Exploring Internal Marketing Applications: Case of Egypt

Hamed M. Shamma
The American University in Cairo

In this study we aim to explore internal marketing applications in Egypt. There is no evidence about the extent of internal marketing understanding and its applications. Thus, we explore it by presenting some case studies and conducting some in-depth interviews. This paper is based on a combination of secondary and primary research. Some cases of companies that apply internal marketing practices are presented and discussed. In addition, a series of in-depth interviews with top-level managers were conducted to examine their views about internal marketing practices in their organizations. The findings provided some evidence that there are some companies that apply internal marketing in Egypt. This was identified from the secondary research case studies. However, when the qualitative interviews were conducted, it was found that there was lack of a clear understanding by many companies about what is internal marketing and methods for applying internal marketing. This study provides some insights as to internal marketing practices at Egyptian companies. The paper is useful for managers who want to know more about internal marketing applications and practices. This study sets the pace for more future work on this untapped research area.

INTRODUCTION

Internal marketing has not gained equal attention that external marketing has gained. Marketers have always emphasized marketing to external customers to be their main responsibility. However, they neglected to realize that internal marketing is equally important, if not more important before doing external marketing. We need to pay more attention and highlight the importance of internal marketing as a pre-requisite for external marketing.

From this perspective, there was an interest to investigate internal marketing applications. While many companies in developing countries have taken the steps to have a more marketing-oriented approach toward their customers as the markets become more competitive and open to free competition. Yet, there is no evidence that companies in those countries have considered applying internal marketing as a strategic approach in their organizations. Accordingly, this study was examined in Egypt as a country that has recently gone through reform toward more open competition, transparency and advancement. The following questions formed the basis of this study:

1. Do companies in Egypt apply internal marketing?
2. Are there any cases of companies that apply internal marketing?
3. How do companies apply internal marketing?

In order to address these questions, a combination of secondary-based research and qualitative-based research methodology was conducted. First, a series of international and local cases of companies that
apply internal marketing were identified and analyzed. Then, a series of in-depth interviews were conducted with managers at top hierarchical levels in organizations to assess their views about internal marketing, its applications and importance. This perspective would assess the extent to which companies believe they apply internal marketing from a top management point of view. This managerial point of view is necessary before doing any further research at the employee level.

Application of Internal Marketing

Various practitioners have suggested tools for effective internal marketing, some of these include: (1) promoting the internal brand, (2) promoting worksite wellness, (3) marketing employee benefits, (4) promoting new systems and upgrades (www.snapcomms.com). Others have suggested tools that promote internal communications such as: company intranet systems and internal networks, e-mails, internet, newsletters, posters, stores and point of sales, company events, internal rules and policies, company boards, company products and services, company stationary, all communications, business cards, backgrounds (www.bddonline.com).

Others have suggested tools that encourage employee involvement such as: measuring employee awareness of organizational mission, values and core competencies, e-newsletters, seminars, orientation programs, quarterly reports, report interesting stories to employees, encourage employees to tell brand-related stories, identify brand champions, encourage employees to use blogs, training that emphasize the link to the marketing function, communicating internal and external marketing success stories. Other have suggested tools that provide incentives and recognitions for employees such as: non-cash rewards, employee of the month, written acknowledgements to employees, posters, screen savers, field trips and meetings outside organizational premises. In the following section some cases of companies that apply different internal marketing practices are presented.

Cases of Internal Marketing Applications

Before conducting in-depth interviews about internal marketing applications in Egypt, it was useful to identify companies that have successfully applied internal marketing practices. This was done using a combination of secondary research and interviews with some experts. International companies such as Southwest, Apple, Dell and Ritz-Carlton, and local companies such as Raya, Mobinil, Eva Pharma and Vodafone Egypt were identified to be successful in applying various internal marketing practices in their organizations. Following are some of the internal marketing tools implemented by organizations who have successfully applied internal marketing together with the reported consequences of those practices.

INTERNATIONAL CASES

Southwest

Southwest airlines is known to be one of the most successful airlines in the United States. Despite the challenges that face airline carriers with increase in price of oil and the highly competitive market, Southwest has managed to operate profitably despite these challenges. It is known for its low cost structure, and reputable customer service. The management of Southwest believes that the true reason why they are successful is their care for their employees. Southwest provides, fair rewards, empowerment, extensive training, career development, open communication and employment security, many of which do not exist in other airline carriers (O’Reilly and Pfeffer, 2000). What makes the difference between Southwest and other airlines is the flight attendant. Many customers cite that the Southwest flight attendants are fun and enjoy flying with them.

Cheryl Hughey, director of Leadership Training, People and Leadership Development department at Southwest comments that “we will treat our employees the same way we expect to treat our external customers,” “we will treat them with caring, respect and concern” (Inside Job, 2005). Internal marketing starts from day one at Southwest. Employees learn about the company, its mission and the essence of the Southwest brand. They have a “Culture Committee” consisting of employees from various departments. Their role is to think of ways to make employees feel and live the brand and to emphasize to employees
how the company appreciates their work (Kochan, 1999). They have their well-known agent of the 
quart and the employee of the year competition which encourages employees to excel in their work. 
They may also think of doing non-traditional activities such as barbeques at work, pedicures, manicures 
and massages for employees to recognize them for their work.

Southwest has a strong relationship with its employees. They have a strong training and development 
program for their employees in order to ensure the attitudes and behavior of employees are consistent 
with the brand image. They offer their employees compensation that is one of the highest in the airline 
industry and reward employees for distinctive performance. They also care about their employees and 
their families in ways where the company will always lend its support financially or otherwise at times of 
need (Miles and Mangold, 2005). They use a combination of formal and informal methods to 
communicate their brand values; formally by human resources department and public relations 
department and informally by employee interaction, meetings, word of mouth and task forces. Through 
these tools, Southwest helps reinforce the spirit of this unique airline as a fun, lively and supportive 
organization (www.southwest.com).

Southwest has a strong employee branding strategy to create a strong relationship its employees 
(Miles and Mangold, 2005). Employee branding is “the process by which employees internalize the 
desired brand image and are motivated to project the image to customers and other organizational 
constituents” (Miles and Mangold, 2004). It has been supported in various studies that employee branding 
is a very important method for internal marketing. Further, a strong employee brand is expected to result 
in high levels of service quality, customer satisfaction, customer loyalty and employee loyalty (Mangold 
and Miles, 2007).

The employee branding process includes marketing the organizational mission, organizational values, 
empowering employees to deliver the brand experience, rewarding employees to reflect this brand image 
to customers, and being flexible with employees. Southwest clearly communicates the company mission 
and values to its employees in its mission statement “dedication to the highest quality of customer service 
delivered with a sense of warmth, friendliness, individual pride and company spirit” (www.southwest.com). Southwest empowers its employees to think of ways to realize this mission. The 
Southwest flight attendant, David Holmes entertained customers by rapping with a beat the regular boring 
pre-departure announcement. Holmes did the announcement in a very entertaining way that made the 
passengers engaged in the announcement. This has made Southwest a brand that is highly respected. 
Southwest employees are proud to be part of Southwest. Further, Southwest has positive image in the 
eyes of the public. Employees are satisfied, there is a low staff turnover, customer are satisfied many of 
whom are loyal customers which has made Southwest have a positive reputation.

**Apple**

Apple is known for its unique internal marketing practices. Customers of Apple stores are known to 
have a unique customer experience. This unique experience is attributed heavily to Apple employees, who 
go through intensive training to deliver this unique customer experience. All Apple employees go through 
a two-day training where each employee carries a Credo Card including tips on how to become an Apple 
brand (Ryan, 2010). They are trained to consider every customer encounter as a chance to market the 
esSENCE of the Apple brand identity. The training contains some technical information, but the majority is 
about how to interact with customers and market the Apple personality.

**Dell**

Dell realized that employees are the source of company growth. They assert that “the greatest threat 
to Dell wouldn’t come from a competitor, it would come from our people” (Dell, 1999). Dell considers 
their employees as co-owners. They give them the authority and provide all the tools needed to achieve 
their goals. Further, employees are given the chance to question top management through their annual 
“management pay up day” (Schmid, 2003). These employee engagement tools are what help Dell ensure 
a long-lasting customer relationship with its employees and customers as well.
**Ritz-Carlton**

Ritz-Carlton employees are empowered to do anything it takes to respond to customer’s requests, even if this means that they have to stop what they are doing. Employees are given up to $200 per day in budget to spend on satisfying and delighting customers without top management approval. Employees are considered actors in spreading the brand to customers. Employees are responsible for knowing what is called the “20 Sine Qua Nons” which in other words are the Ritz Carlton basics. Employees are expected to read, know, memorize and internalize these basics in their work. One of their well known mottos is “we are ladies and gentlemen serving ladies and gentlemen” (www.ritzcarlton.com). One of their basics is: “Never lose a guest” (Greshes, 2005). Each employee is responsible for the complaint received, is responsible for solving it until the guest is satisfied and then record it.

**LOCAL CASES**

**Raya**

Raya is a leading Information Technology (IT) and retail service provider in Egypt. It has various lines of business ranging from IT services to telecommunications, retail and customer support services. Raya started in 1999 as the sole agent for Nokia phones in Egypt. Since then it has grown and diversified into many lines of business including: consumer electronics, home appliances, real estate, customer support, maintenance services among many others (www.rayacorp.com). Raya is known for having one of the lowest employee turnover rates in the IT and Telecom industry. Many current and former employees talk favorably about Raya.

Raya has an internal communications function which is housed in the corporate communications department. Their role is to be close to employees and keep top management in touch with all employees. Following are some activities done by internal communications at Raya: (1) *Raya kick off meeting* where Raya shares its plans and strategies for the next year and long-term plans for the future with all company employees, (2) *Raya Achievers Club Trip*, where the highest achievers in the organization are selected to go to a trip that is fully funded by Raya. These achievers become part of a club where they are given Raya shares, (3) *Raya Newsletter*, where all quarterly news are published in addition to any personal news such as wedding events, newly born babies and other personal news are shared. This newsletter is distributed internally and externally to the community, (4) *intranet* communication where information is shared internally about Raya news, events, internal reports, and employee benefits. It also includes an online orientation about Raya, (5) *Chairman’s Breakfast*, where the chairman meets with selected employees to get their feedback about issues related to the company and their work (6) *Raya Library* which contains useful publications on IT, trade and business related sources, (7) *Corporate Bulletin Board* which contains highlights about major events, products, services and initiatives, (8) *Internal Cafeteria* which offers hot and healthy meals for employees with a relatively cheap price. The cafeteria is subsidized by Raya (based on interview with Amina Khalil, Marketing Director, Raya).

**Mobinil**

Mobinil is the first and leading mobile service operator in Egypt. It started operations in Egypt in 1998. Part of the success of Mobinil in the market lies in its relationship with its employees. The relationship with employees is handled by both the Human Resources (HR) department and the Internal Communications department. The HR department always searches for new ways to maintain contact and loyalty of its employees. For example, Mobinil, offers its employees: financial loans, discounts in special outlets, ability to internally transfer to other departments, educational assistance, and launched a special flu vaccination campaign and a campaign for blood donation. These incentives make the HR department close to its employees and be perceived as a “friendly” department to all Mobinil employees (www.mobinil.com).

Further, their Internal Communications department engages in several activities that help market Mobinil to its employees. Their objectives are: to provide employees with any information needed about the company, promote inter-functional communication, build a sense of pride for Mobinil employees who
act as brand ambassadors and ensure that the company’s strategic plans and company values guide employees in their day-to-day life. To fulfill these objectives, Mobinil launched the Mobinil Family Day, where Mobinil employees together with their families enjoyed a day together under the spirit, “Proud to be Mobinilian” (www.mobinil.com). This helped create a strong company spirit among the Mobinil employees (www.mobinil.com). An internal corporate communications channel, “People Share,” was developed where any employee can send any complaint or report unethical practices anonymously. Further, employees can present new ideas on products and services, send complaints and concerns and respond to the annual Employee Opinion Survey (www.mobinil.com).

Eva Pharma

Eva Pharma is an Egyptian-based pharmaceutical company that was established in 1997. Eva Pharma is one of the few pharmaceutical companies in Egypt that have a marketing department that work on developing and executing marketing strategies. Most marketing departments in pharmaceutical companies are sales oriented as opposed to being marketing oriented. The strength of Eva Pharma is not only in their external marketing with their customers, but also in their unique internal marketing practices. They have a strong and unique corporate culture that is felt when one deals with any Eva Pharma employee. This is realized by the following: (1) company values are communicated in various places such as website, business cards and across all stationary, (2) all employees are invited for any meeting which makes all people aware about what others are doing and (3) all employees go through a training program throughout their advancement and career at the company.

These tools made Eva Pharma employees have a strong loyalty and commitment to their organization. Employees strive to pursue a long term career at Eva Pharma because they believe the company has high potentials and want to be part of the growth and success of the company (based on interview with Sherif Mounir, EVA Pharma Training Manager).

Vodafone Egypt

Vodafone Egypt is one of the local companies that has great interest and value to its employees. Vodafone invests a lot in its employees and cares about their future career and development. Vodafone has a special program for its employees, the “Value-Based Organization” program. The aim of this program is to make sure that employees embrace the company’s values, behaviors and attitudes when interacting internally with employees and externally with customers and other stakeholder groups.

In order to achieve this objective, an aggressive internal communications campaign was done to market these values to the employees. This campaign was heavily supported by the CEO and management team of Vodafone Egypt. A short song was compiled for this purpose with the title “Ma3a Ba3dena” meaning “All of us Together.” The values included the following: putting customer’s first, joyful belonging to the firm, caring by listening and respecting others, freedom by taking responsibility and accountability for work, fairness and integrity between teams and functions.

The aim of this campaign was to achieve the following: (1) an environment that fosters well-being and continuous development for employees, (2) embrace organizational values in daily activities, (3) simplify processes and omit bureaucracy, (4) release creativity and the potentials of employees, (5) create efficient inter-functional collaboration and integration, and (6) retain top performers and increase employee loyalty (based on interview with George Makram, IT Manager, Vodafone Egypt).

The above cases highlight the importance of internal marketing and the consequences of effectively implementing internal marketing practices. Companies should invest more time and resources to implement internal marketing practices. Companies have come to realize that people are the most important asset for organizations. The more you invest in marketing to company employees, the stronger their relationship with the company brand. Further, it has been proven that the people’s dimension of a company to be the main driver for a company’s overall reputation (Shamma and Hassan, 2009). Also a study by Helm (2011) highlighted the positive relationship between internal reputation and corporate reputation. This further supports the importance of having a strong internal reputation by employees as a pre-requisite for a positive overall corporate reputation.
Accordingly, there was an interest to further investigate internal marketing in Egypt. While there are good examples of companies that apply internal marketing practices in Egypt, it is important to examine if companies are aware about internal marketing, and examine the extent to which it is applied and effective in Egypt. Accordingly, a series of in-depth interviews were conducted to investigate the applications of internal marketing by companies in Egypt.

**INTERVIEW ANALYSIS**

The focus of this part of the research was to understand the points of view of top management about internal marketing, as they are the ones responsible for applying it. Accordingly, open-ended interviews were conducted with high level managers at Egyptian companies to assess their perceptions regarding internal marketing practices.

Ten interviews were held with the human resources manager, marketing director and chief executive officer of ten large companies (more than 2,000 employees) from five different industries, namely: cement, telecommunications, fast moving consumer goods, banking and automobile in Egypt. They were all local Egyptian companies. The interviews lasted between 45 to 75 minutes. The researcher was not allowed to video tape or audio tape the interview. Only manual recording of the responses were allowed. The purpose of the research was explained to all interviewees and they were cooperative and helpful during the interview process.

Following is a list of the interview guideline questions that were used in the interviews:

- Are you familiar with the term internal marketing?
- Do you apply internal marketing at your organization? If yes, how is internal marketing implemented within your organization? What are the key activities/practices?
- Why do you apply internal marketing within your organization?
- What are the fundamental aims/objectives of internal marketing at your organization?
- What are the key benefits of the adopting of internal marketing at your organization?
- What are the main difficulties/challenges of implementing internal marketing?
- How effective is internal marketing at your organization?
- Is internal marketing important in product-oriented or service-oriented industries?
- Did you realize the importance of internal marketing after the revolution?
- Do you think that part of the reason for the ongoing strikes is lack of internal marketing?
- Is it easy for employees at lower levels in the organization to communicate with top management?
- What should be done to do better internal marketing?

Following are the highlights of the important issues discussed during these interviews. First, with regards to the understanding of the concept of internal marketing, it was clear from the answers of most of the interviewees, that they do not have a clear understanding of the true essence of internal marketing. Most of them commented around the idea that: “it is marketing to your internal customer as opposed to the external customer.” They were not able to elaborate on the concept. One interviewee added that: “it is about marketing your products and services to your employees first before marketing your products and services to your customers.”

When asked if they did various internal marketing activities in their organizations, most mentioned that they communicated to employees about the products and services offered to customers. When the interviewer assisted the interviewees and asked if activities such as: annual meetings with employees, marketing of the company values, marketing of companies strategy and marketing of company long term goals were done, most interviewees mentioned that these activities were done. It seemed from their responses that the interviewees were not fully aware of what constitutes internal marketing. Annual meetings for company employees are done by all three Egyptian companies interviewed. These annual meetings are usually seen as entertainment events to celebrate end of a year achievements and the start of a new year. There is always an expectation about benefits/profit shares to be announced at these events.
An interviewee mentioned that distribution of profit shares makes employees happy and increase their loyalty to the organization. However, there was no mentioning that these annual meetings communicated future plans, strategies and objectives.

There was no formal way for companies interviewed to communicate company’s missions and objectives. These aspects about the corporation were left for employees to know with time. New employees did not go through a formal training when they were hired. This was admitted by four interviewees. The lack of clear direction by company employees sometimes led to internal problems and miscommunications between various departments with the organization.

Regarding their perceptions about why internal marketing is important, two interviewees highlighted that internal marketing helps reduce employee turnover rate. Further, they mentioned increased employee loyalty and commitment to the organization as another important reason for applying internal marketing. Internal marketing is helpful in spreading the activities of the organization so that everyone knows what other people are doing. It also helps generate new ideas and new ways of doing things. This makes employees become more involved and committed to their organization. Three interviewees also highlighted that there is a strong relationship between employee loyalty, customer satisfaction and ultimately organizational performance.

Regarding communicating with employees before versus after the January 2011 revolution, it was clear that workers strikes and demonstrations were rare before the revolution, and thus, companies were not obliged to exert extra efforts to communicate with their employees. However, as a result of the unprecedented increase in strikes and demonstrations across Egypt, many companies reacted by developing direct communication channels with their employees to avoid future strikes and demonstrations. Two respondents highlighted that companies initiated quarterly meetings with their employees to update them about company performance, challenges and future plans.

The interviewees mentioned several challenges for implementing internal marketing. These included: political reasons, as higher level managers tend to keep their strategies for themselves; lack of transparency, which is a common culture in many Egyptian organizations. It is part of the culture at Egyptian companies to keep high level information confidential, such as long-term strategy and growth plans. Transparency with employees is uncommon practice at most Egyptians companies. Employees lack of awareness of the organizations objectives and strategies resulted in back and forth confrontations with top management. Other reasons for difficulty in implementing in internal marketing include: resistance to change, production orientation of most industries in Egypt, which encourages lack of transparency; and the domination of power in the hands of the organizations which does not encourage companies to be neither externally marketing oriented nor internally. It was also mentioned that most executives in Egypt are short-term oriented while the effect of internal marketing should be examined on the long-term.

With regards to their responses as to the reason(s) for employees going on strike after the revolution, most managers mentioned that after the revolution, the barrier between high level management and employees was broken. Thus, it was a chance for employees to confront top management and request their demands. Two interviewees mentioned that lack of trust between top management and employees in the past caused this alarming number of strikes and demonstrations throughout the nation.

All interviewees cited that it is easy for employees to communicate with anyone at any level in the organization. This would probably take place in the form of a one-on-one meeting or email communication. However, communication with top management was not common in the organizations that were interviewed.

With regards to the aims of internal marketing, respondents provided various responses including: retaining top notch calibers, helping to ensure a consistent level of quality, improving the work flow, increasing customer satisfaction levels and increasing organization’s profits.

There were mixed views about the extent to which internal marketing is important in production or service-oriented industries. Two believed that internal marketing is more important in service industries than production industries; six believed that it is important for both production and service industries, and the two believed that it is more important in production oriented industries than service industries.
All ten interviewees highlighted that things have changed a lot after the revolution. They highlighted that while most did not think of internal marketing before the revolution, nowadays, with the increased protests and demonstrations, companies are obliged to do effective internal marketing. Thus, the revolution changed how companies are managing their relationships with their internal customers, the employees.

In terms of the benefits of internal marketing one interviewee mentioned that internal marketing is a retention tool to improve employees’ loyalty to an organization. In addition, internal marketing will improve internal communication which will result in increased productivity. Internal marketing is expected to result in smooth work flow among employees which in turn leads to improved customer satisfaction levels and organizational profits.

The interviewees agreed that it is difficult to measure the direct effect of internal marketing. However, internal marketing should help improve employee loyalty and commitment which will be reflected externally in terms of customer satisfaction and loyalty and ultimately reflected in organizational performance.

One interviewee suggested that it is important for companies to think of employees as an asset and not as a liability. Employees should be considered partners in business in order to feel ownership in their organization. The interviewees admitted that more could be done to better market internally to employees in their organizations. However, this would take years before companies fully implement and realize the benefits of these practices. Further, with the tight budget and economic downturn in the Egyptian economy after the revolution, companies are focusing on more serious business issues. The business activity is slowing down resulting in lower revenues and profits, which has caused some companies to lay off some of their employees.

CONCLUSION AND MANAGERIAL IMPLICATIONS

Internal marketing can be a source of competitive advantage for companies who want to gain a favorable reputation. It is worth noting that companies that have consistently maintained a positive reputation have all been effective in managing their employees. This is the case with companies that were mentioned previously such as: Southwest, Ritz-Carlton Apple, Dell, Raya, Mobinil, Eva Pharma and Vodafone Egypt. These companies set good examples for internal marketing practices and provide evidence on its ability to create a unique competitive advantage in the market.

Internal marketing is not limited to organizations that are high in people-to-people relationships such as hotels, airlines or other service-based organizations. Internal marketing applies to all types of organizations: for profit, not-for-profit, small enterprises, large corporations and any other form of organization.

More attention should be given to companies to implement internal marketing practices. Companies should offer more training to marketing managers and other functional managers on internal marketing. This is important for all managers who manage teams of employees. This is something that many managers in Egypt are lacking. It is important for marketing managers to work more closely with human resources managers in implementing internal marketing practices. It is also important for organizations to link internal marketing practices to employee performance and achievement and the overall organizational goals and objectives.

RESEARCH LIMITATIONS AND FUTURE RESEARCH

This study is exploratory in nature. It provides some insights as to internal marketing cases, issues that need further examination. Future research should offer more quantitative research in methods to justify the importance of internal marketing and assess its impact on organizations.
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