

# STRENGTHENING BRAND AWARENESS THROUGH INTERNAL MARKETING: AN APPLICATION TO THE CAR RENTAL INDUSTRY

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**Abstract:** 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, but their influence on brand awareness is unknown in the car rental industry. This research aimed to provide guidance to South African car rental companies to improve their respective brand awareness, enabling them to expand customer bases whilst retaining existing customers. The influence of these seven internal marketing mix elements on South African car rental customers' perception of brand awareness was investigated using structural equation modelling. Equivalence testing was done to compare the current and ideal situations in the car rental industry. The results displayed that internal processes are critical for a positive perception by car rental customers. The results further indicated that the model developed is applicable to the current and ideal situation as perceived by customers of car rental companies.

*Key phrases: brand awareness, employees, internal marketing, marketing mix elements, structural equation modelling*

## 1. INTRODUCTION

Employees of car rental companies are their most important asset and require special attention to ensure their loyalty and commitment to deliver service excellence to customers (Papassolomou & Vrontis 2006:39). Amongst other things, brand awareness is influenced by the role employees play during the delivery of the service (Wilson, Zeithaml, Bitner & Grempler 2012:249). Car rental companies need to implement internal marketing programmes that include the internal marketing mix elements to achieve service excellence. In order to enhance the brand awareness of a service organisation the organisation, also 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).

Car rental companies in South Africa are facing a number of challenges. Organisations, such as the South African Vehicle Rental and Leasing Association (SAVRALA) and the Association of South African Travel Agencies (ASATA), were established to improve the car rental experience. These two organisations initiated a project to address some misunderstandings about car rental, i.e. 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 is on the enhancement of customer benefits and no attention is given to internal

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marketing programmes to assist employees in improving the actual car rental experience.

This article includes a literature review of customer relations management and customer loyalty, and an explanation of the problem that was investigated. The research objectives, hypotheses and methodology are then discussed. Thereafter, the empirical results are discussed, followed by management implications and recommendations.

## **2. LITERATURE REVIEW**

Organisations across all industries recognise that services are becoming an important factor in all their business dealings to obtain a competitive advantage. Innovative organisations offering unique services to customers are now succeeding in markets where established organisations have failed (Lovelock & Wirtz 2008:4). Services marketing management is about servicing and caring about people (Kasper, Van Helsdingen & Gabbott 2006:9). People encompass individuals, households, employees and organisations. Services refer to deeds, processes and experiences (Kasper *et al.* 2006:9).

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 (Wilson, Zeithaml, Bitner & Gremler 2006:4). 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, service organisations need to recognise that marketing strategies should not only be aimed at external customers, but should also be implemented internally and achieve better internal communication. Therefore, the internal marketing mix has to be of central importance in service organisations as each element represents cues that customers rely on in judging quality and overall awareness of the brand (Mudie & Pirrie 2006:6).

Kotler and Keller (2009:288) stated that marketing and branding theories support the idea that there is a functional connection between the marketing of services and the

awareness of the brand. Establishing favourable brand awareness is an important factor to ensure business success (Park, Cho & Kandampully 2009:134).

Brand awareness refers to the strength of a brand's presence in the customer's mind (Song, Hur & Kim, 2012:331). 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 first in the mind (the brand appearing first in the mind), and finally to 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.

Brand associations are divided into three major categories, these being attributes, benefits and attitudes (Keller 2009:139). Attributes, for the purpose of this study, refer to the trustworthiness of the vehicles, benefits and perceived quality translate into the overall evaluation of the service customers receive, and the attitude refers to the customer's loyalty towards the brand (Kapferer 2005:149).

### **3. CONCEPTS AND CONSTRUCTS**

In this study, services marketing and branding theories were used to apply existing theory to internal marketing. Empirical research was applied to measure the building blocks or concepts identified by the services marketing and branding theories. 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 (Zikmund & Babin 2010:39). In this study the constructs derived from the concepts contribute to the empirical investigation of the research objectives.

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).

Therefore, the latent variables that will be measured in this study are the seven internal marketing elements, namely product, price, place, promotion, people, processes and physical evidence. These elements are the independent (exogenous) variables or constructs, since they predict or explain the outcome variable of interest (Hair *et al.* 2009:234). The dependent (endogenous) variables or constructs, which are the variables the researcher is seeking to explain include the dimensions of brand awareness, namely brand recognition and brand recall. Brand recall is measured as trustworthiness, overall evaluation and loyalty (Hair *et al.* 2009:234).

#### **4. PROBLEM STATEMENT**

Customers who are aware of the brand of car rental companies and who receive excellent services should become committed to the company 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.

Despite a strong interest in the subject amongst marketing researchers, little research has been conducted which is related to brand awareness in service brands (O'Cass & Grace 2003:453). 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 (Van den Bergh 2010:2).

Furthermore, the researchers could not find any direct studies related to the influence of internal marketing elements on brand awareness in the car rental industry in South Africa or even other countries. 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 image of the brand of the car rental company.

Additionally, if certain activities demonstrate ineffectiveness, they could be altered and improved, thereby creating more competitiveness for car rental companies. Customers in a services environment become aware of the brand through their experience during consumption of the service, which is created by the employees of the organisation (Song *et al.* 2012:332). 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. The research problem is that the influence of brand awareness in the car rental industry, as supported through internal marketing mix initiatives, is unknown.

## 5. RESEARCH OBJECTIVES

The primary research objective is to determine the perceived influence of the different elements of internal marketing on the brand awareness of selected car rental companies in South Africa.

The secondary research objectives are:

- 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.

## 6. HYPOTHESES

Based on the primary and secondary objectives it is hypothesised that:

**H1:** 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:** There is no difference in the influences of the service internal marketing elements on brand awareness of selected car rental companies in South Africa.

**H3:** The influence of the traditional internal marketing elements on brand awareness of selected car rental companies in South Africa is negative.

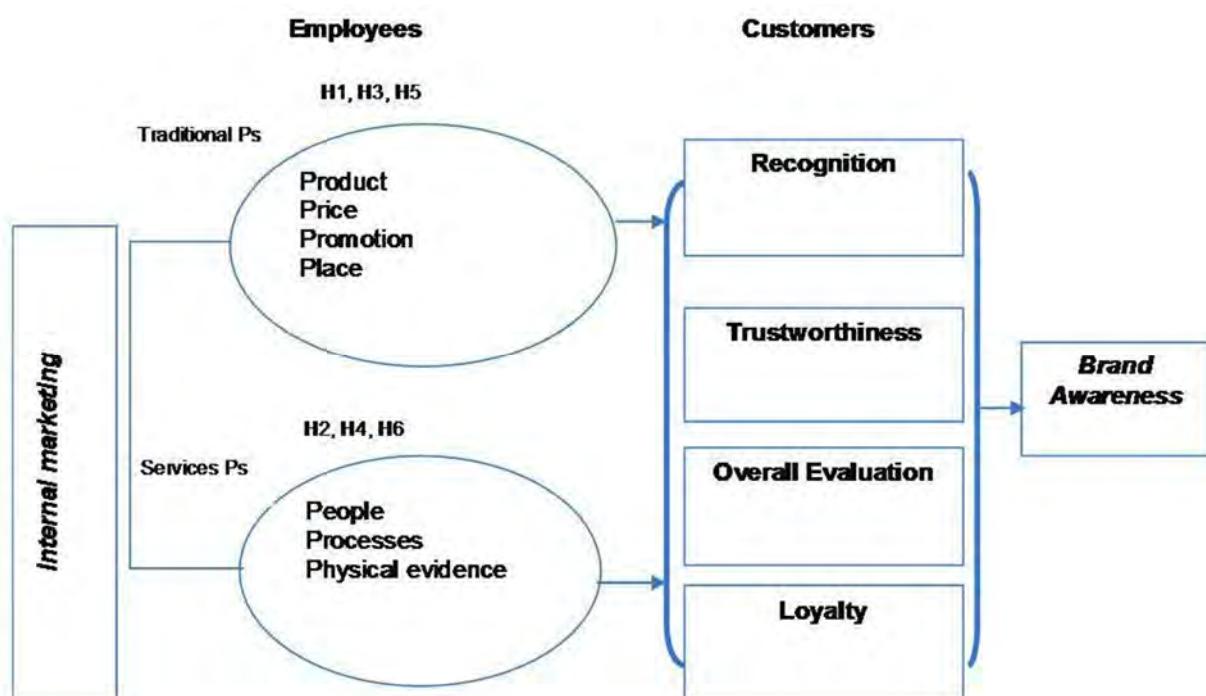
**H4:** The influence of the services internal marketing elements on brand awareness of selected car rental companies in South Africa is negative.

**H5:** There is no difference between the levels of influence of the traditional internal marketing elements on brand awareness of selected car rental companies in South Africa.

**H6:** There is no difference between the levels of influence of the services internal marketing elements on brand awareness of selected car rental companies in South Africa.

Figure 1 displays the hypotheses as formulated above.

**FIGURE 1: HYPOTHESES UNDER INVESTIGATION**



Source: Authors own construct

## 7. RESEARCH METHODOLOGY

### 7.1 Research design

Empirical research was used to test the objectives of the research. A quantitative process was used to seek data that could be expressed in numbers and statistically analysed (Zikmund & Babin 2010:92). The research format was described as

descriptive research since it included a descriptive survey design to gather the necessary data from a large sample size (Solomon, Marshall & Stuart 2006:113).

## 7.2 Population and sample

The target population was the three largest car rental companies in South Africa with a combined market share of 55%. These companies will be referred as Company A, Company B and Company C in this article. The population for the study was 30 000 customers over a period of three months. The sampling elements included customers of Company A, Company B and Company C. 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.

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, 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 into subgroups according to characteristics (Aaker, Kumar, Day & Leone 2011:345). In this study, the subgroups were the customers of Company A, Company B and Company C. The 80-20 rule was applied, where 20% of the customers' account for 80% of the purchase. This is very relevant in the case of car rental, because regular customers used Company A more frequently during the time of observation (Russell & Purcell 2009:175).

## 7.3 Data collection and analysis

The data collection was conducted by means of a survey, initiated through an email inviting responses from sample elements. A total number of 5 600 questionnaires were distributed and 581 responses were received. The questionnaire included a demographic section to classify respondents, being customers. In the second section of the questionnaire, the seven internal marketing mix elements were tested based on

information from the literature. Respondents also had to indicate the current situation as well as how they would perceive an ideal situation. The third section of the questionnaire focused on brand awareness. A five-point Likert scale, ranging from 'strongly disagree' to 'strongly agree', was used for all questions within the questionnaire.

The data analysis consisted of conducting descriptive statistics, such as the frequency distributions and means in order to summarise the sample data. Structural equation modelling (SEM) was used for the empirical investigation since this approach is 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, while taking the measurement errors into account (Lee 2007:1). For SEM, 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.

SEM was also conducted to determine the model fitness. Goodness-of-fit information used 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). Validity and reliability were confirmed by the goodness-of-fit results. The hypothesised relationships were tested by evaluating the point and interval estimates of the parameters provided during the SEM procedure. This allowed the researchers to reject or accept hypotheses based on the results.

## 8. FINDINGS

The demographics, namely age, gender and race of respondents were cross-tabled with the internal marketing elements and the brand awareness constructs. The statistical significant results, following a Chi Square test of significance, indicated the following:

- The age of respondents had a significant influence on internal promotion, with the majority of respondents experiencing that there was a lack of internal promotion( $\chi^2(182) = 216.950$ ,  $p < 0.05$ ).
- 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( $\chi^2(27) = 43.704$ ,  $p < 0.05$ ).
- 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( $\chi^2(26) = 41.165$ ,  $p < 0.05$ ). The race of respondents had a significant influence on the traditional internal marketing element product, with respondents feeling that employees were friendly and knowledgeable( $\chi^2(88) = 132.265$ ,  $p < 0.05$ ).
- The race of respondents had a significant influence on the traditional internal marketing element price, agreeing that employees kept their promises and were accountable( $\chi^2(104) = 105.651$ ,  $p < 0.05$ ).
- 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( $\chi^2(88) = 126.771$ ,  $p < 0.05$ ).

## 9. STRUCTURAL EQUATION MODELLING RESULTS

Hair, Black, Babin and Anderson (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. Generally accepted values are as follows: Normed Chi-square ( $\chi^2/\text{df}$ ):  $< 3$ ; RMSEA: between 0.05 and 0.08; CFI:  $> 0.9$ ; TLI:  $> 0.9$ ; and SRMR:  $< 0.05$ . The values of the goodness-of-fit of the exogenous latent variables tests are displayed in Table 1.

Table 1 confirmed satisfying levels of goodness-of-fit, because three of the values, namely CFI, TLI and SRMR for all constructs were within the stipulated norms. Therefore, the RMSEA values can actually be ignored due to the sample size as indicated by Hair *et al.* (2010:672). The endogenous constructs were also tested to

determine their goodness-of-fit.

TABLE 1: GOODNESS-OF-FIT INDICES FOR THE EXOGENOUS LATENT VARIABLES

Variables	$\chi^2(df)$	RMSEA	CFI	TLI	SRMR
Product	1.877	0.043	0.997	0.990	0.012
Price	2.125	0.048	0.994	0.989	0.014
Promotion	1.470	0.031	0.997	0.991	0.014
Place	3.505*	0.075	0.980	0.940	0.024
People	7.551*	0.122*	0.961	0.922	0.029
Process	1.971	0.047	0.989	0.978	0.020
Physical evidence	(5.402*)	0.100*	0.956	0.911	0.033

\* Values not meeting the required minimum levels

Source: Author's own findings

There was a moderate goodness-of-fit between the constructs in the proposed model. Brand awareness was broken down into brand recognition and recall, and recall consisted of trustworthiness, overall evaluation and loyalty. 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. 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 (product, price, promotion and place) are more important in a product market environment, while the services marketing mix elements (specifically processes, above people and physical evidence) have a more important role to play in a services environment (the South African car rental industry in this case). To improve the fit of the model, the traditional marketing mix (which seemed to be insignificant), was omitted for further analysis. After omission hereof, the goodness-of-fit of the exogenous latent variables clearly improved. The results can be seen from the comparative indices in Table 2.

The indices in Table 2 display an improved model fit. 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  $< 0.08$  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 3.

TABLE 2: COMPARISON OF GOODNESS-OF-FIT INDICES FOR EXOGENOUS LATENT VARIABLES

Index	Results for exogenous latent variables	Refined results for exogenous latent variables
RMSEA	0.048	0.056
CFI	0.897*	0.906
TLI	0.888*	0.896*
SRMR	0.057	0.056

\* Values not meeting the required minimum levels

Source: Author's own findings

TABLE 3: GOODNESS-OF-FIT INDICES FOR THE FINAL SEM MODEL

Index	Result for SEM model
RMSEA	0.055
CFI	0.865*
TLI	0.860*
SRMR	0.086*

Source: Author's own findings

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 higher than the recommended value at 0.086, the goodness-of-fit of the model still proved to be satisfactory following the guidance of Hair *et al.* (2010:672).

The estimated parameters of hypothesised relationships were not all positive since 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 hypothesised relationships that were statistically significant at the 0.05 level of significance all included process.

Brand recognition on process was  $p = 0.014$ ; trustworthiness on process  $p = 0.001$ ; overall evaluation on process  $p = 0.033$ ; and loyalty on process  $p = 0.043$ . Based on the SEM analysis, the statistical significant findings indicated that:

- Process had a significant influence on all four dependent variables, namely brand recognition ( $p = 0.014$ ), trustworthiness ( $p = 0.001$ ), overall evaluation ( $p = 0.033$ ) and loyalty ( $p = 0.043$ ). Therefore, process also had a stronger influence than the other factors.
- Physical evidence was the factor that had the smallest or lowest influence on brand recognition ( $p = 0.723$ ).
- People (employees) had a negative influence on brand recognition ( $p = 0.081$ ), trustworthiness ( $p = 0.078$ ), overall evaluation ( $p = 0.183$ ) and loyalty ( $p = 0.082$ ).

The fact that people (employees) had a negative influence on brand recognition, trustworthiness, overall evaluation and loyalty was an interesting finding, since the literature states that employees play a significant role in creating a positive customer experience, especially in a services industry. This implies that car rental companies have to focus more on employees to ensure that they are correctly trained and equipped to deliver a positive service experience.

Based on the findings of the research, the hypotheses were accepted. Since the traditional marketing mix elements did not have a significant influence on brand awareness constructs, the null hypothesis for traditional elements was accepted. The alternative hypotheses of the services internal marketing elements were accepted due to the difference in influence and difference in the level of influence of the services elements on brand awareness constructs. The accepted hypotheses are displayed in Table 4 and in Figure 2. Figure 2 displays the final SEM model.

TABLE 4: ACCEPTED HYPOTHESES

Number	Hypothesis accepted
H2	There is a difference in the influences of the services internal marketing elements (people, process and physical evidence) on brand awareness (recognition, trustworthiness, overall

Number	Hypothesis accepted
	evaluation and loyalty) of selected car rental companies in South Africa
H4	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
H6	There is a difference between the level of influence of the services internal marketing elements (people, process and physical evidence) on brand awareness (recognition, trustworthiness, overall evaluation and loyalty)

Source: Author's own findings

## 10. EQUIVALENCE TESTING

The fit of the status quo model 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. The results also supported the validity of the ideal model. The CFI has reached the required value of 0.9 with a value of 0.906 and although the TLI reduced (0.860), it still remained close to the recommended 0.9 level. The SRMR also improved (0.058) and is very close to the recommended value of 0.05. Therefore, the goodness-of-fit of the model still proved to be satisfactory following the guidance of Hair *et al.* (2010:672).

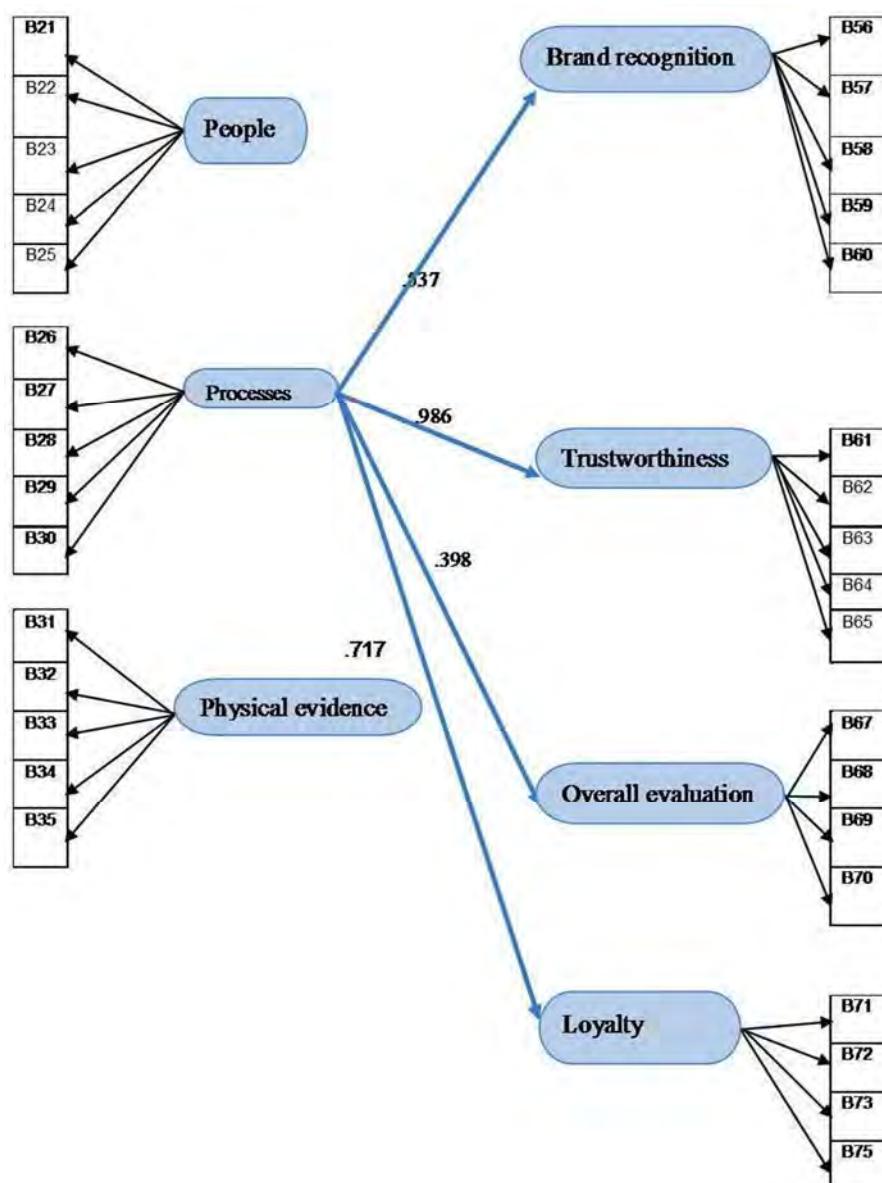
According to Diefendorff, Silverman and Greguras (2005:405), the measurement invariance test is the most restrictive model, and is done first to determine any differences between groups. Although the results of the SEM testing indicated small differences between the two models, the differences certainly justified further testing. The next test was the configural invariance test.

## 11. CONFIGURAL (FACTOR STRUCTURES) INVARIANCE

Since the ideal situation was only tested on the internal services marketing mix elements, in other words the exogenous latent variables (people, process and physical evidence), the assumption was made that the results for the endogenous latent variables (brand recognition, trustworthiness, overall evaluation and loyalty) would be

similar. The fit of the exogenous latent variables yielded a well fitting model as indicated by the RMSEA = 0.050; CFI = 0.920; TLI = 0.911 and SRMR = 0.052. The normed Chi-square ( $\chi^2/\text{df}$ ) 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 demonstrated a good fit, suggesting that a unidimensional congeneric measurement model is plausible across all measurement occasions, and that additional tests may proceed.

FIGURE 2: SEM MODEL



Source: Author's own construct

### 11.1 Structural or functional testing

The results indicated 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 demonstrated.

### 11.2 Confirmation of functional invariance

In the last step, the goodness-of-fit indices of the configural invariance, also called the Becker model, and the path coefficients or Byrne model were considered (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 5.

TABLE 5: GOODNESS-OF-FIT INDICES FOR THE CONFIGURAL INVARIANCE TEST

Model	$\chi^2$	df	$\chi^2/df$	RMSEA	CFI	TLI	SRMR
Becker	4852.511	2338	2.075	0.049	0.892	0.883	0.061
Status quo contribution	2411.954						
Ideal situation contribution	2240.558						
Byrne	4934.168	2366	2.085	0.049	0.890	0.881	0.063
Status quo contribution	2643.279						
Ideal situation contribution	2290.889						

Source: Author's own findings

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 in line with the required parameters. 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 results of the equivalence testing demonstrated that the developed SEM model (displayed in Figure 2) 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, it is suggested that the same model can be used. Therefore, car rental companies can use the model as a guide to improve their internal marketing programmes. As a result, they should experience a positive increase in the attitude of existing customers towards their brand.

## **12. CROSS-TABULATION RESULTS**

The results 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. 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. 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 evaluated 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 and process, for example, an employee who is friendly should be well trained to deliver service excellence, and employees who are confident should know the processes 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. The results of the services Ps indicated that the services Ps did have a relationship

with brand recognition, trustworthiness, overall evaluation and loyalty. In the services Ps, process proved to have the strongest relationship with the elements of brand awareness. Considering this, 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 represented the physical dimensions, including ambient condition, space, signs, symbols and artefacts, as well as servicescape, namely personal experience and spatial context.

People displayed negative or weak positive relationships with brand recognition, trustworthiness, overall evaluation and loyalty. Therefore, people require special attention by car rental companies to improve the relationships and influence of its constructs on the brand recognition, trustworthiness, overall evaluation and loyalty perceived by customers. Process, on the other hand, was ranked as one 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 processes, strategies are recommended as guidelines to car rental companies in the following section. 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.

### **13. MANAGERIAL IMPLICATIONS**

#### **13.1 Improving internal product**

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. 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

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and competencies. Although Company A, Company B and Company C 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 to improve on their job levels.

### **13.2 Improving internal price**

Car rental companies need to determine the internal price (non-monetary) employees' have to pay in terms of their time and energy. They 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.

Job burnout has been identified as a root cause for emotional exhaustion, which can cause employees to feel negative about themselves and about customers (Wilson *et al.* 2006:4). 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.

### **13.3 Improving 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.

### **13.4 Improving internal place**

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.

### **13.5 Improving internal people**

In a services environment employees play a critical role because customers base their experiences with the organisation on the encounter they have with employees. 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.

### **13.6 Improving internal process**

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. Employees should be allowed to make recommendations to the processes, as they are following the processes on a daily basis and can highlight areas where improvement is required. In delivering a 24-hour 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.

### **13.7 Improving internal physical evidence**

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. 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.

#### **14. SUGGESTIONS FOR FUTURE RESEARCH**

Future research regarding the topic of the research can be extended to include employees of car rental companies and comparative studies can be conducted between employees and customers. The research can also be extended to other services industries, such as the banking or insurance industries, and comparisons between those studies and this study can be drawn.

#### **15. CONCLUSION**

Car rental companies have to realise that the seven internal marketing mix elements have an influence on the perceptions of the brand awareness of their customers. They 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. Successful implementation of internal marketing programmes further ensures relationships being built with customers resulting in trust being established between the car rental company and its customers. A relationship based on positive perceptions ultimately creates loyalty towards the car rental company, which leads to positive brand recognition and recall.

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