

FOURTH EDITION

Marketing *for* Hospitality *and* Tourism



Philip Kotler
John T. Bowen
James C. Makens

Chapter 10

Internal Marketing

“In a service organization if you are not serving the customer, you had better be serving someone who is.”

-Jan Carlzon



Chapter Objectives

- Understand why internal marketing is an important part of a marketing program
- Explain what a service culture is and why it is important to have a company where everyone is focused on serving the customer

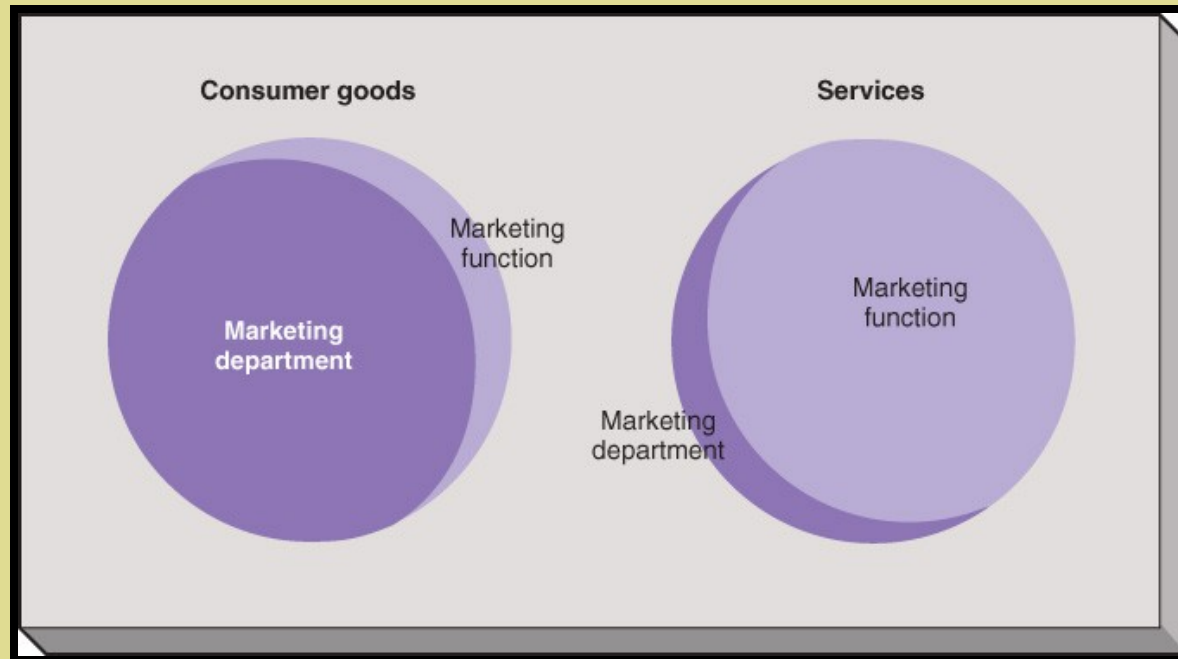
Chapter Objectives

- Describe the four-step process involved in implementing an internal marketing program
- Explain why the management of non-routine transactions can create the image of being an excellent service provider

Internal Marketing

- Bad service encounters receive more attention than good ones
- Marketing must be embraced by all employees
- Differentiation via employees
 - They are the “cast members”

The Relationship Between the Marketing Function and the Marketing Department



(Gronroos, "Designing a Long Range Marketing Strategy for Services," Long Range Planning (April 1980), P. 40.)

Moment of Truth

- A **moment of truth** occurs when employee and customer have contact
- The hospitality industry is unique in that employees are part of the product

Employee Satisfaction and Customer Satisfaction Link

- Employee satisfaction creates customer satisfaction
- Customer dissatisfaction reduces employee satisfaction
- This is a two-way effect

Internal Marketing Process

1. Establishment of a service culture
2. Development of a marketing approach to human resource management
3. Dissemination of marketing information to employees
4. Implementation of a reward and recognition system

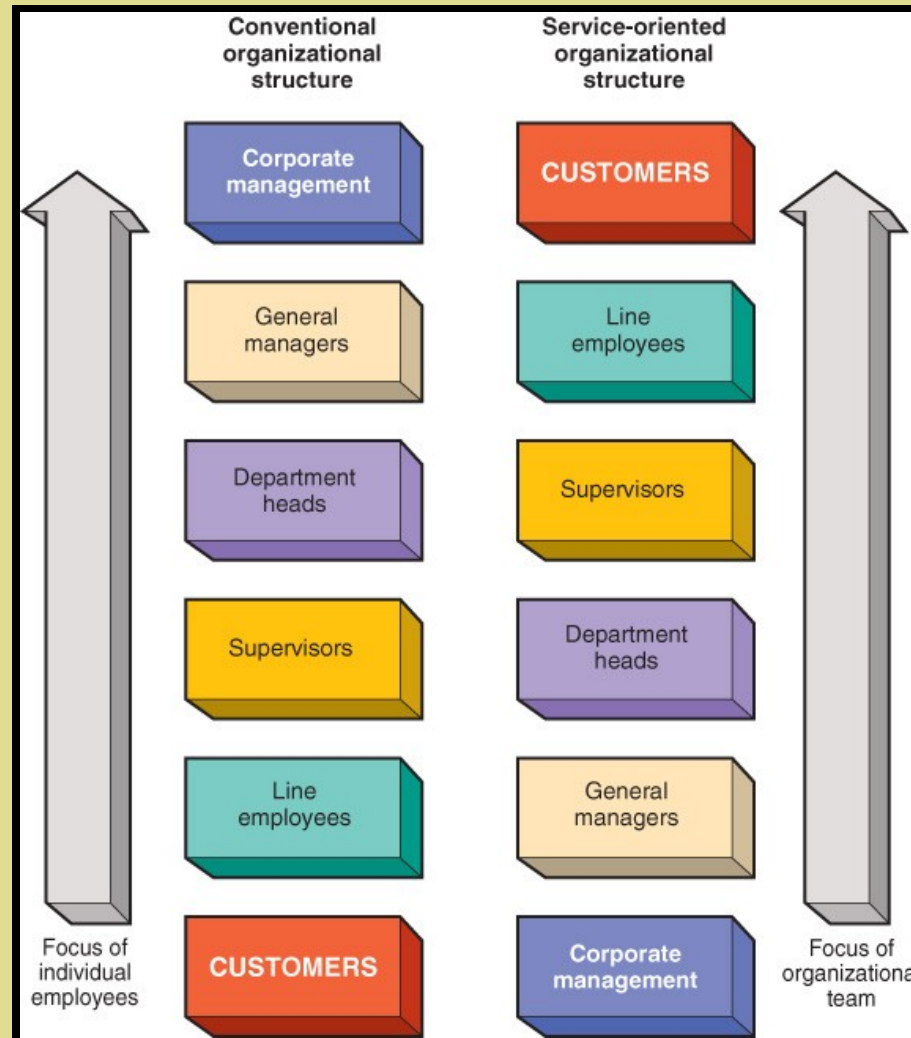
Establishment of a Service Culture

- A **service culture** is a culture that supports customer service through policies, procedures, reward systems, and actions
- An **organizational culture** is the pattern of shared values and beliefs that gives members of an organization meaning, providing them with the rules for behavior in the organization

Weak Culture

- Few or no common values or norms
- Employees unsure of their roles
- Lack of empowerment affects guest service

Upside Down Organizational Structure



Marketing Approach to Human Resource Management

- Create jobs that attract good people
- Hire the right people for the right job
- Stress teamwork

Importance of Initial Training

- To be effective, employees must receive information regularly
- Continuous training
- Employee involvement in uniform selection

Cross-training

- **Cross-training** is training employees to do 2 or more jobs within the organization
- Shows the importance of each department and how they work together to provide customer service

Managing Emotional Labor

- Emotional labor is the necessary involvement of the service provider's emotions in the delivery of the service
- Employees must be hired who can cope with the stress caused by dealing with customers

Dissemination of Marketing Information to Employees

- Customer-contact employees need to be aware of about upcoming events, ad campaigns, new promotions, etc.
- Actions of management

Implementation of a Reward and Recognition System

- Excellent way to give feedback to employees
- Can be based on:
 - meeting cost objectives
 - achieving sales objectives
 - customer satisfaction

Nonroutine Transactions

- A nonroutine transaction is a guest transaction that is unique and usually experienced for the first time by the employees

Best Practices

- “At the Sheraton, little things mean a lot”
- Disney World and its star “cast members”
- Southwest Airlines preparing its people to perform on teamwork

Key Terms

- Cast members
- Cross-training
- Empowerment
- Internal marketing

Key Terms

- Moment of truth
- Organizational culture
- Service culture