

INTERNAL MARKETING – THE PATH FOR SUCCESS

S.Rajeswari

Ph.D Scholar, Dept. of International Business, Pondicherry University.

Abstract

Management which exists from the day of human survival has attained a great transition after industrialization. With significant contribution from various dimensions such as human resource, financial resource etc, it got emerged into diverse fields which in turn account for the growth of the firm. But compared to all the marketing was considered as the sole revenue generator for the firm, which served s key factor for organizations to attract the customers. As the concept of marketing attained transition from traditional marketing to services marketing due to change in agrarian economy to services economy, quality served as key determinant for service organizations, where employees were identified as major key factor for competitiveness and it led to the emergence of internal marketing. Thus this paper gives an overview of marketing in management and its evolution to services marketing and finally ends with the need for internal marketing.

Key Words: *Competitiveness, Internal Marketing, Management, Marketing.*

INTRODUCTION

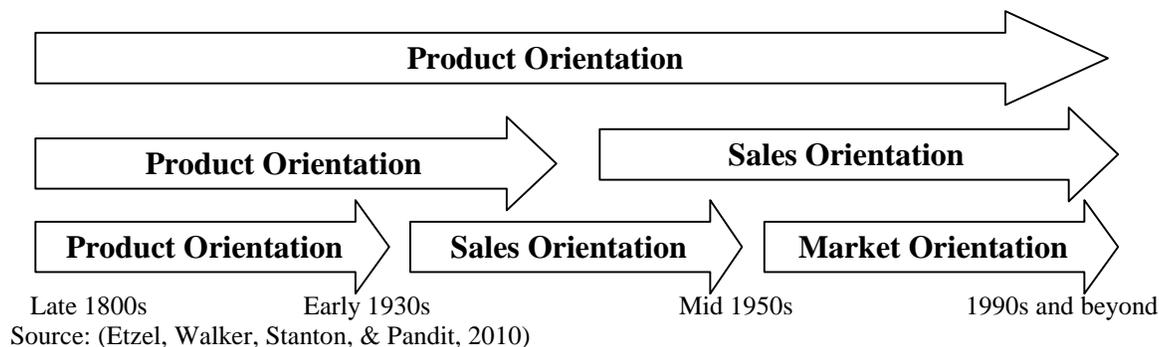
When we just say management, the one question that strikes to us is that whether management is one which relates to theories that has evolved over a period of time. The one immediate answer is that no, because it has been in existence from the day of human survival. Stanton relates it as “Management is as old as man himself”. But relating into what is the difference to the management that is in existence is that, the latter is related to the organized knowledge in managing the work. As management has attained a dynamic transition over years, Tripathi & Reddy (1995) has stated, management is considered as life-giving element for organization, as it throws light on how to manage the resources which could be either a natural, human, financial etc. Though all the fields such as organizational behavior, human resource management, financial management, strategic management etc., represents the effective utilization of raw materials, managing resources, organizing people and so on in order to achieve their goal. Compared to all it is the marketing management which establishes relation between the organization and the customers. Thus marketing has been recognized which has evolved over a period of time and has attained a great transition.

EVOLUTION OF MARKETING

Looking into the concept of marketing, the paper out-throws a question stating whether marketing is also as old as human survival like management, researchers state it as no. One major reason for this is that researchers have stated that in earlier time periods i.e during agrarian economy, when agriculture was in dominance people were able to produce their own food, clothes and construct their own houses which relates to fulfillment of the basic needs of human life i.e food to eat, cloth to wear and house to shelter. Hence there was no chance for exchange of goods. To be stated in simple there was no marketing (Stanton, 1981). Then how it got evolved, the answer relates itself to the shift in economy i.e from self sufficient economy to the economy that is constructed based on division of labor, industrialization and urbanization, because it is only during this transition, people started to produce more than they want and vice versa which ultimately led to exchange of goods between one another, it was termed as trade – the heart of marketing.

The concept of modern marketing was seeded out in US along with the industrial revolution. But it was in an infant stage till the first two decades of the 20th century because the emphasis was mostly on manufacturing which could be evidenced from the evolution of marketing.

Figure: 1 Evolution of Marketing



In the first stage i.e product orientation in fig 1, products were first produced by the organization and latter marketed to customers. In US it was realized only after the depreciation in 1930's that the organizations excelled in producing goods but lagged in selling it. Though organizations recognized selling as the flagship for promotion of marketing again they entered into a back drop due to the misconception between selling and marketing, because the focus of selling was towards profit orientation based on sales volume and focus of marketing was towards profit through customer satisfaction. Slowly as organizations started recognizing that customers are their strength, they first tried to identify their needs and wants and then produced the goods/ products that satisfy them. Stanton defines ,

“Marketing is the creation and delivery of a standard of living. It involves finding out what customer wants; then planning and developing a product or service that will satisfy those wants and then determining the best way to price, promote and distribute that product or service” (1981, P: 4).

While researchers have an instinct saying that marketing is must for organization, the one question that booms is why so? The major reason is that though all the departments contribute significantly for the growth of the firm, market is still the sole revenue generator of the firm (Stanton, 1981). Thus organizations have used marketing as key tool to attract the customers. As a result valuable theories got emerged in the field of marketing, Converse was the leader in the field in 1951 and was followed by scholars like Hutchinson, Baumol, Drucker, Taylor, Kotler etc., who made their significant contribution and excelled their way in the field.

The shift in global economy i.e from the agrarian economy to service economy indicates the significant contribution of the service sector. It could be evidenced from their contribution to the GDP.

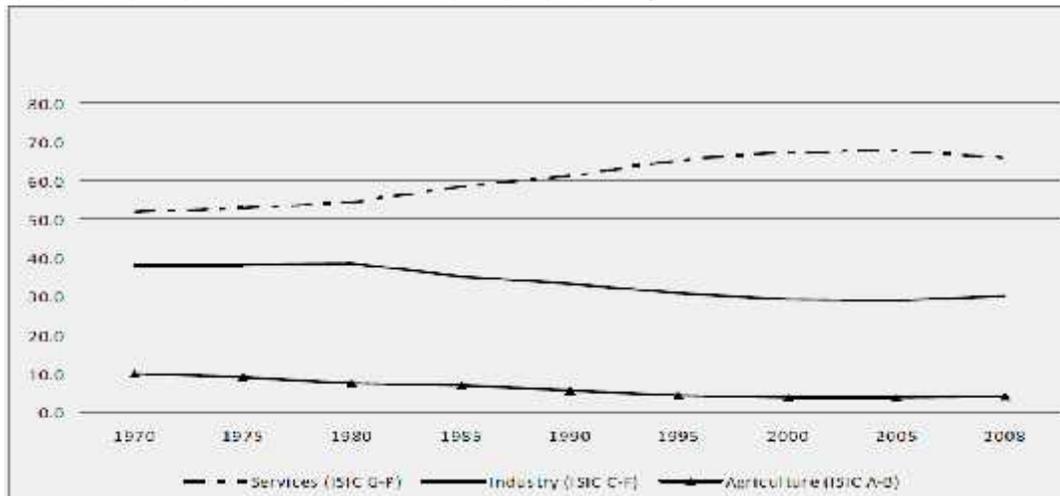


Figure: 2
World value
added by
sector

Source: UNIDO calculation based on UN Statistics (data in current prices, in US\$).

Fig 2, represents services sector accounted for 52% of global production and reached to 68% by 2005, but the agriculture sector has attained a decline from 10% in 1970's to 3.6% in 2005. This signifies the transition in economy from agrarian economy to services economy. At the same time it also signifies that the services sector are in the race, which raises the question then how far the concept of marketing is for it; whether the same traditional marketing practices could be adopted or a new form of marketing is to be designed. Boom and Bitner came out with a solution through 7p marketing mix which includes three more P's (People, Physical evidence and Process). As People (5th 'P') stay as heart of service process, the concept of marketing in services weighed more on the people construct which includes both the employees and customers involved during service transaction. Looking into the other dimension whether services marketing is just limited to services sector, the answer is no, it is persistent in both the manufacturing and in services sector. But there exists a variation between both in terms of marketing practices, i.e though the fundamental of marketing is same for both the sectors, in specific to services sector; it relates to “the application of suitably modified and customized traditional marketing philosophies” that suits it (Rao, 2011).

Further as customer satisfaction and customer retention serve as the central theme of service marketing it signifies an added strength to the marketing concept as its decisive goal is to achieve profit through customer satisfaction. As the evolution of services marketing holds on a rigidly to the marketing concept by stating that only happy employees create happy customers (George, 1977). Organizations started recognizing the vital role of employees during service delivery whose attitude and



behavior have a greater impact on the quality of service delivered to the customers. This sowed the seed for the concept of internal marketing which gives a focus on the employees in the organization.

INTERNAL MARKETING

Though services' marketing was recognized as major dimension for organizations, still it lagged in delivering effective service to its customers which could serve as a competitive tool for its competitors. Berry identified internal marketing as a solution for inconsistent service delivery in 1976's (historical perspectives of IM) and introduced the concept in 1980's by defining and employees as internal employees' and job as products, while Quester & Kelly (1999: online) relates the products as jobs, attitudes behaviors or values of the organization. Though the concept emerged by 1980's its' growth was not up to the mark, Berry stated no unique concept of defining what IM is? was one of the major reasons for its slow adoption. Further the concept of internal marketing is still a mesh as it relates to HRM (Human Resource Management), OB (Organizational Behavior) and services marketing due to involvement of 5th P (People) construct, thus Lovelock relates it as service trinity. But Berry and Parasuraman (1992) have clearly specified that the concept of internal marketing has originally emerged from services marketing.

As David Packard, late cofounder of Hewlett Pacward, wisely stated, "Marketing is far too important to be left only to the marketing department" (Kotler & Armstrong, 2008). The concept of internal marketing also relates to it, as it interconnects all the departments of the organizations, Gronroos simply states it as a holistic management process to integrate the functions of the department. Rafiq & Ahmed (2000) have stated that IM relates to the concept that any management function could not be effective if carried out in isolation. In simple it brings the individuals to collective.

From marketing perspective Caruana & Calleya (1998) states, for firms to achieve success market, they should focus on both the internal and external marketing. Gronroos (1990) has specified that internal marketing as prerequisite for effective external marketing, because the basic idea of IM is to sell jobs to its employees before selling the services to their external customers. Sims (2003) states that if an organization is good in its internal marketing practices it considers its customers' brand and employers brand as two sides of the coin.

Internal marketing is the one which places the 5th P People construct in the middle of the equation for organization success (Rafiq & Ahmed, 2000). But in an overall perspective, Gronroos states that in addition to internal marketing and external marketing firms should also include effective interactive marketing practices, because only the inclusion of all three marketing strategies leads to successful marketing of the firm.

CONCLUSION

Marketing emerged out when people started to produce more or less than their requirement, but slowly with its significant contribution as a revenue generator for the organizations, its concept got evolved over a period of time. But still the conflict existed between the selling and marketing concept. It was found that marketing concept was based on the concept to achieve profits through customer satisfaction, because they are the king of the market. Meanwhile the dominance in service economy led to the growth of services marketing, which put-forth quality of service delivered by the employees as the key differentiating factor. Though it stood as major differentiating factor, researchers identified there was inconsistency in service delivery which paved path for the growth of internal marketing. But still due to intervening of three departments and involvement of people construct, it seems to be quite complicated for lag in incorporation of internal marketing practices by the organizations. But in present situation, the true success for the organization in achieving its goal is set on how it treats its internal customers the employees whose attitude and behavior have a significant contribution towards effective service delivery. Thus organizations considering the vital role of employees must take significant efforts to implement internal marketing practices which would not only lead to effective external marketing but also successful implication of interactive marketing.

REFERENCES

1. Etzel, M. J., Walker, B. J., Stanton, W. J., & Pandit, A. (2010). *Marketing*. McGraw Hill.
2. Gronroos, C. (1990). Relationship approach to marketing in service contexts: The marketing and organizational behavior interface. *Journal of Business Research* , 3-11.
3. Kotler, P., & Armstrong, G. (2008). *Principles of Marketing* (12 ed.). Prentice- Hall Inc.
4. Rao, R. M. (2011). *Services Marketing*. Pearson.
5. Stanton, W. J. (1981). *Fundamentals of Marketing*. McGraw Hill.
6. Tripathi, P. C., & Reddy, P. N. (1995). *Principles of Management* (2 ed.). TATA McGRAW-HILL Publishing company Ltd.