

Model of Internal Marketing in Enhancing Tourism Brand of North Sulawesi, Indonesia

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Abstract—The restaurant industry in Indonesia has experienced very rapid growth in recent years. Restaurants are increasingly aware of the need to market, develop and promote the restaurant industry as part of tourism products. Currently in North Sulawesi, the internal marketing brand has not been well developed. The results of the 2016 study showed that training and development in restaurants was still low. In addition, employees who work in restaurants only pay attention to their own task areas and are not customer oriented. This has an impact on internal marketing brands that have not been maximized. Therefore, this study aims to analyse the meaning of "internal marketing" according to managers / owners and employees and to analyse the meaning of the relationship "internal marketing" with "brand" restaurants in North Sulawesi according to managers / owners and employees. Quantitative research methods will be used with PLS analysis tools to analyse data. The perception of 181 respondents from the questionnaire obtained the results of the study of the meaning of "internal marketing" according to employees that employees are needed in channelling brand value and employees are internal customers who channel internal brands.

Keywords—internal marketing, internal branding, tourism

I. INTRODUCTION

The growth of the restaurant industry in Indonesia is quite rapid this can be seen in the data released by the Central Bureau of Statistics since 2010-2015, the income from the restaurant sector has increased, namely: 3.21 billion to 4.66 billion. The average number of seats per year is 131 seats compared to 227 guests per year. This data shows that there are still large inequalities seen. The results of research by Sparks et al. found that restaurants have a significant role in determining the destination of vacation tourists [1]. Before or after being in a tourist spot, the restaurant became the focus of tourist attention. The same thing was obtained from Faulkner et al. which states that consumers are increasingly concerned about cooking and visiting destinations for culinary tourism [2]. The mass media, tourists and the tourism industry are increasingly aware of the need to market, develop and promote the restaurant industry as part of tourism products. According to Fontane, the growing attention of consumers in the food sector has motivated restaurants and the tourism industry (tourism) to unite strength and be present in meeting the culinary needs of tourists (tourists) [3]. However, the Head of the North Sulawesi

Province Tourism Office stated that departmentalization was a major problem for the tourism industry in North Sulawesi because employees only worked for their task areas and were not customer oriented. Meanwhile, the results of previous studies explained that internal marketing facilitates corporate brands and employees to be important factors in building a company brand.

The results of previous studies from Mandey, Armanu, Mintarti, and Sunaryo showed that internal marketing was built by 4 dimensions [4]:

- Internal Communication,
- Reward Strategy,
- Training, and
- Development and Senior Leadership.

The same thing also found by Papasolomou and Vrontis found that 4 elements that make up internal marketing are [5]:

- Seeing employees as internal customers,
- Service standards to meet customer expectations,
- Training and employee behaviour formation programs,
- Prizes.

II. INTERNAL MARKETING

Internal marketing has developed very rapidly, but there is little systematic research on how internal marketing works in practice in practice [6]. Internal marketing uses a marketing perspective to manage human resources in an organization [7,8]. This view is based on the opinion of Sasser and Arbeit that work is an internal product while employees are internal customers [9]. According to Lings internal marketing is not just a concept, philosophy or management practice but also human resources [10].

According to Rafiq and Ahmed that internal marketing is a planned effort that uses a marketing-like approach in overcoming organizational resistance to change and harmonize [11], motivate, coordinate and integrate inter functional employees to the effectiveness of the company's function strategy, in order to provide satisfaction to customers through

the process the creation of motivated employees and customer-oriented employees. This is in line with Kotler and Heskett that internal marketing is more important than conventional external marketing [12]. George states that internal marketing is a process that can integrate many functions of an organization with the aim of achieving customer awareness [7]. The philosophy that underlies internal marketing is how to treat employees as if they are customers or clients.

Some opinions above can be concluded that internal marketing is a planned effort in order to provide satisfaction to all employees as internal customers in order to provide satisfaction to external customers through the activities of Strategic Reward, Internal Communication, Training and Development, Senior Leadership.

Much research on internal marketing has been done using various dimensions such as the following internal marketing with 3 dimensions: development (developing employee), rewards (rewarding employee) and vision (giving employees something to believe) found by Caruana and Calleya [13], Foreman and Money [14], but Ewing and Caruana [15] adding human resources effectiveness. Lings and Greenley [9] and Tortosa et al. [16] state that there are 5 dimensions of internal marketing orientation, namely: informal information generation, formal face to face information generation, formal written information generation, information dissemination and responsiveness. While Chang and Chang found 5 dimensions namely management support, human resources management, external education, internal communication and educational training [17].

According to Iacobucci and Nordheim in Opoku et al., the benefits of internal marketing come from four main sources [18]:

- Low turnover of employees,
- Increased service quality,
- Increased employee satisfaction, and
- Improved ability to implement change within the organization.

Internal marketing items adopted from Ahmed et al., [6]:

- **Reward Strategy.** Most companies ventured to build the goals and objectives of individuals and companies through reward strategies in order to maintain trust. Rewards can be tangible and intangible. Employees who are part of the owner of the organization will prefer to work towards maintaining the corporation as they hope to get more advantages [19].
- **Internal Communication.** Internal standards are an important element of the internal marketing program. Berry [19] suggested that organizations provide large services to develop high standard performance. The standard intends to improve employee and customer relations. Examples of service standards by banks in terms of service quality include: responding to questions and customer requirements without delay, answering telephone in 3 rings, friendly and polite among internal and external customers.

- **Training and Development.** The internal marketing practiced in the company intends to create a service-oriented work climate and motivate companies to deliver high-quality services. This means that the organization is building a strong corporate brand. Programs that have been labelled as customer care aim to establish employee work ethic. Courses, education and training aim to help employees understand the importance of trying to meet internal service standards and their internal interactions as a prerequisite for achieving high-quality customer service. Next to build employee mentality. Training programs are the main tool for creating knowledge and understanding among employees to behave and behave towards market orientation.
- **Senior Leadership.** Managers and employees share the view that internal marketing creates an employee mentality that encourages individuals to focus on delivering high quality for their internal services. The success of internal marketing practices has the potential to develop and demonstrate a strong relationship and build a strong corporate brand. The findings of Papisolomou and Vrontis [5] study that it is not enough to train and motivate frontline service providers to focus on customers while other employees only follow their own desires. Internal marketing practices emphasize the importance of each individual to achieve service quality in each employee and customer interaction and enable them to contact external customers. This study will use the dimensions of internal marketing variables derived from the results of research by Ahmed et al [6].

III. BRAND

Brand identifies the source or manufacturer of the product and allows consumers to assume responsibility for its performance to certain manufacturers or distributors. The brand also carries out functions: simplifying product handling or tracking, helping to regulate inventory and accounting records, offering legal protection, can be protected through trade names, patents, copyrights and proprietary rights.

Branding is giving brand power to products or services, the goal is to create differences between products. This difference is often associated with the attributes or benefits of the product itself. Brand equity is the added value given to a product or service. Selection criteria for brand elements: can be remembered, means, liked, transferable, can be adjusted, can be protected [12].

A brand is a single idea / concept that a product has in a prospect's mind. A successful seller must be around his generic product with a number of satisfaction values. Brands vary in the number, strength and value of the market place. Some brands are much unknown to many buyers, while others have a high degree of brand awareness. Some brands have a high degree of loyalty. A powerful brand has a high brand value. According to Fill brand equity is only a reflection of market share. Brands have high brand equity that broadly has higher loyalty, name awareness, perceived quality, strong brand associations and other assets such as trademarks and channel

relationships [20]. A brand with strong fairness provides many competitive advantages for the company. A strong brand makes consumers aware of the brand at a high level, quality, performance, reputation.

Brands of moving items quickly focus on creating brand activities, while service organizations need to decide whether to make a brand on a particular product or at the company's identity. Love and Robert corporate identity is an essential corporate asset that provides internal focus for employees and those related to comprehensive networks according to consumer perceptions [21]. Drake, Gulman, and Roberts argue that internal branding is instrumental in influencing employees to give brand promises to customer expectations and created through internal marketing practices [22]. The success of internal brands results in a shared understanding among employees who must create a committed workforce that fulfils brand promises. Previously, internal branding was promoted as a marketing responsibility primarily about communication [23]. Recently, Machtiger considers the only reliance on internal communication as a trap in internal branding and suggests a broader integrative framework across marketing, management, and human resource (HR) disciplines [24].

A. Brand Commitment

Internal branding aims to form a shared understanding of brands in all company employees. Research by Punjaisri and Wilson found a positive influence on brand commitment of employees [25]. Papolomou and Vrontis produce findings of internal branding influencing brand employee loyalty or their willingness to remain with a restaurant brand [5]. Furthermore, it is noted that brand identification leads to brand employee commitment [26-28] and commitment as a major pioneer of loyalty [29-31]. If employees feel the relationship with the company is positive and worth maintaining, then the employee has a high commitment to the organization. Therefore commitment, is considered a key variable in determining organizational success [32]. Employee feelings affect their choice to work above and beyond work in order to achieve the company's goals [33]. Commitment produces employees who are willing to make extra efforts on behalf of the company, so the performance of employees in their work environment is a significant reason for organizational commitment [33]. Therefore employees, who are satisfied with their work environment tend to, or have the desire to reciprocate [33]. Through their perceptions of justice [34] and support from organizations, employees exhibit behaviours that are beyond the formal expected requirements of their work [34,35]. Such behaviour, identified as citizenship brand behaviour, is employee behaviour that is not prescribed or "above and beyond the norm", but is characterized by organizational brand values, resulting in positive organizational results. Burmann et al. believe that the key determinant of brand strength as a result of internal brand management practices is brand commitment (BC) and citizenship brand behaviour (BCB) [27]. Brand commitment is a psychological attachment or feeling of having an employee towards an organization.

B. Internal Brand

Internal branding has emerged to assist organizations in promoting the brand inside, namely to employees. This study uses Ahmed and Rafiq with the aim of ensuring conformity between internal and external brand messages [5]. That is, this ensures that brand messages (i.e. brand promises) are transformed by employees into reality that reflects the customers' expected experiences. Some authors state that the creation of internal branding is through internal marketing practices (IM) [22,36]. Support for recent studies, Punjaisri and Wilson [25]; Vallaster and de Chernatony [37], in the context of internal branding which debates the coordination between HR and internal communication discipline to successfully achieve internal branding goals. Both IM and internal branding have debated the effect on employee brand commitment. For example, Woodruffe argues that internal marketing is a means of creating internal commitment among employees by adopting the concept of marketing internally [38]. Similarly, Aurand, Gorchels, and Bishop [39]; Burmann and Zeplin [27] argue that internal branding engenders a shared understanding of brands throughout the organization; effective internal.

TABLE I. SUMMARY OF THE RESULTS OF RESEARCH ON INTERNAL MARKETING AND BRANDS.

Author	Research focus and method	Result
Racolta et al [40]	How internal marketing can add value during an economic recession. Observations on IT in Romania	Internal marketing facilitates the development of the company's brand.
Ye Chen dan Jing Zhao [29]	Analyze the importance of the role of employees in the service branding process. Literature review	Employees are important factors that influence the success or failure of channeling brand value services
Papalolomou and vrontis [5]	Explore branch managers, experience and views of employees about internal marketing in the retail bank industry in the UK. Exploratory Qualitative	There are 4 core themes in Internal marketing which are the basis for building and maintaining a company brand.

Purpose: How do managers/owners and employees interpret the "internal marketing" relationship with the restaurant's "brand" in North Sulawesi?

IV. QUANTITATIVE RESEARCH METHODS

A. Sampling Method

The population in this study were restaurant managers/owners in North Sulawesi. The sampling method is probability sampling which provides opportunities for each member of the population to be chosen as a member of the sample.

Based on the results of data collection, it was found that the number of restaurants in North Sulawesi was 92, while the number of restaurants was 727. So that the researcher decided to take restaurant data entirely to represent the owner / manager of the restaurant and the number of restaurants was calculated, the number of employees who were respondent was 103

people. So that the total number of respondents, 195 respondents. The number of questionnaires collected was 181 from 83 managers and 98 employees.

V. RESULTS AND DISCUSSION

PLS to analyse data 210 questionnaires distributed, which returned 194 questionnaires but only 181 were used, resulting in a response rate of 92%.

The validity and reliability test of the research instrument was carried out with a trial method, namely the validity and reliability tests carried out on the respondents whose data will be retrieved. In PLS analysis the results of the instrument validity test can be seen from the AVE value while reliability can be seen in composite reliability. The questionnaire is said to be valid if the AVE value is greater or equal to 0.50 reliable if the composite reliability value is > 0.70. The results of the delivery validity and reliability test can be seen in the following table.

TABLE II. VALIDITY AND RELIABILITY TEST RESULTS OF RESEARCH INSTRUMENTS

Lateen Variable	Mean Communalities (AVE)	D.G. rho (PCA)
Internal communication	0.451	0.711
Strategi Reward	0.712	0.835
Training	0.646	0.879
Senior leadership	0.896	0.963
Branding identification	0.814	0.968
Comitment branding	0.915	0.977
Performance branding	0.921	0.972
Loyalty branding	0.946	0.989

The data in the table above explains the results of the Validity and Reliability Test, so that it can be seen that this research instrument consisting of construct variables: internal communication, reward strategies, senior leadership and branding identification, branding commitment, branding performance and branding loyalty are all stated valid and reliable because it meets the requirements. This can be seen

from the achievement of the value obtained that the AVE value is entirely more than 0.5, Composite Reliability is seen in the PCA value of more than 0.7. So that it can be said to be feasible to be used as a tool for data collection.

Goodness of fit statistics are shown by the excellent GoF value, 0.825 this means that the model is good enough to be used in this study.

TABLE III. GOODNESS OF FIT INDEX

	GoF	GoF (Bootstrap)	Standard Error	Critical Ratio (CR)	Lower Bound (95%)	Upper Bound (95%0)	Minimum	First Quartile	Median	Third Quartile	Maximum
Absolute	0.825	0.662	0.406	2.031	0.200	1.000	0.197	0.221	0.823	0.905	1.389

Source: processed data, 2018

The results of this study indicate that employee brand identification has a significant influence on brand commitment. Brand commitment also has a positive and significant effect on brand performance and so brand performance influences brand loyalty.

However, the existing model states that brand commitment does not have a significant relationship with brand behaviour towards brand values that must be channelled as brand promises. Other studies have found that brand commitment is not considered a mediator either full or partially. Instead identification of employee brands and brand loyalty is significantly related to brand performance in an equation that contains both internal branding and brand identification and

brand loyalty. Therefore, both brand identification and brand loyalty fill 3 conditions so that it is stated that they mediate the total effect where internal branding shows it on employee brand performance. However, because the relationship between internal branding and employee brand performance is still significant both brand attitudes partly mediate special relationships. In other words, the total internal branding effect towards brand performance is raised in situations that have a high level of brand identification and brand loyalty. This is because IB has a direct impact on the extent to which employees behave in ways that support the distribution of brand promises which are partly influenced by the success rate in launching employees' perceptions that they are part of brand success or brand failure and the goal is to remain in the brand.

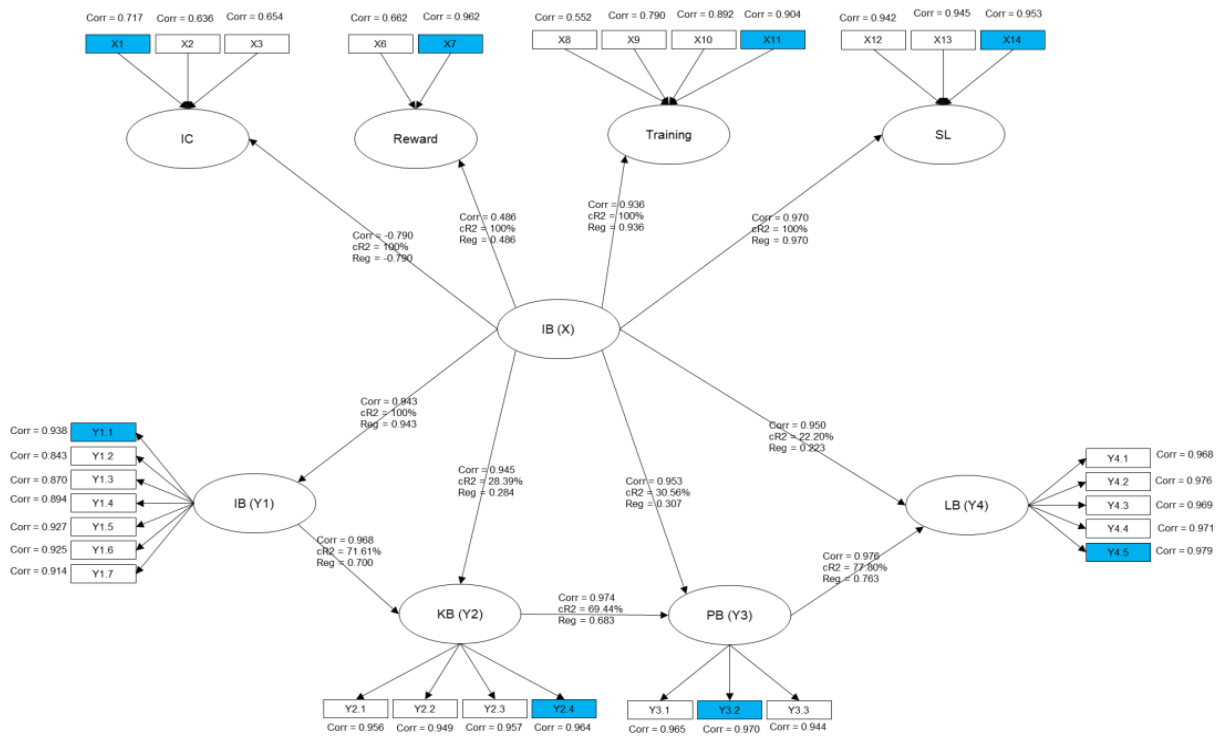


Fig. 1. Results of correlation analysis and path concept model coefficient.

The Literature introduces the IB concept as a way that allows employees to channel brand promises through their influence on their attitudes and behaviour. This study is complemented by empirical evidence that IBs that coordinate internal training and communication have a positive impact on brand identification, brand commitment and brand loyalty. Specifically, Brand Identification was found to be strongly influenced by IB. this study supports previous research that the influence of IB on a certain degree of impact on the existence of the brand identity of employees who are committed and loyal to the brand, also this study provides empirical evidence that supports the assumption that IB to some degree influences the existence where employees behave consistent with distribution brand promise.

VI. CONCLUSION

As with previous studies in various disciplines, e.g. marketing and organizational behaviour, the results show that there are relationships between employees' brand behaviour. Brand identification has a positive influence on employee brand commitment. Which is the forerunner of brand loyalty. Thus even though this attitude stands out, they are also related. Models that are taken into account in the hub between Identification and commitment and commitment and loyalty have a better index of goodness fit than those that do not take into account this hub. Another implication of research in the context of IB is the mediating effect of employee brand identification. And brand loyalty to IB hubs and their brand performance.

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