall evaluation and loyalty; and in the recent Ps category, the relationships of performance with trustworthiness, overall evaluation and loyalty were the strongest.

2.5 **Implication**

In a services environment employees play a significant role to determine the customer’s experience of the encounter with the car rental company. Without the incorporation of the traditional Ps in the internal marketing programme, optimal employee commitment and ultimate service delivery would be jeopardised.

The findings of the empirical phase of the study pointed out that process and performance are critical elements to optimise brand awareness amongst customers.

2.6 **Recommendation**

Although internal product, price, promotion and place were eliminated from further analysis during the SEM process, car rental companies should include these 4 Ps in training and marketing programmes for employees.

Process and performance are critical elements to be included in internal marketing programmes. Although not all services and recent Ps have had strong relationships with brand recognition, trustworthiness, overall evaluation and loyalty, car rental companies should consider including these when planning their internal marketing programmes.

2.7 **Hypotheses**

H(1b1): A relationship between the services internal marketing element process and brand recognition is evident in the selected car rental companies in South Africa.
H(1b2): A relationship between the services internal marketing element process and trustworthiness is evident in the selected car rental companies in South Africa.

H(1b3): A relationship between the services internal marketing element process and overall evaluation is evident in the selected car rental companies in South Africa.

H(1b4): A relationship between the services internal marketing element process and loyalty is evident in the selected car rental companies in South Africa.

H(1b5): A relationship between the recent internal marketing element performance and trustworthiness is evident in the selected car rental companies in South Africa.

H(1b6): A relationship between the recent internal marketing element performance and overall evaluation is evident in the selected car rental companies in South Africa.

H(1b7): A relationship between the recent internal marketing element performance and loyalty is evident in the selected car rental companies in South Africa.

7.3.4 Secondary objective 3: Differences in the influences of internal marketing on brand awareness

To determine whether there is a difference between the perceived influences of the different elements of internal marketing on brand awareness of selected car rental companies in South Africa.

3.1 Main finding for the traditional Ps
There is no difference in the influences of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness
(recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.

3.2 Main finding for the services Ps

There is a difference in the influences of the services internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.

3.3 Main finding for the recent Ps

There is a difference in the influences of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty) of selected car rental companies in South Africa.

Since the traditional Ps were omitted from further analysis, it was not determined whether there was a difference in the influence of traditional internal marketing elements on the brand awareness dimensions.

In section 6.8, p.353, Table 6.24 reflected the relationships and influences of services and recent internal marketing elements on the brand awareness dimensions. Table 6.24 and findings S14 – S17 provided evidence that there was a difference in the influence of services and recent Ps on brand recognition, trustworthiness, overall evaluation and loyalty.

Finding S14 indicated that internal process, positioning, packaging, performance and physical evidence had an influence on brand recognition. Finding S15 indicated that customers perceived internal process, performance and personal relationships to have an influence on trustworthiness. Finding S16 proved that customers perceived internal process, performance, people, packaging, positioning and physical evidence to have an
influence on the overall evaluation of the car rental company. Finally, S17 indicated that internal performance, process and personal relationships had an influence on loyalty.

3.4 Main conclusion
The researcher could not determine if there was a difference in the influences of traditional internal marketing elements on brand awareness dimensions.

There was a difference in the influence of the services internal marketing Ps, namely people, process and physical evidence on brand recognition, trustworthiness, overall evaluation and loyalty perceived by customers of car rental companies.

Customers of car rental companies perceived the recent internal marketing Ps, namely personal relationships, packaging, positioning and performance to have different influences on brand recognition, trustworthiness, overall evaluation and loyalty.

3.5 Implication
The traditional internal marketing Ps were not included for further analysis; therefore the influence of these elements could not be determined. This might have a negative bearing on the internal marketing programmes that car rental companies offer to employees.

The difference in influence of the services and recent internal marketing Ps on the brand awareness dimensions provides insight into which elements should be included in the internal marketing programme that car rental companies offer to employees.

3.6 Recommendation
Since the various services and recent internal marketing elements have different influences on the brand awareness dimensions, car rental companies should consider the findings when planning their internal marketing programmes. They should take note that internal process and physical evidence had a strong influence on brand recognition, but physical evidence did not have an influence on trustworthiness. Therefore, in
developing the internal marketing programme, car rental companies should take
cognisance of the effect of internal marketing elements on the different brand
awareness dimensions to ensure the programme focuses on the relevant dimension.

3.7 Hypotheses
H(2b1): There is a difference in the influences of the services internal marketing element
process on brand recognition of the selected car rental companies in South Africa.

H(2b2): There is a difference in the influences of the services internal marketing element
process on trustworthiness of the selected car rental companies in South Africa.

H(2b3): There is a difference in the influences of the services internal marketing element
process on overall evaluation of the selected car rental companies in South Africa.

H(1b4): There is a difference in the influences of the services internal marketing element
process on loyalty of the selected car rental companies in South Africa.

H(2b5): There is a difference in the influences of the recent internal marketing element
performance on trustworthiness of the selected car rental companies in South Africa.

H(2b6): There is a difference in the influences of the recent internal marketing element
performance on overall evaluation of the selected car rental companies in South Africa.

H(2b7): There is a difference in the influences of the recent internal marketing element
performance on loyalty of the selected car rental companies in South Africa.
7.3.5 Secondary objective 4: Level of influence of internal marketing on brand awareness

To determine whether there is a difference between the perceived influences of the different elements of internal marketing on brand awareness of selected car rental companies in South Africa.

4.1 Main finding for the traditional Ps
There is no difference between the level of influence of the traditional internal marketing elements (product, price, promotion and distribution (place)) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).

4.2 Main finding for the services Ps
There is a difference between the level of influence of the service internal marketing elements (people, process, physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).

4.3 Main finding for the recent Ps
There is a difference between the level of influence of the recent internal marketing elements (personal relationships, packaging, positioning and performance) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty).

Due to the fact that the traditional Ps were omitted from further analysis, it could not be determined whether there was a difference in the level of influence of traditional internal marketing elements on the brand awareness dimensions.

As discussed in section 6.8, p353, the empirical results indicated that from the perspectives of car rental customers, services and recent internal marketing elements had different levels of influence on the brand awareness dimensions.
Car rental process on brand recognition;
Physical evidence on brand recognition;
Packaging (e.g. promotional material of the car rental company, employees wearing uniforms and name tags) on brand recognition;
Positioning (e.g. ways in which the company distinguishes itself from competitors) on brand recognition;
Performance on brand recognition;
Car rental process on trustworthiness;
Personal relationships with employees on brand recognition;
Performance on brand recognition;
People (employees) influence on customers' overall evaluation of the car rental company;
Car rental process on overall evaluation;
Physical evidence on overall evaluation;
Packaging on overall evaluation;
Positioning on overall evaluation;
Performance on overall evaluation;
Car rental process on customer loyalty;
Personal relationships on customer loyalty; and
Performance on customer loyalty

The listed influences above provide evidence that each of the constructs, namely services Ps (people, process and physical evidence) and recent Ps (personal relationships, packaging, positioning and performance) had an influence on brand awareness (brand recognition, trustworthiness, overall evaluation and loyalty). However, the level of influence differed and some of these influences were limited. Two of the constructs, namely process and performance had a very strong influence on the dimensions of brand awareness. These influences were indicated in section 6.8, p353 by findings S6, S7, S11, S12 and S13.
4.4 Main conclusion

In this study it became evident that internal marketing mix elements related to a service environment clearly had a larger influence on brand recognition and recall as perceived by customers of car rental companies.

Process and performance were the two constructs that had the largest influence on the various dimensions of brand awareness.

4.5 Implication

The different levels of influence of the services and recent internal marketing mix elements on brand recognition, trustworthiness, overall evaluation and loyalty showed that customers had experienced that the effect of these elements differs for each of the dimensions of brand awareness.

This means that car rental companies should consider which elements require a stronger focus when internal marketing programmes are developed. However, it would be risky to exclude any of the eleven elements from the internal marketing programme.

4.6 Recommendation

The fact that process and performance were the strongest in the level of influence on brand recognition and brand recall, proved that these two constructs are regarded as the most important aspects that influence customer perceptions. Therefore, car rental companies must improve their internal processes and their internal performance to attract new customers and to retain existing customers.

4.7 Hypotheses

H(3b1): The influence of the services internal marketing element process on brand recognition of selected car rental companies in South Africa is positive.
H(3b2): The influence of the services internal marketing element process on trustworthiness of selected car rental companies in South Africa is positive.

H(3b3): The influence of the services internal marketing element process on overall evaluation of selected car rental companies in South Africa is positive.

H(3b4): The influence of the services internal marketing element process on loyalty of selected car rental companies in South Africa is positive.

H(3b5): The influence of the recent internal marketing element performance on trustworthiness of selected car rental companies in South Africa is positive.

H(3b6): The influence of the recent internal marketing element performance on overall evaluation of selected car rental companies in South Africa is positive.

H(3b7): The influence of the recent internal marketing element performance on loyalty of selected car rental companies in South Africa is positive.

H(4b1): There is a difference between the level of the services internal marketing element process on brand recognition.

H(4b2): There is a difference between the level of the services internal marketing element process on trustworthiness.

H(4b3): The influence of the services internal marketing element process on the overall evaluation of selected car rental companies in South Africa is positive.

H(4b4): There is a difference between the levels of the services internal marketing element process on loyalty.
H(4b5): There is a difference between the levels of influence of the recent internal marketing element performance on trustworthiness.

H(4b6): There is a difference between the levels of the recent internal marketing element performance on overall evaluation.

H(4b7): There is a difference between the levels of the recent internal marketing element performance on loyalty.

7.3.6 Secondary objective 5: An integrated framework for car rental companies to improve internal marketing efforts, thereby enhance brand awareness

To examine and develop an integrated framework for car rental companies that will improve their internal marketing efforts and thereby enhance their brand awareness amongst their customers.

5.1 Main finding
Throughout the SEM process, the researcher has developed a model and the final SEM model was presented in Figure 6.2, p365. For ease of reference, the model is again depicted in Figure 7.1.
Source: Author's own construct
Throughout the SEM process, validity and reliability of the measuring instrument were evaluated. It became evident that the study can be regarded as valid and reliable. The measures indicating construct validity proved that the study possessed convergent, discriminant, nomological and face validity.

Construct reliability was proved in the SEM process, as well as by Cronbach alpha correlation coefficients, which indicated high reliability. Therefore, the measuring instrument designed in this study can be used in future research.

The results of the equivalence testing which was done to compare the status quo situation with an ideal situation, proved that there is equivalence between the two situations. This means that the developed SEM model can be applied in a current situation as well as in an ideal situation.

The validity and equivalence test of the factorial structure indicated that there were no significant differences between the scale items of the constructs between the status quo and ideal situation, indicated by findings E1-E6. Hence, conceptual equivalence was proved.

The configural invariance test also proved configural invariance and there was a good fit of the model, findings E7-E10. Further testing commenced, based on the evidence of the configural invariance testing. The functional equivalence testing again proved equivalence, as indicated by findings E11-E13. However, the construct of brand recognition on people was not equivalent, finding E13.

The final test to confirm functional invariance was evident from findings E14 and E15 and a satisfactory fit of the model was confirmed. The subsequent tests confirmed the original measurement invariance test and proved that the SEM model developed in the study is suitable in a status quo, as well as in an ideal situation.
5.2 **Main conclusion**

- The SEM results proved construct reliability and validity of the measuring instrument.
- The equivalence testing proved equivalence between the status quo and ideal situation models.

5.3 **Implication**

This model can be used in future research in assessing important relationships between services marketing and recently added Ps and brand recognition, trustworthiness, overall evaluation and loyalty in other services industries. The model could also be considered in insurance, and airline, tourism and education industries.

5.4 **Recommendation**

Car rental companies are encouraged to use the model as guideline when developing their internal marketing strategies and programmes. Since process and performance were significant according to car rental customers in influencing brand recognition and recall, car rental companies should:

- Ensure that employees are properly trained in customer relationships to be friendly when serving customers, thereby enhancing the performance of the organisation.
- Ensure that employees are empowered and knowledgeable about the products and services of the car rental company. This can be achieved by regular training sessions and internal communication, by means of meetings and e-mail or newsletters. This will ensure employees are familiar with processes to be followed and will know when changes take place.
- Employees should also be trained to promote other products and services to customers, thereby enhancing performance and ultimately brand awareness.

In the next section, strategies to support the recommendations on improvement of the influence of the internal marketing mix elements on brand awareness dimensions are explained.
7.4 STRATEGIES TO SUPPORT RECOMMENDATIONS OF IMPROVEMENT

Strategies that car rental companies should consider to improve the influence of internal product, price, promotion and place are discussed next.

7.4.1 Strategies to improve the internal product

The internal product did not seem to have a relationship with brand recognition, trustworthiness, overall evaluation and loyalty. Therefore, car rental companies have to focus on employees to market products and services of the organisation to customers. It is also important that employees are trained and developed (refer to section 3.9.3, p119). Part of the training and development should include offering employees careers to allow them to grow and enhance their skills. Jobs or internal products should be designed for different employee segments based on their different needs and competencies (refer to section 3.9.3, p119).

Suitably trained employees who have knowledge about the product or service they sell, feel professional, are confident and are respected by customers. A call centre environment, which can be highly stressful, especially requires motivated employees who are able to deal with irate customers. Needs of employees may also change and therefore jobs have to provide security to employees to prevent a high turnover of employees.

Although Avis, First Car Rental and Hertz have training programmes, employee benefits and incentive schemes in place, it is critically important to revise these programmes and schemes on a regular basis to ensure they are still relevant to employees' needs. Refresher courses are required to refresh employees' memories, and further education should be supported to allow employees improving on their job levels.

Management should be visible to employees, and opportunities where employees can interact with the top management of the car rental company should be created. It is
encouraging for employees to have a role model in the organisation, and by regular interaction with role models, motivation to improve job performance is established.

7.4.2 Strategies to improve internal price
As discussed in section 3.9.4, p122, the internal price is described as the cost an employee has to pay to work for an organisation. Car rental companies have to consider the internal price their employees have to pay to work for the particular company. If the price is too high, employees become unhappy and seek other employment. Amongst others, car rental companies need to determine the internal price employees' have to pay in terms of their time and energy. Car rental companies have to ensure employees are satisfied and do not want to leave the organisation, as this might influence the brand awareness they portray of the organisation.

Zeithaml et al. (2006:517) refer to the psychological cost an employee is paying, which can be linked to an employee not receiving adequate training and development, compensation and promotion, which results in fear of rejection, increased cynicism and distrust in the brand (refer to section 3.9.4, p122). Car rental companies have to avoid high psychological costs, as high costs can cause behavioural reactions from employees such as decreased job satisfaction and commitment, which damage the organisation and its brand.

Since the measuring instrument in this study focused on customers' perceptions, work overload and job burnout were not measured, but these are typically linked to employees having too much work to do within very tight deadlines. Job burnout has been identified as a root cause for emotional exhaustion, which can cause employees to feel negative about themselves and about customers. Car rental companies that are offering a 24-hour service can easily fall into the trap of causing job burnout of employees. In order to prevent this from happening, car rental companies have to ensure employees have a work-family balance, understand job role conflict and do not have a workload that is beyond their capacity.
It should be noted that employee costs are not always negative, as indicated in the internal price literature in section 3.9.4, p122. Employees who are involved in new activities are gaining new skills, which may provide a route to increased remuneration or a bonus, improvement of themselves, and their self-image or a career advancement resulting in higher levels of employee satisfaction. Furthermore, involvement of employees, even indirectly, in the formulation of the car rental company's vision and mission, results in higher commitment to the organisation. Employees also feel they contribute to their own goals as well, and not only to the goals of the organisation.

Committed employees are prepared to take risks and responsibility for their actions. As indicated in the results, customers of car rental companies perceived employees to take responsibility, which indicates the internal price employees are paying. Unfortunately, taking risks and responsibility can result in emotional exhaustion and car rental companies have to take care that employees are not emotionally exploited (refer to section 3.9.4, p122). Car rental companies should offer wellness programmes, health days where blood pressure, blood sugar levels and heart rates are evaluated and monitored, and should encourage employees to participate in fitness programmes to alleviate any possible stress employees might experience.

Car rental companies should also not make promises to employees that they cannot keep, and new procedures or changes within the organisation have to be communicated to employees to allay any possible fears and uncertainty that could increase stress and demotivation. Honesty towards employees and well-informed employees helps them to feel more secure to deliver on brand promises made to customers.

7.4.3 Strategies to improve internal promotion
The fact that customers seemed to find that internal promotion had an insignificant relationship with brand awareness can be attributed to the fact that employees do not act as marketers, and therefore do not promote the products and services of the car
rental companies. This means that car rental companies need to focus on their internal promotion strategies. They need to segment their employees to determine how much information and how frequently information has to be communicated to employees. Car rental companies should also consider the various communication channels and select the most suitable channel to reach a specific segment of employees effectively. Personal selling, sales promotion, advertising, public relations, direct marketing and new electronic technology channels are typical examples (refer to sections 3.9.6.1-3.9.6.5, p130-136).

Due to the nature of business of car rental companies, the various branches and some employees not being office bound, new electronic technology should receive specific attention, since mobile connections, such as cellphones and wikis would allow employees to remain connected to the organisation. Internet and intranet connections are valuable channels to share information and can reduce costs of printing manuals, newsletters and brochures for employees. Through the intranet a social network can be established and personal profiles can be shared to allow fellow employees to meet one another. Creating a close group for employees on Facebook or LinkedIn provides another opportunity to share information and to advertise available positions within the organisation. It is however important that prior to deploying these networks, a policy is defined which clearly describes the purpose of the social network. Implementing analytical tools to monitor and analyse qualitative and quantitative data obtained from activities of the social network is advisable. Guidance to conversations and facilitation of meaningful collaboration can be established by a feedback mechanism to ensure the car rental company's objectives are achieved.

As described in section 3.9.6.5, p134 a wiki that is incorporated in a car rental company's social networking site could be used to include employees in the objectives, values and overall direction of the organisation. An internal wiki allows employees to provide input to the strategy and business plan of the car rental company. Employees who are empowered to contribute to the strategy of the car rental company, are able to
create a culture of group obligation and collaboration whereby the standards of internal service delivery are improved.

The advergames as described in section 3.9.6.3, p132 is another medium in which car rental companies can communicate new products and services to employees. These advertisements create employee expectations and therefore the messages communicated through the advertisements to employees have to be clear, as employees have to communicate the promises made in the advergames to customers. The key purpose of internal promotion remains important to inform, remind and influence employees about the products and services of the car rental company. Knowledgeable employees are more motivated, satisfied and have confidence to deliver service excellence to customers. Deloitte Development LLP (2010:7-9) produced an opinion piece and indicated that organisations that engaged with employees produced earnings per share of up to 160% more than companies that engaged less with employees. The return on assets was 100% higher, revenue growth was 150% higher and productivity was 78% higher of companies that engaged with employees compared to companies that had less engagement with employees. Thus, it will be to the benefit of car rental companies to implement the suggested strategies in engaging with employees to ensure a competitive advantage.

### 7.4.4 Strategies to improve internal place (distribution)

Place or distribution embraces all the strategic and operational activities that make the product or service available to customers. Distribution considers the channels used, outlet locations and methods of transportation (Kasper et al., 2006:400). Organisational structures should be aligned to the internal marketing requirements when the most relevant distribution channel is sought (refer to section 3.9.5, p125). An organisation that is orientated towards internal customer service depends on unity and cohesion within the organisation to deliver excellent service effectively to the external customer. If there is limited or no internal distribution of skills and services, employees will be unprepared to deliver effective services to external customers (Ballantyne, 2003:1255).
Teamwork is required for effective knowledge renewal as information is shared across the business, which allows for new ideas to form and for the organisation's culture to be maintained. Employees should be encouraged to be part of the solutions to problems in the car rental company. They should be taught to accept personal responsibility and help each other to achieve organisational success.

The segmentation of the organisation is important to ensure that all employees are participating in the distribution channel; it also assists the organisation in managing the relationships within the organisation successfully. However, managers should realise that employees play different roles in each of the segmented groups. Therefore, employees have to adapt to their roles and also have to learn new roles (refer to section 3.9.5, p125).

A physical work environment that is safe, healthy and comfortable to make employees feel safe and comfortable at work ensures that employees will feel more satisfied. Furthermore, open-door offices also facilitate communication flow and create a social atmosphere that enhances the relationships between employees.

Rewarding employees with small things like a birthday card or birthday cake, team buildings and social events are activities to allow stronger bonds to develop amongst employees. Electronic media is a wonderful channel to use to encourage team participation amongst employees. Electronic media not only enhances the speed of information flow, but also enhances interaction and feedback, which ultimately results in higher productivity (refer to section 3.9.5, p125). The aim of internal distribution should be to devise an internal environment and atmosphere that is conducive to the achievement of particular goals.

In the following sections, strategies to improve the relationships between the services and recent Ps and brand recognition, trustworthiness, overall evaluation and loyalty are described.
7.4.5 Strategies to improve internal people

Customers seem to find that internal people (employees) have relative influence on the overall evaluation of the car rental company, and to enhance this influence, car rental companies have to improve their programmes aimed at employees. In a services environment employees play a critical role because customers base their experiences with the organisation on the encounter they have with employees (refer to section 3.9.7, p138). Thus, car rental companies should ensure that the training programmes they offer to employees create employees who are knowledgeable and customer-orientated which will lead to improved brand recognition and recall.

Knowledgeable employees feel empowered and confident to perform their roles better. Employees who are allowed to participate in the strategy of the organisation, have a sense of belonging and sometimes very creative ideas develop from their participation. New employees could be welcomed by receiving something special on their first day. The car rental company can give every new employee a medallion that represents the organisation's mission. By accepting the medallion, employees make a commitment to give their best effort to the company.

Car rental companies should also continuously motivate their employees to empower them. This can be done through internal training programmes to enhance skills and knowledge. Incentive schemes are another manner in which employees can be motivated to empower themselves and showing initiatives in assisting customers. These schemes do not have to be attached to a monetary value, but awards such as employee-of-the-month are an effective scheme to motivate employees. To enhance career development, bursary schemes could be introduced to improve skills and knowledge of employees.

Open discussions are encouraged because talking about values creates bonding with others and committing to a meaningful common purpose. Marketing strategies should be shared with employees, and values, behaviours and cultures need to be entrenched
in employees. Employees who believe in the values and goals of the organisation have more loyalty towards the organisation and are better motivated to provide service excellence. It does not matter how mundane an employee’s task is, by motivating, training and encouraging employees they can find meaning in their tasks, can contribute value to the organisation, and can serve a higher purpose, besides earning a paycheck.

Furthermore, employees should be encouraged to communicate and market products and services of car rental companies to customers. Knowledge of employees can be improved through job rotation. This is also an effective way to improve knowledge and skills transfer between employees.

In summary, to improve employee (people) relationships:

- Establish empowerment programmes for employees through incentive schemes;
- Provide training programmes, seminars and workshops to develop skills and increase employees’ knowledge;
- Introduce a bursary scheme to encourage further education amongst employees;
- Train employees on changes of car rental products and services;
- Implement job rotation; and
- Share the car rental company’s vision and goals with employees and facilitate employee empowerment.

7.4.6 Strategies to improve the internal process

The internal process appears to be highly influential on brand recognition, trustworthiness, overall evaluation and loyalty. To ensure the internal process addresses customer requirements, car rental companies and their employees have to be flexible and responsive to customers’ needs in order to streamline processes and satisfy customers.
The design and implementation of effective processes to ensure a successful interaction between employees and customers are critical, as was discussed in section 3.9.8, p145. Management plays a key role in influencing employee actions and designing processes that aid in service success. Employees should also be allowed to make recommendations to the process, as they are following the process on a daily basis and can highlight areas where improvement is required.

Car rental companies provide accessibility through numerous branches nationally and some internationally and thereby increase the accessibility of their services and products to customers. However, all branches have to ensure that their processes are consistent and coordinated throughout the organisation. Interorganisational electronic systems will allow employees to obtain and share information that is critical for service improvement. Furthermore, car rental companies’ services must be available 24 hours per day. In delivering the service, processes must be effective, especially when customers reserve vehicles, pick them up and return vehicles. Car rental companies need to minimise waiting lines and ensure reliability throughout the process, and inform customers that the car rental company can arrange for delivery of vehicles at their doorsteps (refer to section 3.9.8, p145).

Customers should also be informed of changes and new products, processes and procedures. Customers who understand the processes feel more confident and have more trust in the organisation. However, to provide a satisfying experience to the external customer in delivering the service or product, the internal process has to be reliable and must have integrity. Car rental companies should review their internal process from time to time. They might need to develop or finetune internal processes for sustainability and ensure that the initial process contains tasks and responsibilities to create a mechanism for continual process optimisation and management (refer to section 3.9.8, p145). Feedback from customers is also very valuable to assess if existing internal processes have a positive effect on the service delivery to customers.
Car rental companies should benchmark their processes with those of competitors to allow them to measure if their performance and process management are in line with those of competitors. New technology should be investigated and implemented to enhance service delivery. Self-help terminals could be an option to reduce waiting lines.

To improve the internal process and the relationship with brand awareness, in essence the following strategies have to be considered:

- Employees should be flexible and responsive to customers' needs;
- Ensure processes are effective, well designed and effectively implemented;
- Be accessible to customers through various means, such as having branches as widely spread as possible; a 24-hour call centre and website availability;
- Introduce self-help terminals at airports to reduce waiting lines;
- Constantly review processes and benchmark with competitors; and
- Ensure employees are aware of any process or product change.

7.4.7 Strategies to improve internal physical evidence

Customers perceived internal physical evidence to have some positive influence on brand recognition and overall evaluation. In order to improve the relationship between physical evidence and brand awareness, car rental companies have to ensure that they have modern offices with a professional look and attractive marketing material, such as marketing brochures, annual reports and stationery (refer to section 3.9.9, p150).

At airports where car rental companies are located next to one another, physical appearances attract or discourage customers from entering their offices. Therefore, the physical design and layout of car rental offices are important to attract customers. However, the physical evidence also affects employees' behaviour and employees who are satisfied in their working environment perform better.
Signage and directions to guide customers will also facilitate the task of employees and cause less frustration to customers. Customers who are new in a particular environment, feel more confident if they do not have to ask for assistance all the time, but are guided by the signage and directions provided to them. This will assist employees, especially in dealing with customers telephonically, to describe to them where to find offices and what processes within the offices are.

The physical evidence is categorised in essential and peripheral evidence according to Ahmed and Rafiq (2003: 1181). Essential evidence refers to the environment in which the product is delivered, for example the working environment of employees. A work environment that is open, honest, supportive and fulfilling builds a car rental company based on trust. Peripheral evidence includes tangible cues that the service has been delivered, such as memos, guidelines and training manuals. Yilmaz and Ergun (2008: 292) stated that the critical tangible elements in internal marketing encompass documentation and training, together with training manuals. Documentation refers to policies and changes in policies, as well as documented procedures of an organisation which have to conform to specified standards. Training, training manuals and training sessions are also tangible elements that have to conform to certain standards according to organisational policies (refer to section 3.9.9, p150).

Communication and communication material are imperative for communicating new processes, procedures, policies and any other relevant changes within the car rental company environment. An intranet is a very useful tool to store critical documentation and can be made easily accessible to all employees of car rental companies. Newsletters, marketing brochures and company file folders are examples of physical evidence to communicate important information they need to be aware of to customers and employees.
7.4.8 Strategies to improve internal personal relationships

Customers viewed internal personal relationships to influence trustworthiness and loyalty to a certain extent. Trustworthiness and loyalty are both indicators of long-term relationships. If car rental companies want to retain customers, it is imperative for them to build relationships internally as well as between employees and customers (refer to section 3.9.10, p152).

Kasper et al. (2006:148) stated that an organisation that implements a relationship approach is characterised by exchanges which are reciprocal, committed and long term. A relationship can be described as the process of developing mutual understanding and the mutual creation of value over the lifetime of an association. The findings in the study as described above indicated that car rental companies are not always successful in retaining customers. It might be because there are no focus programmes on retaining employees and customers. In order to improve relationships with employees and customers, there needs to be understanding, trust, commitment, collaboration and adaptation (refer to section 3.9.10). Management of car rental companies should include the establishment, growth and maintenance of internal relationships with and between employees irrespective of their position in the organisation as an objective in building relationships. Although e-mail is successfully used to manage personal relationships, it might cause delayed reactions and immediate feedback, which could be detrimental for the relationship to last. Therefore, organisations should invest in face-to-face and interactive internal personal relationships and encourage networking amongst employees to ensure optimal value is achieved (Gummesson, 2006:203).

In order to improve internal relationships, car rental companies must:

- Have open communication with employees;
- Treat them as internal customers;
- Train employees in new policies and the values of the car rental company in relation to the policies;
- Establish collaboration between departments within the car rental company; and
• Be committed to service excellence amongst employees, which results in building personal relationships with customers.

Managers should also continually be aware of needs of employees to be able to build relationships with them. They must create a structure and environment that stimulates social interactions amongst employees in order to build trusting relationships amongst all levels in the organisation. Open work environments, rewarding employees for collective behaviour and displaying general care for employees can realise effective group-level social capital. Group-level social capital can enhance employees' satisfaction and encourage employees to work in teams, solve problems and share information. The more informed and involved employees feel in their jobs, the more job satisfaction they will experience which should increase loyalty towards the organisation.

7.4.9 Strategies to improve internal packaging

Customers regarded the influence of internal packaging to be positively related to brand recognition and overall evaluation. Due to the intangible nature of services, customers require unspoken indications to determine their expectations and assessment of the brand awareness of the car rental company. Car rental companies are amongst the services organisations that have mainly a service to sell, and where the product plays a secondary role.

Kotler and Keller (2009:392) stated that an environment where employees feel comfortable and significant could be created with space, design and attitude. Employees who feel the organisation cares about them will be motivated to exceed in delivering service quality to external customers (refer to section 3.9.11, p157). The packaging of employees, namely uniforms and employee dress codes are components assisting customers to assess the brand awareness of the car rental company. Car rental companies must ensure that their offices and the attire of their employees are professional, as these are part of the package that serves to assure customers that they are receiving services from a leading and superior car rental company (refer to section 423).
The appearance of employees affects the consistency of the brand recognition and recall of the car rental company.

Furthermore, while a uniform or dress code provides a cue for the customer, an employee's clothing can also symbolise or describe the employee to others, including fellow employees. Appearance-related clothes are often used to describe an employee's personal perception of her or himself and her or his role within the car rental company. Brand awareness is composed of the sum of all the information customers have received concerning the brand and include experience, advertising, packaging and other elements.

Appearance also provides an indication of the car rental company's identity and the image it portrays. Therefore, it is important for car rental company employees to understand the brand and the role they are playing in creating the awareness of the brand they are part of.

7.4.10 Strategies to improve internal positioning

Internal positioning was perceived by customers to have an influence on brand recognition and overall evaluation of car rental companies. As described in section 3.10.1, p160, internal positioning involves providing an appropriate mix of various benefits to different segments of employees that will motivate employees to achieve successful implementation of marketing and other strategies. Similar to external positioning, internal positioning is at the core of internal marketing programmes because it includes all other marketing mix elements to address predetermined organisational goals. Therefore, car rental companies have to focus their positioning strategy on market and competitive analyses, which should be linked to the internal analysis.

Employees should be segmented and relevant training provided to the particular segment to ensure they are correctly positioned. It is only after car rental companies have positioned themselves internally, that marketing plans can be developed and
implemented to strengthen the position of the organisations externally. Benefits to both employees and customers have to be designed to ensure both internal and external customers agree with the goals and objectives of the car rental company. Some initiatives that could be considered for the positioning include deciding which campaign to launch, events to participate in, possible employee rewards, what communication channel should be used, and what resources and budget are required.

The manner in which employees interact with internal and external customers and the particular services and products offered by the organisation, would determine the position the organisation achieves (Angelis et al., 2010:10). Therefore, it is important for a car rental company to position itself internally as the employer of choice that displays its caring for employees whereby a good reputation can be built.

Employees with management positions should challenge the status quo, promote continuous improvement and reward excellence. Management should lead by example and should not avoid difficult decisions. The car rental company should invest in its employees and operations for future growth and profit. They should meet commitments to shareholders, customers, and employees on a daily basis to position the car rental company for optimal achievement.

7.4.11 Strategies to improve internal performance
Internal performance was emphasised as one of the internal marketing mix elements with the greatest influence on brand awareness. Customers perceived it to have a strong influence on brand recognition, performance, overall evaluation and loyalty. Employees of car rental companies play a significant role in the performance of the organisation, and car rental companies will only be able to perform well if their internal performance is managed effectively (refer to section 3.10.2, p163).

Appointing talented and fit-for-the-organisation employees is critical for the performance of car rental companies. Employees should have the same values as the company and
should be able to adopt the culture of the car rental company. Performance cannot be sustained if there is no measurement in place. Therefore, car rental companies have to measure employee performance, as well as the overall performance of the organisation. The car rental company should decide if performance will be measured based on quality or quantity, or both. If performance is assessed according to positive customer feedback, that is qualitative performance, employees will be motivated to perform better to increase customer satisfaction. If performance is based on the number of customers served in an hour, in other words quantitative performance, employees will follow processes or meet targets associated with the number of customers served (Kasper et al., 2006:378).

Car rental companies should measure performance to create a cycle of success based on both employees' and customers' satisfaction. The car rental company will benefit financially when employees and customers are satisfied (Maclntosh & Doherty, 2010:107). Some strategies that car rental companies should consider and attempt to improve performance include:

- Appoint talented and suitably qualified employees in particular positions;
- Build a reputation by overall performance;
- Evaluate performance of employees and operational processes;
- Obtain feedback from customers about performance of the car rental company; and
- Develop and improve implementation of policies and procedures based on measurement outcomes.

Constructive feedback from employees should be encouraged and management and employees should be committed to each other. They should also have fun together, be helpful and compassionate about one another. Employees who are satisfied tend to put more effort in to ensure that the organisation performs better, and therefore continuous training and performance measurement are imperative to increase the car rental company's overall performance. Furthermore, satisfied employees who are motivated to perform well, create satisfied and loyal customers who have trust in the organisation.
7.5 CONTRIBUTIONS OF THE STUDY

As explained in section 1.11, p33 the aim of this study was to contribute to the body of knowledge in three ways, namely:

- To describe the complexity of the car rental industry in South Africa;
- To describe the current understanding and debate amongst researchers about the eleven marketing mix elements and their influence on brand awareness; and
- To provide guidelines to South African car rental companies on how to improve their internal marketing programmes, this will enable them to improve their brand awareness amongst customers.

The first contribution was made in Chapter 2 with the description of the car rental industry and how it functions within the larger complexity of the automotive industry. The challenges and highly competitive environment within which car rental companies have to operate were also outlined throughout the literature in Chapters 2, 3 and 4.

The second contribution to the body of knowledge was done with the explanation of expanding the internal marketing mix elements in a service environment from seven to eleven Ps and why it was done in this study (refer to Chapter 3). This in itself is a unique contribution, as no other studies have worked with more than seven marketing mix elements.

A further contribution was to empirically investigate the influence of these eleven marketing mix elements on the brand awareness perceived by car rental companies' customers. The relatively large sample size of car rental customers (n = 581), the use of the advanced statistical technique, SEM, and the equivalence testing also added value to the study.
Through the research and empirical testing a model was developed that outlines the most important constructs that influence brand awareness, as well as the relationships of these constructs with brand awareness constructs. Therefore, it can be noted that this study contributed to the understanding of which constructs have a stronger relationship with and influence on brand recognition, trustworthiness, overall evaluation and loyalty of car rental customers.

The equivalence testing is also unique as it is normally used in cultural studies. However, in this study equivalence testing was performed to determine the equivalence of the status quo and an ideal situation as perceived by car rental customers. This was important as it highlighted that the model developed through SEM could be applied in a status quo, as well as in an ideal situation.

Following the above discussions, it is clear that the results of this study provide relevant, practical recommendations and suggestions to car rental companies on improving their internal marketing programmes to ultimately improve their brand awareness. This study also led to the conclusion that with minor adjustments and some contextual additions, the study could be replicated in other services industries.

7.6 LIMITATIONS OF THE STUDY

Due to a lack of formal research among car rental companies both locally and abroad, this study might lack a depth in car rental industry information. Only three car rental companies in South Africa were included in the study. Therefore, there is a possibility that the information provided may not represent the entire industry.

Only customers of car rental companies were included in this study. Most prior studies that focused on internal marketing mix elements were performed amongst employees of the relevant organisations. Thus, the results of the study might have been completely different should employees be included.
During the SEM analysis, the four traditional Ps were omitted from further analysis. Since the study was conducted in a services environment it made sense, as customers of car rental companies or another service environment might not be affected by product, price, promotion and place to the same extent as product customers might be. Hence, the results and recommendations of this study might be different if the study was conducted in a product environment.

7.6 AREAS FOR FUTURE RESEARCH

Prior research relevant to the subject area of this study was provided in Chapters 1-4 in order to substantiate the motivation and literature behind the study. Although this study explored new research areas and ensures a better understanding of the eleven internal marketing mix elements and the dimensions of brand awareness, namely brand recognition and brand recall, in other words trustworthiness, overall evaluation and loyalty, areas for future research have been identified. Various recommendations for future research are enunciated.

It would be beneficial if the sample size of respondents, specifically the number of car rental companies, could increase. This would assist in the generalisability of the results from the empirical investigation. Future research regarding this topic can be extended to include employees of car rental companies and comparative studies can perhaps be conducted between employees and customers of the car rental industry. Further studies can also consider the equivalence testing to include comparisons within the demographics, such as age, race, gender and education of customers.

Additionally, this study can be extended to other services industries, such as the banking or insurance industries, and furthermore, comparisons between those studies and this study can be drawn. The model and measuring instrument of this study can be applied to other industries. The tourism and hospital industries would benefit as well.

Furthermore, it is possible that other constructs, which were not included in this study, can have an influence on the brand awareness of car rental companies' customers. It is
observed that structural equation models, such as the one used in this study, suffer from the shortcoming that data can never confirm a model; it can only fail to disconfirm it. Thus, it is possible that other models with different constructs could possibly also fit the data collected, and therefore the internal marketing mix elements and brand awareness of car rental companies' customers need further empirical testing.

Over and above the discussion on future research areas as described above, it is still important to note that the results of this study confirm existing literature and emphasised new findings in the influence of the eleven internal marketing mix elements and brand awareness of car rental customers in South Africa.

7.7 CONCLUSION

Car rental companies function in a very competitive industry and therefore they should recognise the importance of the brand awareness they are creating with customers. They should be aware of the fact that the organisations' efforts to attract and retain customers are influenced by their internal marketing programmes. Furthermore, they have to realise that the eleven marketing mix elements described in this study have an influence on the perceptions of the brand awareness of their customers. Thus car rental companies need to consider the importance of internal marketing in attracting and maintaining talented and knowledgeable employees. Internal marketing influences the excellence and consistency of service delivery provided by employees and experienced by customers, which ultimately results in positive brand awareness. Car rental companies that succeed in sustaining positive and strong brand awareness, experience economic growth and competitiveness.

The completion of the study has proved the attainment of all the objectives stated in Chapter 1. In Figure 7.2 the relevant objectives, questions in the questionnaire, findings and recommendations are summarised, followed by the guidelines and new knowledge available to car rental companies to improve the brand recognition, trustworthiness, overall evaluation and loyalty of customers as indicated in Table 7.1.
Figure 7.1: A summary of the objectives, measuring instrument, findings and recommendations

<table>
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<tr>
<th>Primary objective</th>
<th>Secondary objectives</th>
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<th>Findings</th>
<th>Main findings</th>
<th>Recommendations</th>
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<td>Secondary objective 2</td>
<td>Demographic Section 1 &amp; 2</td>
<td>Findings D3-D26 S8-S12</td>
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<td>Sections 1 &amp; 2</td>
<td>Findings S14-S17</td>
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<td>Recommendation 3.6</td>
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<td>Sections 1 &amp; 2</td>
<td>Findings S6, S7, S11-S13</td>
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<td>Recommendation 5.4</td>
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Source: Author's own construct
Table 7.1: Guidelines and new knowledge created

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<th>CATEGORY</th>
<th>EXPLANATION</th>
</tr>
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<tbody>
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<td>1</td>
<td>Aspects of internal marketing are important to car rental companies</td>
<td>This study revealed that process and performances are the marketing mix elements that have the most influence on customers' perception of brand awareness. Other internal marketing mix elements that positively influence brand awareness are people (employees), physical evidence, personal relationships, packaging and positioning.</td>
</tr>
<tr>
<td>2</td>
<td>Aspects of internal marketing elements that need improvement</td>
<td>This study proved that, according to customers, people, physical evidence, personal relationships, packaging and positioning require urgent attention to improve the perceptions of customers, as they have the strongest impact on the dimensions of brand awareness.</td>
</tr>
<tr>
<td>3</td>
<td>Practical strategies for South African car rental companies</td>
<td>The study developed and recommended strategies for South African car rental companies to improve their internal marketing programmes and align them to the marketing strategies of the organisation to increase brand awareness amongst customers.</td>
</tr>
<tr>
<td>4</td>
<td>A new model and measuring instrument</td>
<td>A model with a good fit, as well as a valid and reliable measuring instrument was developed in this study. The model and measuring instrument can be used for replication purposes in other industries.</td>
</tr>
<tr>
<td>5</td>
<td>Model equivalence</td>
<td>The developed model in this study was found to be equivalent in a current and ideal situation. Therefore, the model can be applied in both situations.</td>
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</table>
This study offered different marketing mix elements to car rental companies to consider and manage in order to gain higher levels of service quality, employee performance and profitability. Car rental companies should understand and apply the internal marketing mix elements correctly to produce positive relationships between employees and customers, which will lead to higher customer satisfaction. It is critical that the internal marketing programmes are integrated into the car rental companies' overall marketing strategies to ensure value creation for both the customers and the organisations.

A car rental company's strategic advantage frequently exists in its ability to streamline and link the organisation's capabilities to design its processes and performances that are perceived to be better than its competitors are. Through aligning all processes with the overall marketing objectives and customers' needs, car rental companies can create a difficult to duplicate strategic advantage, which is critical in the success of any sustainable organisation. Car rental companies have to begin to gain strong brand awareness, starting within the organisation with the aid of an internal marketing approach.

In conclusion, car rental companies should focus on the internal marketing mix elements identified in this study to improve customer satisfaction and ultimately create a strong brand awareness that will contribute to the economic stability and prosperity of the car rental industry in South Africa.
LIST OF REFERENCES


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Annexure A: Constructs in relation to the primary research objective and items

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<tr>
<th>Research constructs</th>
<th>Items</th>
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<td>To determine the perceived influence of the different elements of internal marketing on the brand awareness as perceived by selected car rental customers in South Africa</td>
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### Annexure B: Parameter estimates and p-values for the exogenous latent variables

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Annexure C: Parameter estimates and p-values for endogenous latent variables

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</table>
Dear Respondent

LET YOUR OPINION COUNT!

Please make a difference and let your opinion count by participating in this survey. Your participation is crucial for me to obtain a representative sample for my doctoral degree at the University of Johannesburg. My study is contributing to improve marketing programmes aimed at employees of car rental companies. It will add value to the academic community and the car rental industry, since a similar study has not been conducted before in the car rental industry. This study focuses on whether internal marketing influences the brand awareness as perceived by customers of selected car rental companies. In this regard, your opinion is highly required and matters to add value to this study at large.

It is important to know that any information obtained in the study will in no way reflect the identities of the people participating in the study, it will be entirely anonymous and your opinion and attitude will be treated strictly confidential. All data will go directly to the Statistical Consultation Service of the University of Johannesburg.

Please complete the questionnaire as honestly as possible to ensure accuracy of the study. The questionnaire will take 10-15 minutes to complete. It would be appreciated if you could complete the questionnaire by Friday, 8 April 2011.

Please complete the survey here

A brief overview of the study

Car rental companies are part of a much larger automotive industry with various challenges facing them. Competitors are entering the market and therefore it became critical for these companies to ensure their employees who interact with customers are equipped and trained effectively. Internal marketing programmes should assist companies to train employees in a manner that they convey a positive awareness of the company’s brand to customers. The internal marketing mix has various elements, namely internal product, price, place, promotion, people, process, physical evidence, personal relationships, packaging, positioning and performance that might have a certain degree of influence on the brand awareness perceived by customers. The purpose of this study is to understand what the influence of these elements on brand awareness is.

Should you wish to receive feedback or have any queries on the results of the study, please email me directly at econradie@cipro.gov.za or contact Prof Mornay Roberts-Lombard from the Department of Marketing Management at the University of Johannesburg at (011) 559 3031 or mornayrl@uj.ac.za
<table>
<thead>
<tr>
<th>Demographics of the customer</th>
</tr>
</thead>
</table>

Please indicate your answer by means of an (x) in the appropriate block. Please answer the questions honestly. All answers will be treated confidentially. It will take no longer than 10 - 15 minutes to complete the questionnaire.

1. In which age category do you fall?
   - 16-25
   - 26-30
   - 31-35
   - 36-40
   - 41-45
   - 46-50
   - 51-55
   - 56 or older

2. What is your gender?
   - Male
   - Female

3. What is your race?
   - Asian
   - Black
   - Coloured
   - White
   - Other

4. How often do you rent a car from a car rental company at the listed AIRPORTS per annum? You can tick more than one.
   - OR Tambo
   - Cape Town
   - Durban
   - Port Elizabeth
   - Bloemfontein
   - Kimberley
   - George
   - Boksburg
   - Langebaan
   - East London
   - Other
   - Never
   - 1-3
   - 4-7
   - 8-11
   - 12+

5. How often do you rent a car from a car rental company at the listed CITIES per annum? You can tick more than one.
   - Johannesburg
   - Cape Town
   - Durban
   - Port Elizabeth
   - Bloemfontein
   - Kimberley
   - George
   - Boksburg
   - East London
   - Other
   - Never
   - 1-3
   - 4-7
   - 8-11
   - 12+

6. Which company did you rent from last?
   - Avis
   - Budget
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</tr>
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</tr>
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</tr>
<tr>
<td>Thrifty</td>
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<td>Other</td>
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8. Do you use the company mainly for leisure or business purposes?  
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<tr>
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<th>Business</th>
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</table>

9. Did you travel most recently as a leisure or business customer?  
<table>
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<tr>
<th>Leisure</th>
<th>Business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. If the choice of a car rental company was your choice,  
    would you choose the same company?  
    | Yes | No |
    |-----|----|
    |     |    |

11. If you travel as a business customer indicate the size of your company by the number of employees  
    | < 25 | 26 - 100 | 101 - 500 | 501 - 1000 | > 1000 |
    |------|---------|---------|----------|--------|
    |      |         |         |          |        |

Based on your answers in questions 8 and 9, please answer the following questions relating to that company.

The questions to follow relate to Internal Marketing, i.e. Marketing aimed at employees and how you as a customer experience the attitude and environment within which employees function. This is followed by branding questions and how you relate to the brand of the car rental company you have used most recently.

The Internal branding section includes a current situation, i.e. How do you currently perceive the car rental company; and an ideal situation? How would you like the company to be?
### Section 1 - Services and Internal Marketing

To what extent do you agree with the following statements?

<table>
<thead>
<tr>
<th>Current situation</th>
<th>Ideal situation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strongly disagree</strong></td>
<td><strong>Not important</strong></td>
</tr>
<tr>
<td><strong>Disagree</strong></td>
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</tr>
<tr>
<td><strong>Neutral</strong></td>
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</tr>
<tr>
<td><strong>Agree</strong></td>
<td>1</td>
</tr>
<tr>
<td><strong>Strongly agree</strong></td>
<td>1</td>
</tr>
</tbody>
</table>

**Internal Product**

- The employees of the car rental company I use are friendly when serving me.
- I am served by the same employee(s) when I use the company.
- The employees are knowledgeable about the company's products and services.
- The employees of the company are passionate about the service they deliver.
- The employees of the company display sound customer interaction skills.

**Internal Price**

- The employees of the company keep their promises to me.
- The employees of the company take responsibility for the service they deliver.
- Employees of the company exceed what is expected of them in serving me.
- The employees of the company lack confidence when serving me.
- Employees of the company contribute positively to company promises made in promotion efforts.

**Internal Promotion**

- The company is extensively advertised.
- The employees of the company tell me about other or new services they can offer.
- The promotion material of the company is constant in all promotional material I receive.
- Employees of the company communicate that my business is important.
- The company communicates its agenda to me in various ways e.g. letters, internet, email, ads, telephone.
- The company distributes its agenda to me.

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*Page 3*
<table>
<thead>
<tr>
<th></th>
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<td>1</td>
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</tr>
</tbody>
</table>

- There are vehicles available at the airport when I arrive to collect a car.
- I receive a vehicle as per the ordered category.
- I do not have to wait for a vehicle to be cleaned before I can pick it up.
- The booking experience is efficient when I make online bookings.
- The booking experience is efficient when I make bookings via the call centre.
- Employees are trained to deliver service excellence.
- Employees appear motivated to deliver service excellence.
- The employees of the company are responsive to customer needs.
- The employees of the company seem accountable when making a promise to me.
- Employees of the company can make decisions independently.
- My experience with the company is satisfactory from the booking until delivery of the vehicle.
- The employees of the company are certain of the procedures they have to follow.
- Even if queries are long, I do not have to wait long to get my vehicle.
- The bill I receive from the company is bundled so that I understand it.
- I believe the company is well-managed.
- The working environment of employees of the company is clean.
- There are enough employees to provide service to customers.
- The public area of the company is professional.
- The website of the company is updated.
- The service standard is consistent when I interact with the company.
- Personal relationships.
<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<tr>
<td>36</td>
<td>Long-term relationships with customers depend on the management's ability to establish a positive relationship with employees.</td>
<td>1</td>
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<tr>
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<td>The company focuses on building relationships with customers.</td>
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<td>2</td>
<td>3</td>
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<td>38</td>
<td>Trust is an integral part of my relationship with the company.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>39</td>
<td>The company is trying to act in my best interest.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>40</td>
<td>I receive special offers from the company because I am a regular customer.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>41</td>
<td>The promotional material, e.g., brochures, service delivery by employees, influence me to purchase the company's services.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>42</td>
<td>The appearance of employees of the company is an important aspect of packaging for the company to create promotional value.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>43</td>
<td>The way in which the company presents itself to me creates a certain expectation about its values.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>44</td>
<td>The employees of the company are wearing name tags to be identified.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>45</td>
<td>A good service by employees is more important than the appearance of employees.</td>
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<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>46</td>
<td>The company has distinct value offerings that distinguish it from competitors.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>47</td>
<td>I can identify with the culture displayed by employees.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>48</td>
<td>The company has values I can identify with.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>49</td>
<td>The company has a unique culture that distinguishes it from competitors.</td>
<td>1</td>
<td>2</td>
<td>3</td>
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<tr>
<td>50</td>
<td>The objectives of the company are clear in the way it portrays itself through its marketing efforts.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>51</td>
<td>I regard the company's performance higher than the performance of competitors.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>52</td>
<td>The company performs well because of its ethical values.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>53</td>
<td>The company is continuously improving on its performance.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>
Annexure E

The section on brand recognition and brand recall to follow only displays a current situation. Please select your answers as honestly as possible.

Section 2 - Brand awareness

<table>
<thead>
<tr>
<th>To what extent do you agree with the following statements?</th>
<th>Current situation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Never</td>
</tr>
<tr>
<td>Brand recognition</td>
<td>5</td>
</tr>
<tr>
<td>I can recognise the company distinctly</td>
<td>5</td>
</tr>
<tr>
<td>The company brand is visibly displayed</td>
<td>5</td>
</tr>
<tr>
<td>I am familiar with the company</td>
<td>5</td>
</tr>
<tr>
<td>The company is well-known because of its excellent services</td>
<td>5</td>
</tr>
<tr>
<td>I can distinguish the company from competitors</td>
<td>5</td>
</tr>
<tr>
<td>Brand recall</td>
<td>5</td>
</tr>
<tr>
<td>Trustworthiness</td>
<td>5</td>
</tr>
<tr>
<td>I trust the brand because of the service I receive</td>
<td>5</td>
</tr>
<tr>
<td>I continue using the company because of its reputation</td>
<td>5</td>
</tr>
<tr>
<td>I have only positive memories of my interactions with the company</td>
<td>5</td>
</tr>
<tr>
<td>I trust the company because it is a known brand</td>
<td>5</td>
</tr>
<tr>
<td>I trust the company because I have not experienced problems with the vehicle I have tried</td>
<td>5</td>
</tr>
<tr>
<td>Overall evaluation</td>
<td>5</td>
</tr>
<tr>
<td>I evaluate the services of the company according to the experience I have had</td>
<td>5</td>
</tr>
<tr>
<td>I have a clear picture in my mind when I think of the company</td>
<td>5</td>
</tr>
<tr>
<td>The company has a good reputation</td>
<td>5</td>
</tr>
<tr>
<td>The company has a strong brand compared to competitors</td>
<td>5</td>
</tr>
<tr>
<td>I can easily recall a symbol associated with the company</td>
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</tr>
<tr>
<td>Loyalty</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>71</td>
<td>I am a loyal customer of the company</td>
</tr>
<tr>
<td>72</td>
<td>It is my preferred choice to remain a customer of the company</td>
</tr>
<tr>
<td>73</td>
<td>The brand reputation of the company will influence my decision to continue using the company</td>
</tr>
<tr>
<td>74</td>
<td>I would remain a customer of the company even if I have to pay more than at competitors</td>
</tr>
<tr>
<td>75</td>
<td>The employees of the company are an integral part of my choice of the brand</td>
</tr>
</tbody>
</table>