

# Internal Marketing Mix Is Reality Or Myth?

Dr. Teena Mishra

*Asst. Professor, Patel College of Science and Technology, Bhopal, Madhya Pradesh, India*

**Abstract:** Internal marketing is found as a marketing approach internally. Several researchers has been done on internal marketing and found that internal marketing is a solution to provide better service quality by satisfying internal customers marketing mix means organizational policies that satisfy and motivate the internal customers to get success in internal marketing implementation. There are four marketing mix in the traditional marketing are: product, price, place and promotion. Due to importance of services in marketing there is three more marketing mix which are physical evidence, process and participants. These marketing mix are already explained in the traditional marketing literature. Internal marketing is the rising topic and it need to understand with all aspects of marketing. In the internal marketing jobs are treated as products and organization as a market. Various researchers used internal marketing concept and mix in their own way this leads to different process of internal marketing implementation. Marketing is the process of exchange for mutual benefits. External marketing is the exchange between organization and external customers where as internal marketing is the exchange between organization and internal customers. Thus, in the internal marketing mix also we can use same elements of traditional marketing mix. But the difference is in the process of it. Thus, in this research paper all the elements of the internal marketing mix are explained by the usage of conventional marketing mix. This paper gives better understanding of the internal marketing mix and their elements.

## I. INTRODUCTION

Marketing mix plays an important role in the marketing system. Product, price, place and promotion are the four pillars of marketing. Effective marketing is dependent on these four pillars. Due to emergence of the internal marketing concept, it is mandatory to think over internal marketing concept. Internal marketing concept improves organizational culture and system and it helps organization to gain competitive advantage and growth. Thus it becomes the matter of research how to improve effectiveness of internal marketing. Internal marketing mix is not well defined in the literature. Various authors defined internal marketing mix and also revealed that it plays a major role for the improvement and development of the organization.

## II. LITERATURE REVIEW

Piercy and Morgan, Gilmore and Carson, Ballantyne, Ozretic Dosen, are some of the prominent researchers in the field of internal marketing as a marketing approach internally. Researchers explained internal marketing in a different way thus marketing approach internally is also described by them

in many ways. In the view of Philip kotler marketing mix is the set of controllable variables that makes impact on buyer's response. . In this definition firm influence buyers response if we talk about internal marketing buyers are internal customers. Internal marketing mix means organizational policies that satisfy the internal customer to get success in internal marketing is internal marketing mix.

According to Piercy and Morgan (1991), external customer satisfaction is dependent on internal customer for better service quality. Thus, mission, objective, strategic audit and marketing tactics should be link to both markets internal as well as external. Diagram given below is representing link between internal and external marketing. Diagram no 2.10 below, representing link between missions, objective, strategic audit, marketing tactics of organization with the internal marketing and external marketing. It also shows direct link between internal marketing mix and external marketing mix.

### A) 4 Ps of marketing mix

- 1) Product
  - 2) Price
  - 3) Place
  - 4) Promotion
- Due to importance of services in marketing, there is three more Ps of marketing mix are-
- 5) Physical Evidence
  - 6) Process
  - 7) Participants

### 1. Product-

According to Strunje product policies includes programmes and services through which management can work on employees. Philip Kotler, defined product that is offered to a market to satisfy need or want. According to kotler products includes:1) Physical goods 2) Services 3) Experience 4) Events 5) Persons 6) Places 7) Properties 8) Organizations 9) Information 10) Ideas . In internal marketing jobs are product defined by Berry. Below defined all the products of kotler for internal marketing -

- i) *Physical goods*–There are various tangible goods are present in the internal market. Various facilities are required to employees for their well-being for example in the summer employees uses AC, Cooler, lunch providing by organization, stationary, files,

- ii) *Services* –When employees recruited in the organization, they start to use services provided by the organization. For example canteen facility, library facility, sports facilities, insurance service, etc. Solving problems of employees during the work is also comes under the purview of services given by the organization.
- iii) *Experiences*-Promoting internal communication by top management is very important in internal market employee's gets experience of their jobs that they are performing. For example, when employees feel pleasure in their job in the organization, this means they want to continue their work in the organization. Employees get experience from their work environment, etc.
- iv) *Events*- Organizations are organizing various types of events for example:-conferences, seminars etc.
- v) *Places*- Place means where employees are performing. Place may be where employee is working, it may be where organization organize their events.
- vi) *Persons*- There is internal supplier and internal customer is present in the organization who is serving each other.
- vii) *Properties*-It means intangible right of ownership of properties.
- viii) *Organizations*-Organizations are building positive image in front of their employees.
- ix) *Information*- Employees need information so that they will perform well. Information dissemination is a important part of internal market orientation.
- x) *Ideas*- Ideas generate from the internal market. Thus to get successful in the external marketing it is necessary that welcome new ideas for internal as well as external customers. Organizations that are empowering their employees are very competent.

In the internal marketing jobs are products, they are intangible in nature but they also used tangible products to perform their activity.

Two levels of product in internal marketing defined by Pervaiz and Ahmed are:-

1) *Strategic Level*- At this level organizations, are setting their mission, vision, policies, and plans to work. It, clarifies what to achieve. It also defines roles of employees that they have to perform. Quality of job products is depends on its strategic level what the organization is offering to his employees and what they want to get in exchange. It sets the clear goal of both.

2) *Tactical level*-Tactical level is the level of act to perform. The reason to treat jobs as products is that offering work that values by the internal customers to make them more motivated and satisfied. Job Products at tactical level are working environment, training provided, employee

participation, working culture and internal communication. This level has two elements material and human element. Material element includes techniques or tools required for performing job. Human element includes people required for performing any activity.

In the internal market there is an employee who makes relationship with each other because they are using human element to perform job. Employees cannot perform job alone there is need to interact with other employee. Organization is selling job products then employees start to utilize its resources to perform that job. Marketing is not get end after selling the product. Now the marketing is also focusing how the customers are using their product. It is necessary to ask them are they satisfied by using it. Relationship develops in the internal market. Employees communicate with each other formally and also informally. How they perform is also depend on the relationship between employees. There is supply chain. If the job product is not satisfactory there is need to make change in them and also convince the internal customer.

For example: Organization xyz gave the Rama a job product of manager for his new branch. In this new branch there were working 20 employees. Rama job is of very responsible person. Thus his psychic and energy cost to perform is more than other employees of branch. Organization as a marketer needs to analyze manager's requirement to perform that job. What is his requirement human and material elements required for job to perform, his work environment in the branch, His experience before this job. Now organization need to communicate well about organizational policy, strategies, mission, to Rama well. And also his duties and responsibilities and also understand what would be the expectations of Rama after performing this duty. During his job he needs to interact with 20 employees of the organization. It is not the end of organization duty after this they also need to focus how Rama performs his activity in the internal market of new branch. In the internal market 20 employees and one manager interacts with each other. Is Rama get satisfaction by handling 20 employees? In what way they build relationship between each other. After some days of working organization ask to Rama is he able to manage properly in the new branch. Ram said that it is difficult to interact with 20 employees. There is need a person who can handle employees. Organization gives his solution after face to face interview with Rama that assign one person among 20 employees your subordinate who works with you. When the branch workload will increase in future then we recruit new one. In this way Ram problem was resolved and efficiency also improved.

## 2. Price

Employees have to pay price when they purchase job products. Internal pricing are the whole activities that Strunje use it as an investment. Before investing there is need of cost

and benefit analysis in the internal market. In internal market price or cost that employees are paying are-

- a) Time cost
- b) Psychic cost-for example in using new methods of work.
- c) Opportunity Cost
- d) Energy cost

Internal customers want to maximize benefit in the cost that they are paying. Organization also wants benefit in terms of organizational performance, organizational profitability etc. in the cost that they are paying to employees. Thus, internal pricing equilibrium can be gain by adding employee cost with organizational cost thus internal pricing means:-

Internal Pricing=Employees cost + organizational cost  
=Employee Benefits+ Organizational Benefit = maximum satisfaction.

Employees costs are:-

- a) Energy cost
- b) Psychic cost
- c) Opportunity cost
- d) Time cost etc

According to Barnes 1989, Rafiq and Ahmed 1993 employees are paying cost in the following forms:-

- e) Time demand
- f) Commitment
- g) Fear of changes

Organizational cost is:-

- a) Training cost
- b) Reward paying cost
- c) Salary cost
- d) Performance appraisal cost
- e) Employee development cost etc.

Organizational Human resource system is focusing all of the cost that involved in managing human resource. Internal marketing focus is to evaluate employee cost and organizational cost, to get maximum satisfaction between the two.

### 3. Place/Distribution

In the external marketing distribution relates to how product reaches to the target customer. To accomplish any task in the internal market also there is need of distribution channel, which save time, energy of employees. What procedure organization is adopting in delivering product and communication. Some of them are seminars, meetings, Informal conversion, company intranet etc

### 4. Promotions

According to Piercy and Morgan (1991) et al promotion and communication are the same. Internal market is different from

external market thus different approach is required in both of them. The main intention behind promotion is to build relationship with the employees. In external market by providing free gifts, buy one get one free, etc. customers are motivated to purchase the product. In internal marketing there is also buying and selling in the internal market. Promotions in the internal market are a challenging task. To make relation with internal people is not an easy job. In the human resource management employee welfare measures are used to promote organizational relation with employees. It is most effective to make relation with employees. Finding ways of promotion that improves communication is the most effective promotional tool. Employee welfare measures are the measures of promoting employees efficiency. Overall employee welfare measures have impact on employee's physical, mental, moral and overall efficiency of the worker. Employee welfare measures bring happiness to employees and make them motivated and satisfied. According to Sindhu (2012) employee welfare schemes builds happy industrial relations and brings peace. Welfare facilities keep employees motivation high. Organization need to promote benefit of all employees. For example promoting fair workplace, safety, hygiene, skill development, etc. Various welfare facilities provided by organizations are housing facilities, free medical facilities, retirement benefits, children and adult educational benefits etc. Informal communication is the most effective form of communication. By arranging or providing various activities that improves employees participation is the success of promotional strategy. Various events, seminars can encourage employee relation with organization and with co-workers. Innovation is necessary at every pace of work whether it is promotion or communication.

### 5. Physical evidence

According to Pervaiz Ahmed Physical evidence involves interaction between internal customer and internal supplier to deliver the product. In addition, it gives evidence that finally the product delivered. Thus it is two types:-

- a) Essential Physical evidence-This is the environment in which product is received by internal customers.
  - b) Peripheral Physical evidence- when the products, finally delivered it required evidence of it that we called peripheral physical evidence for example training manuals, memos, guidelines etc.
- B) After 4 Ps of marketing there are some other Ps which are:-

### 6. Process

It includes how customers are receiving their product or how product delivered and what are the methods are using to deliver to it.

### 7. Participants

These persons are included in receiving and delivering the product. Organizations mission, vision, strategies, policies and applying these in the internal market plays an important role in the delivery of the job products. A Job product manufactured by the organization and it work as wholesaler and plays a central role in delivering job products. Internal marketing is the exchange process between employees and organization for mutual benefits. Thus there are two main participants are:-

- 1) Organization- It is the enterprise in which employees are working.
- 2) Internal people-In the internal people there are internal supplier and internal customer.

Fig.1 Participants of internal marketing mix

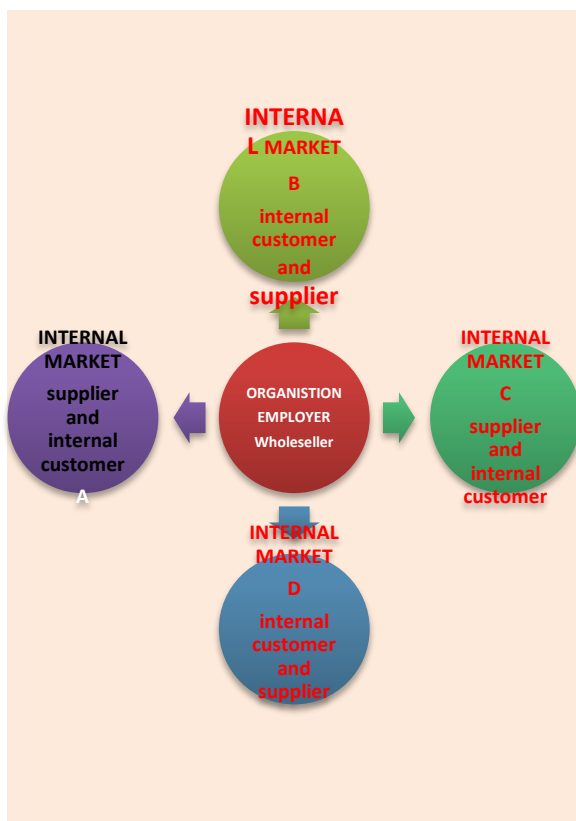


Fig.1 represents all the participants of internal marketing mix, organization as a wholesaler and internal people as internal supplier and internal customers. Organization manufactured job products and then supplies it to internal customer through internal suppliers. Organization works as strategic function by manufacturing job products and doing internal pricing. After this, the product is ready to sell. Internal supplier and internal customers act as an internal people. They work as a tactical function by delivering and receiving job products. Communication between internal suppliers and internal customers plays a vital role in the tactical process. Quality of product and its cost influence the internal market. Thus to

manage better internal market there is need of right product and its cost associated with it.

### III. CONCLUSION

This research paper gives better insight regarding internal marketing mix. In the internal marketing jobs are treated as products. There are various tangible and intangible goods are present in the internal market. Employees are motivated through job products. Two levels of products are found in the internal market are strategic product and tactical product. In the internal marketing exchange process price have to pay by organization and employees both. In the internal exchange employees are paying in the form of energy cost, psychic cost, time cost and opportunity cost. etc and organizational cost are training, reward, salary and performance appraisal etc. In the internal market there is need of right distribution channel. Promotion in the internal market is the biggest challenge in front of organization. Employee welfare measures are used in the internal market in the form of promotions. Other mixes are physical evidence, process and participants. It is concluded that in the internal market organization works as a wholesaler and internal people works as internal customers and internal suppliers. Organization creates jobs and internal supplier supplies it to the internal customers. Quality and cost of internal product influences the internal market. Communication also plays important role to reach information at right time and right place.

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