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

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

Introduction

Service organisations are fundamentally important to the economy of any country, as they contribute, amongst others, to its Gross Domestic Product (GDP) and employment rate. Growth in the service sector has persisted since the late 1990's and service industries have a large impact on national economies. The growth in the service sector lead to it becoming much more competitive, transforming the management and marketing of service organisations (Baker, 2003:586). For example, the number of Avis outlets in South Africa has grown by 17,5% since 1994 and is responsible for the creation of 3,7 % of employment in the service sector of the province (Avis, 2007). Currently, the focus of service organisations is their clients and their needs and preferences (Christopher, Payne & Ballantyne, 1993:5). To ensure that employees have a positive inclination towards the satisfaction of customer needs and wants, a strong emphasis must therefore be placed on the application of internal marketing principles to the employees of the business. A key premise underlying Berry's (1981) "employees as customers" concept in internal marketing is that similar to external customers, internal customers desire to have their needs satisfied (Ahmed & Rafiq, 2003:1177).

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

This paper will attempt to indicate what the current status is of the relationships which the Avis motor vehicle rental group have with their internal market and will provide recommendations to the management of the Avis Group regarding the improved application of the principles of internal marketing to this market. In addition, the problem statement and the purpose of the paper

will be highlighted and followed by a focus on the objectives of the study and an overview of the theory relating to the internal market. This is followed by a discussion of the methodology applied to the study and the major findings and managerial implications which form an inherent part of the research.

Problem statement

The satisfaction of employee needs, as the internal customers of the business, implies that a business should be in a better position to deliver the quality desired to satisfy external customers. Implicit in this is the assumption that fulfilling employee needs enhances employee motivation and retention, and as a consequence the higher the degree of employee satisfaction, the higher the possibility of generating external satisfaction and loyalty (Zampetakis & Moustakis, 2007:417-418). Practitioners argue that the manner in which they treat their employees has an impact on the success of the business. However, these practitioners frequently do not equate this with relationship marketing. On the other hand, the academic relationship marketing literature does highlight internal relationships as having an important impact on external customer relationships (Herington, Johnson & Scott, 2006:364).

It is furthermore unavailable for service industries to improve service quality simply through conventional methods. These industries actually requires the first line service providers to play the determinant role to improve customer satisfaction by means of direct touch interaction. Thus, for the past decade, marketing ideas and issues have been extended from conventional tangible products to intangible services. Customer objectives marketing are also extended from external customers to business or internal customers (employees of the business) within a business (Hung & Lin, 2008:170).

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

Against the brief background on the importance of internal marketing (also refer to the literature section below) and the motor vehicle rental industry provided above, the problem statement of this paper is as follows:

A study of internal marketing as a relationship building strategy with employees in the Avis motor vehicle rental group in South Africa

More formally, the purpose of this paper is to establish the current level of internal marketing strategies which the management of the Avis motor vehicle group in South Africa is applying and to identify the limitations of these strategies which might exist in the industry. Internal marketing refers to the application of marketing management knowledge – which was originally developed for external marketing – on its “internal market”, that is the employees of the business. The internal marketing strategies of a business are important, as they can influence the job satisfaction and productivity levels of employees. Research has shown that the concept and the action of a business’s internal marketing initiatives upgrade employee job satisfaction and, in turn, improve the performance of the business (Hwang & Chi, 2005:285).

Contribution of the paper

Limited research has been conducted in the field of internal marketing in South Africa, and no study has focused exclusively on internal marketing within the Avis motor vehicle rental group in the country. Prior research within South Africa, as well as internationally, includes studies conducted for the purpose of investigating internal marketing in a manufacturing environment or to establish the linkage between internal marketing and sexual identity. The primary focus of previous studies was to provide a holistic view of internal marketing from a manufacturing environment perspective or to provide a comparative analysis between academic and practitioner views on internal marketing. This paper will provide a discussion on internal marketing from a service industry perspective which will be beneficial to the motor vehicle rental industry in South Africa. The results and conclusions drawn may be used to ensure higher levels of internal marketing in the motor vehicle rental industry in South Africa.

The findings of this paper could also create a greater awareness among South African motor vehicle rental groups of the value that sound internal marketing practices hold for the business, the building blocks and research areas for the creation of a positive internal marketing environment. It is, therefore, proposed that this paper will contribute to the theoretical and empirical knowledge on internal marketing in the motor vehicle rental industry in South Africa.

Objectives of the paper

The primary objective of the paper was to investigate the internal marketing practices of the Avis motor vehicle rental group in South Africa.

The secondary objectives were to:

- Research the internal markets of the Avis motor vehicle rental group in South Africa;
- Explore the value-adding components which the Avis motor vehicle rental group in South Africa build into their relationship strategies with employees; and
- Establish whether the Avis motor vehicle rental group in South Africa are inclined to establish long term relationships with their employees.

Research hypotheses

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

Specifically, the null and alternative hypotheses are:

- H1: The Avis motor vehicle group in South Africa do implement the principles of internal marketing to their internal market relationships.
- H0(1): The Avis motor vehicle group in South Africa do not implement the principles of internal marketing to their internal market relationships.
- H2: The Avis motor vehicle group in South Africa do implement value-adding Components into their relationship strategies with employees.
- H0(2): The Avis motor vehicle group in South Africa do not implement value-adding Components into their relationship strategies with employees.
- H3: The Avis motor vehicle group in South Africa are inclined to establish long term Relationships with their employees.
- H0(3): The Avis motor vehicle group in South Africa are not inclined to establish long Term relationships with their employees.

The section below provides an overview of the theory relating to internal marketing.

Internal Marketing

Internal marketing can be perceived as an enabling tool for the implementation of strategic plans. The traditional marketing concepts of segmentation, targeting and positioning are used internally to "sell" management requirements. However, internal marketing can also be viewed as a business wide philosophical approach that transcends departments and functions and is informed by its values. (Harwood, Garry & Broderick, 2008:119-121). For the purposes of

this study, the different literature components which constitute the internal market will be discussed in more detail below.

Internal marketing environment: The internal market of a business encompasses its employees. This market is continuously being influenced by the ability of employees to work together as a unit to reach the objectives of the business. The employees of the business can furthermore be viewed as the "internal suppliers" and "customers" of the business (Peck, Payne, Christopher & Clark, 1999:8-11). Businesses are continuously putting a greater emphasis on the following two aspects, namely employees as internal customers of the business and the motivation and retention of employees over the long term (Van Eeden & Koekemoer, 2000:21).

Approach of employees towards internal marketing: The internal marketing concept emphasises that teamwork amongst the employees of the business is a key factor in the development and retention of a successful business strategy (Lee, 2001:46). The establishment of internal marketing implies that the business must have positive relationships with its employees. It is made possible if the business focus on aspects such as the development of an understanding for the emotions and intellect of employees, the management of employees as individuals, the delivery of personalised products and services to employees and the establishment and building of a long term relationship with employees (Roberts-Lombard, 2007: 208-210).

Motivation of employees: The management of the business must create an internal environment that is supportive to the empowerment of customer centered employees. Every interaction between the internal customer and the business or management must focus on service delivery and need satisfaction. The employees of the business and the internal training policy, procedures for planning and the management style in the business must support the development of an internal environment (Gutek & Welsh, 2000:21-51; Peck *et al.*, 1999: 324-325). Internal marketing is driven by empowered employees who are innovative and who position themselves above inter-departmental conflict (Baker, 2000:36).

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

Internal marketing research areas: The modern business is challenged by the reality that it is faced with two market and customer types, namely those internal and external to the business (Chaston, 2000:119; Strydom, Jooste, & Cant, 2000:39-43). To strengthen the establishment of an internal marketing climate, the management of a business must focus on the continuous research of the following aspects, namely the personal training and development of employees, continuous communication to employees, the empowerment and participation of employees, internal consumer segmentation, performance appraisal systems, the acknowledgement and rewarding of employees and supportive work relationships (Steyn, Ellis & Musika, 2004:34-43).

Implementation of internal marketing activities: The underlying objective of internal marketing is the development of a marketing program which is directed at the internal market of the business and which is parallel to the marketing program aimed at the external customers of the business (Gummesson, 1999:160-161). Grönroos (2000:335-336) specifies that the implementation of the internal marketing activities of a business must ensure the following outcomes, namely the creation, management and development of internal relationships between the employees of a business, irrespective of their position. Employees must hereby be motivated to deliver a quality service to both the internal and the external customers of the business, to empower employees with the required skills, knowledge and support from top management and

supervisors, internal service providers, systems and technology which will empower them to deliver a customer orientated service to the internal customers of the business.

Research design

Research approach

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

Research method

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

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

Section B was in the format of a five-point Likert-type scale, comprising thirty two statements on internal marketing. The purpose of these statements were to test the current and ideal application of respondent's identified relationship marketing principles in the internal market of the Avis motor vehicle rental group in South Africa. The statement's response continuum ranged from 1-5, where 1 = strongly disagree; 2 = disagree; 3 = neutral; 4 = agree and 5 = strongly agree. The current application of the internal marketing principles were indicated as x(a) on the questionnaire, whilst the ideal implication were indicated as x(b). Effect sizes were calculated between the current and ideal application of the identified relationship marketing principles in the internal market of Avis motor vehicle rental branches in South Africa.

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

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

Data analysis

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

- Means of differences between the ideal and the current application of internal marketing practices by the Avis motor vehicle rental group were calculated;
- Standard deviations for individual items on the questionnaire were calculated;

- Explorative factor analysis (EFO) to determine the validity of the questionnaire as a measuring instrument. Maximum likelihood was used as the method of factor extraction, and a direct quartimin oblique rotation was specified. Table 1 below illustrate that according to the MINEIGEN criterion, 1 factor was retained for each of the internal marketing constructs.

Table 1 Results of the EFO factor analysis

CONSTRUCT	NUMBER OF FACTORS RETAINED ACCORDING TO THE MINEIGEN - CRITERION	CUMULATIVE VARIANCE DECLARED	COMMUNALITIES
Internal marketing Environment	1 factor Retained	66,22%	59,19%-75,66%
Approach of Employees towards Internal marketing	1 factor Retained	71,11%	66,22%-76,28%
Motivation of Employees	1 factor Retained	55,44%	56,66%-72,71%
Building blocks of Internal marketing	1 factor Retained	76,77%	67,33%-77,88%
Internal marketing Research areas	1 factor Retained	72,66%	76,33%-66,59%
Implementation of Internal marketing Activities	1 factor Retained	55,22%	77,66%-88,44%

- Cronbach's Alpha-values to determine the reliability of the questionnaire as a measurement instrument. The calculation of Cronbach's Alpha-values was done for each

construct. Hocking, Stacks and mcdermott (2003:131) indicate that Cronbach Alpha-values determine the consistency according to which respondents answered the different items on the questionnaire. Nunnally and Bernstein (1994:264-265) recommend Cronbach Alpha coefficient scores above a 0.7 cut-off value. Table 2 below illustrate that the statements on the research instrument was measured with scales that could be described as reliable.

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

Construct	Cronbach Alpha coefficient
Internal marketing environment	0,88
Approach of employees towards internal marketing	0,74
Motivation of employees	0,81
Building blocks of internal marketing	0,77
Internal marketing research areas	0,89
Implementation of internal marketing activities	0,87

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

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

Where:

- D = the effect size;
- $\bar{x}_1 - \bar{x}_2$ is the difference between the current situation (a-value) and the ideal Situation (b-value) (e.g. Respondents had to indicate on a Likert scale of 1 – 5 How they currently experience a specific scenario, through a statement on the Questionnaire, and how they want to experience it as an ideal scenario); and
- s_{\max} is the maximum standard deviation of the two comparable groups.

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

- If $d \approx 0,2$, it indicates a small effect;
 - If $d \approx 0,5$, it indicates a medium effect; and
 - If $d \approx 0,8$ or is larger, the effect is both large and practically significant.
- The major findings of the study are discussed in the section to follow.

Empirical results

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

Table 3 Constructs for the internal market of the Avis motor vehicle rental group in South Africa

Internal mark constructs					
Construct	N	Average (a) [x(a)]	Average (b) [x(b)]	Maximum standard deviation	Effect size (d)
Internal marketing Environment	155	2,88	3,27	0,79	0,92
Approach of employees towards internal marketing	155	3,11	3,88	0,81	0,69
Motivation of employees	155	4,77	4,95	0,88	0,86
Building blocks of internal marketing	155	3,88	4,29	0,66	0,62
Internal marketing research areas	155	2,22	3,77	0,76	0,91
Implementation of internal marketing activities	155	3,56	3,98	0,78	0,89

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

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

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

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

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

Motivation of employees: The managers of Avis motor vehicle rental branches in South Africa ($n=155$) are of the opinion that their current application of the techniques to motivate employees to deliver a better performance is very good [$x(a) = 4.77$]. However, they view the ideal application of these techniques higher [$x(b) = 4.95$]. The large effect size ($d=0.86$) illustrate that the owners and managers of Avis motor vehicle rental branches in South Africa holds the view that the motivation of employees must be a priority to ensure an increase in their performance levels.

Building blocks of internal marketing: The managers of Avis motor vehicle branches ($n=155$) view their current application of the principles which are conducive for the creation of an internal marketing climate as good [$x(a) = 3.88$]. However, they are of the opinion that the ideal application of these principles should be higher [$x(b) = 4.29$]. The medium effect size ($d=0.62$) illustrate that the managers of Avis motor vehicle rental branches in South Africa would prefer that the principles which are conducive for the establishment of an internal marketing environment be better implemented.

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

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

The empirical results suggest that:

- H1 can be accepted, while H0(1) had to be rejected. The Avis motor vehicle rental Group in South Africa do implement the principles of internal marketing in their Internal market relationships.
- H2 can be accepted, while H0(2) had to be rejected. The Avis motor vehicle rental Group in South Africa do implement value-adding components into their relationships With employees.
- H3 can be accepted, while H0(3) had to be rejected. The Avis motor vehicle rental Group in South Africa are inclined to establish long term relationships with their Employees.

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

Managerial implications

The heart of a service business is the interaction with the customer. Raising the quality of the interface with the contact employee should raise the perceived quality of the service. If the contact employees do their job better, the quality of the interaction will be enhanced (Bowers & Martin, 2007:88-89). The employees of a business must therefore be acknowledged for the

contribution which they make to create a competitive advantage for the Avis motor vehicle group through their service delivery to customers. It is therefore only possible to improve internal marketing relationships within the Avis motor vehicle rental group if such relationships are professionally managed. The improved management of internal market relationships can furthermore also improve on the customer market relationships within the Avis motor vehicle rental group in South Africa. The implementation of internal marketing activities within the Avis motor vehicle rental group in South Africa can be accommodated more successfully by focusing on the aspects provided below.

Internal marketing environment

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

In addition, the development of long term objectives must encompass the personal values and preferences of employees. This will ensure that the Avis motor vehicle group establish a business culture which is susceptible to the personal preferences and value system of employees, thereby increasing the current level of internal customer satisfaction. The formulation of objectives by the Avis motor vehicle group must occur within an environment which is characterised by trust, support and understanding, which is supportive of teamwork amongst employees and which supports management decision making. This finding is in accordance with the views of Harwood *et al.* (2008:120) which state that crucial to the success of an internal marketing philosophy within any business is a set of shared values that is understood and shared by all employees at all levels within the business.

Approach of employees towards internal marketing

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

Motivation of employees

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

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

Employment opportunities within the Avis motor vehicle group must become more structured in the future regarding aspects such as the responsibilities associated with the specific job, transferability to the head office of the franchise in specialised areas such as marketing, book keeping, financial management and public relations, the salary package structure (i.e. A basic salary or a basic salary plus commission) and training opportunities. Furthermore, financial and educational motivations must be developed according to the level of seniority of the employee (e.g. Additional commission or bonuses payable to Avis employees who work for branches whose targets are in excess of the minimum requirement, educational development through a tertiary institution in the areas of sales and marketing and the implementation of a merit system according to the performance delivered).

Building blocks of internal marketing

The management of Avis motor vehicle rental branches need to emphasise the application of a formal evaluation system. Such an evaluation system need to measure the quality level of employees' internal service delivery. In addition, the Avis motor vehicle rental group in South Africa can improve on its level of internal service delivery by formulating and applying internal service delivery standards. Through this process Avis will empower itself to satisfy the internal customer needs of employees. Staff meetings can also be used as a forum where the individual needs of employees are identified and addressed. The individual recommendations, enquiries and complaints of employees must be addressed at these meetings. Team building sessions between the management and employees of the Avis motor group in South Africa can also be used to create trust and commitment between the two parties. This aspect is of great value if the management of the Avis motor vehicle group wants to build a stronger relationship with their employees. This finding is further strengthened by the argument that recognition is a key element to treating employees as customers. Positive, continuous recognition of superior performance, which takes place in front of the employee's peers and colleagues, offset the price of the job product. People enjoy spending time doing what they do well and appreciate being recognised for it (Bowers and Martin, 2007:92)

It is therefore important for the management of Avis motor vehicle rental branches to add value to the service which they deliver to their employees as internal customers of the business. This implies that the emotional development, personality and experiences of employees must be considered when developing internal marketing initiatives. This will ensure that internal products

are developed, on an individual basis, for each employee to address his/her personal needs. By applying this principle, the management of Avis motor vehicle rental branches in South Africa can stimulate the motivational level of their employees. These findings are in agreement with the literature since a significant relationship was found between job enrichment characteristics and job satisfaction, and eventually between job satisfaction and service quality in the South African retail industry (Antonacopoulou & Kandampully, 2000:13-22). Chaston (1995:332-349) investigated possible actions to establish a stronger internal customer orientation in British clearing banks, and concluded, *inter alia*, that management's improved understanding of internal customer needs will be helpful in establishing an internal customer orientation.

Internal marketing research areas

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

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

Implementation of internal marketing activities

The management of the Avis group in South Africa must improve on their level of internal communication. This will ensure the creation of an environment within the Avis motor vehicle rental group that will install mutual respect, trust and concern for the needs and wants of both management and employees. Management can furthermore make use of different mediums to improve their level of communication to employees. This encompass the use of individual discussion sessions, internal news letters as well as formal and informal information sessions to create a platform for improved communication within the Avis motor vehicle rental group. Informal information sessions can be used as an informal promotional technique to change the attitude of employees. Peck *et al.* (1999:324-325) agree with this finding by stating that continuous communication with employees are necessary to ensure their commitment towards the internal marketing initiatives of the business. Such communication must also include feedback from employees to establish the internal marketing culture and climate of the business. The internal communication initiatives of the business must stimulate supportive working relationships which is characteristic of the following characteristics, namely consideration, support, trust and empathy.

Conclusion

An outcome of internal marketing is the establishment of relationships between management and employees and between the different functions of the business. The employees of the business must be willing to support the internal marketing initiatives of the business since they are expected to approach the external customer base of the business in a professional and efficient manner. The successful application of the principles of internal marketing on the internal market of the business is a pre-requisite for effective external marketing (Gummesson, 1999:161).

This paper provided a theoretical perspective on the internal marketing practices of the Avis motor vehicle rental group in South Africa. The findings concluded that the management of Avis motor vehicle rental branches in South Africa must follow a more structured approach to the

planning and implementation of research activities to determine the needs and satisfaction levels of employees. Management can furthermore make use of different mediums to improve their level of communication to employees. This encompasses the use of individual discussion sessions, internal news letters as well as formal and informal information sessions to create a platform for improved communication within the Avis motor vehicle rental group. Informal information sessions can be used as an informal promotional technique to change the attitude of employees.

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

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