

THE INTERNAL MARKETING PRACTICES OF ESTATE AGENCIES IN THE GAUTENG PROVINCE – A STRATEGY FOR KNOWLEDGE RENEWAL

M Roberts-Lombard (Department of Marketing Management, University of Johannesburg)

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 3000 estate agencies of which a sample of 353 managers and/or owners participated through structured, personal interviews in the completion of questionnaires. Data analysis was done by calculating averages and standard deviations, Explorative Factor Analysis and Confirmatory Factor Analysis, Cronbach Alpha-values and practical significance by means of effect sizes. The findings of the study stipulate that the co-operation, trust and commitment of employees are required to ensure the success of the estate agencies' internal marketing initiatives.

Key phrases: Internal market, internal marketing, employee development, employee empowerment, staff motivation.

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 estate agencies in South Africa has grown by 25% since 2000 and is responsible for the creation of 10.5% of all employment in the service sector (AEA 2006). Currently, the focus of service organizations 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 the "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 approaches 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”.

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 (Hung & Lin 2008: 171-173).

This paper will attempt to indicate what the current status is of the relationships which estate agencies in Gauteng have with their internal market and will provide recommendations to the management of estate agencies 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 givers 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 business) within a business (Hung & Lin 2008:170).

The estate agency industry is a dynamic and competitive industry. Due to the challenging business environment in which estate agencies operate, these businesses 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 estate agencies 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 and the estate agency industry provided above (also refer to the literature section below), the problem statement of this paper is as follows:

To investigate the internal marketing practices of estate agencies in Gauteng towards their employees.

More formally, the purpose of this paper is to establish the current level of internal marketing strategies which the management of the estate agency industry in Gauteng 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 estate agency industry 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 estate agency industry in Gauteng. The results and conclusions drawn may be used to ensure higher levels of internal marketing in the estate agency industry in South Africa.

The findings of this paper could create a greater awareness among South African estate agents of the advantages of superior internal marketing, 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 estate agency industry in Gauteng.

Objectives of the paper

The primary objective of the paper was to investigate the internal marketing practices of estate agencies in Gauteng. The secondary objectives were to:

- research the internal markets of estate agencies in Gauteng;
- explore the value-adding components which estate agencies in Gauteng build into their relationship strategies with employees; and
- establish whether estate agencies in Gauteng 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: Estate agencies in Gauteng do implement the principles of internal marketing to their internal market relationships.

H₀₍₁₎: Estate agencies in Gauteng do not implement the principles of internal marketing to their internal market relationships.

H₂: Estate agencies in Gauteng do implement value-adding components into their relationship strategies with employees.

H₀₍₂₎: Estate agencies in Gauteng do not implement value-adding components into their relationship strategies with employees.

H₃: Estate agencies in Gauteng are inclined to establish long term relationships with their employees.

H₀₍₃₎: Estate agencies in Gauteng 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 encompass 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). Business 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 emphasise 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 2006:208-210).

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 or owners of estate agencies in the Gauteng province). 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 estate agents registered with the Association of Estate Agents (AEA) in the Gauteng province. The target population for this study was 3000 estate agencies, located in the two major cities of the province, namely Tswane and Johannesburg. The selected sample for this study included 600 sample units, of which 353 participated in the study. This resulted in a response rate of 59% (n=353). Both the stratified and convenience sampling techniques were applied in this study. The sample units were the estate agencies in Tswane and Johannesburg which are registered with the Association of Estate Agents. The two major cities in Gauteng, namely Tswane and Johannesburg, constituted eight strata, four per city, from which a proportionate sample were chosen. Each stratum represents a region within a city, namely the northern, eastern, southern and western region. An equal selection of sample units were done for both cities. The outlets in each city were selected randomly and only estate agencies who were not owned/managed by the same individual were included in the sample. The sample unit and sample element distribution were selected as illustrated by table 1 below.

Table 1: Sample selection of estate agencies in Gauteng

STRATUM	SELECTED NUMBER OF ESTATE AGENCIES PER REGION		SELECTED NUMBER OF MANAGERS/OWNERS OF ESTATE AGENCIES WHO WERE APPROACHED (1 manager per outlet)	SELECTED NUMBER OF MANAGERS/OWNERS OF ESTATE AGENCIES WHO PARTICIPATED
JOHANNESBURG	NORTHERN	75	75	55
	EASTERN	75	75	60
	SOUTHERN	75	75	55
	WESTERN	75	75	15
TSWANE	NORTHERN	75	75	53
	EASTERN	75	75	45
	SOUTHERN	75	75	27
	WESTERN	75	75	44
TOTAL		600	600	353

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 estate agency. The biographical data of the respondents was gathered through one question in this section, namely the location of the estate agency.

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 respondents' current and ideal application of identified relationship marketing principles in the internal market of estate agencies in Gauteng. 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 estate agencies in the Gauteng province.

Structured interviews were conducted with six owners or managers of estate agencies in Johannesburg to pre-test the questionnaire before its formal application as a data gathering instrument.

Research procedure

Personal interviews was conducted with the managers and/or owners of estate agencies in the Gauteng province. A time frame of thirty 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 estate agency.

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 estate agencies were calculated;

- Standard deviations for individual items on the questionnaire were calculated;
- Explorative factor analysis (EFA) 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 2 below illustrate that according to the MINEIGEN criterion, 1 factor was retained for each of the internal marketing constructs.

Table 2: Results of the EFA factor analysis

Construct	Number of factors retained according to the MINEIGEN – criterion	Cumulative variance declared	Communalities
Internal marketing environment	1 factor retained	69,10%	55,10%-85,72%
Approach of employees towards internal marketing	1 factor retained	79,89%	67,16%-82,28%
Motivation of employees	1 factor retained	69,89%	69,66%-76,71%
Building blocks of internal marketing	1 factor retained	75,43%	76,26%-85,49%
Internal marketing research areas	1 factor retained	82,00%	81,12%-84,55%
Implementation of Internal marketing activities	1 factor retained	62,33%	51,13%-80,23%

- 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 3 below illustrate that the statements on the research instrument was measured with scales that could be described as reliable.

Table 3: Cronbach Alpha-values for the constructs of internal markets

Construct	Cronbach Alpha co-efficient
Internal marketing environment	0,87
Approach of employees towards internal marketing	0,80
Motivation of employees	0,82
Building blocks of internal marketing	0,92
Internal marketing research areas	0,90
Implementation of internal marketing activities	0,91

- 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 estate agencies in the Gauteng province 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 4 below also provides an indication of the total number of respondents (n) who participated in the study.

Table 4: Constructs for the internal market of estate agencies in Gauteng

Internal mark constructs					
Construct	N	Average (a) [$x(a)$]	Average (b) [$x(b)$]	Maximum standard deviation	Effect size (d)
Internal marketing environment	353	2,47	3,12	0,75	0,80
Approach of employees towards internal marketing	353	4,56	4,95	0,73	0,60
Motivation of employees	353	3,70	4,69	0,92	0,80
Building blocks of internal marketing	353	4,42	4,69	0,70	0,74
Internal marketing research areas	353	3,17	3,87	0,86	0,81
Implementation of internal marketing activities	353	3,79	4,41	0,72	0,83

The different constructs indicated in Table 4 above will be discussed below.

Internal marketing environment

The owners and managers of estate agencies (n=353) are of the opinion that their current application of the principles to create a positive internal marketing environment is good [$x(a) = 3,47$]. However, they view the ideal application of these principles higher [$x(b) = 4,12$]. The effect size (d=0,80) illustrate that the owners and managers of estate agencies in the Gauteng province 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 owners and managers of estate agencies (n=353) indicated that their current internal marketing initiatives are supported by their employees. The reason for this being that the owners and managers established a business culture which address the internal needs of employees [$x(a)=4,56$]. They are, however, of the opinion that their focus on internal marketing can be strengthened [$x(b) = 4,95$]. The medium effect size (d=0,60) illustrate that the owners and managers of estate agencies 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.

In addition, the management of estate agencies 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 owners and managers of estate agencies (n=353) are of the opinion that their current application of the techniques to motivate employees to deliver a better performance is good [$x(a) = 3.70$]. However, they view the ideal application of these techniques higher [$x(b) = 4.69$]. The large effect size ($d=0,80$) illustrate that the owners and managers of estate agencies 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 owners and managers of estate agencies (n=353) view their current application of the principles which are conducive for the creation of an internal marketing climate as good [$x(a) = 4.42$]. However, they are of the opinion that the ideal application of these principles should be higher [$x(b) = 4.69$]. The medium effect size ($d=0,74$) illustrate that the owners and managers of estate agencies would prefer that the principles which are conducive for the establishment of an internal marketing environment be better implemented.

Internal marketing research areas

The owners and managers of estate agencies (n=353) indicated that their current application of research activities to determine the internal needs of employees are good [$x(a)=3,17$]. They are, however, of the opinion that the ideal application of these research activities should be higher [$x(b) = 3,87$]. The large effect size ($d=0,81$) illustrate that the owners and managers of estate agencies view the improved implementation of research activities to establish the internal needs of employees as a priority.

Implementation of internal marketing activities

The owners and managers of estate agencies (n=353) are of the opinion that the current application of their internal marketing activities are good [$x(a) = 3.79$]. However, they view the ideal application of these activities higher [$x(b) = 4.41$]. The large effect size ($d=0,83$) illustrate that the owners and managers of estate agencies

holds the view that the implementation of internal marketing activities must be a priority.

The empirical results suggest that:

- H_1 can be accepted, while $H_{0(1)}$ had to be rejected. Estate agencies in Gauteng do implement the principles of internal marketing in their internal market relationships.
- H_2 can be accepted, while $H_{0(2)}$ had to be rejected. Estate agencies in Gauteng do implement value-adding components into their relationship with employees.
- H_3 can be accepted, while $H_{0(3)}$ had to be rejected. Estate agencies in Gauteng 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 estate agency through their service delivery to customers. It is therefore only possible to improve internal marketing relationships within the estate agency industry if such relationships are professionally managed. The improved management of internal market relationships can furthermore also improve on the customer market relationships within the estate agency industry in the Gauteng province. The implementation of internal marketing activities within the estate agency industry in Gauteng 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 & 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 owners and managers of estate agencies need to manage their employees more professionally as internal customers

of the estate agency. 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 estate agency. 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 estate agency. 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 estate agency 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 estate agency 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 estate agencies in the Gauteng province. This will ensure the creation of a positive attitude amongst the employees of the estate agency towards the internal marketing initiatives of the estate agency management. A greater focus should therefore be placed on gaining the co-operation, trust and commitment of employees to ensure the success of an estate agencies' internal marketing initiatives. It is also important for the management of estate agencies 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 estate agencies in the Gauteng province. 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 estate agency. 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. This is especially important considering that estate agents are currently only earning a commission on the property that they sell, thereby not ensuring a sustainable financial package in a fluctuating business environment. 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 estate agency 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 plus commission or only a commission), training opportunities available as well as the opportunity to become a partner within the

estate agency. 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 estate agents who have sold property 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 estate agencies 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 estate agency can improve on its level of internal service delivery by formulating and applying internal service delivery standards. Through this process the estate agency 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 estate agencies can also be used to create trust and commitment between the two parties. This aspect is of great value if the management of estate agencies 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 & Martin 2007:92)

It is therefore important for the management of estate agencies 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 estate agencies 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 (2000:332-349) 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 estate agencies 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 estate agency. It is therefore important for estate agencies to communicate the value of such research to their employees.

Implementation of internal marketing activities

The management of estate agencies must improve on their level of internal communication. This will ensure the creation of an environment within the estate agency 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 estate agency. 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.

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