

# **INTERNAL MARKETING: KEY TO IMPROVING CUSTOMER SATISFACTION IN THE HOSPITALITY INDUSTRY IN NIGERIA**

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## ***Abstract***

*Hospitality industry in Nigeria suffers from more economic functions compared to its peer industries. The concern of the service personnel to see internal marketing improved through a systematic application of management principles and techniques is not new in Nigeria, as manifested in poor service delivery as the de facto justification. Therefore, this study was an attempt to investigate internal customer motivation in the hospitality industry in Nigeria, with the aim of identifying ways of improving customer satisfaction in the hospitality and tourism industry in Nigeria. The investigation focused on how the unified pay structure, compensation and prospect of promotion affect hospitality services in Nigeria. The study covered the twelve top hotels in Nigeria. The sample*

*size of 300 personnel was determined using the confidence interval approach. Frequency counts and cross tabulation were used to analyze the data. The findings indicate that fair and adequate compensation, prospect for more responsibilities and promotions are the needed internal marketing variables for staff to improve their work performance for customer satisfaction. Managers should, therefore, convince the service personnel that the rewards for better performance are worth the extra effort to improve customer services.*

## **Introduction**

Internal marketing refers to the use of marketing orientation within an organization. According to Jap (2001), every employee, team, or department in an organization is simultaneously a supplier and a customer of service and products. An employee obtains a service at a point in the value chain and then provides a service to another employee further along the value chain. If internal marketing is effective, every employee will both provide and receive exceptional service from and to other employees. It also helps employees understand the significance of their roles and how their roles relate to others. If implemented well, it can also encourage every employee to see the process in terms of the customer's perception of value added, and the organization's strategic mission. An effective internal marketing programme can be a prerequisite for effective external marketing efforts.

The hospitality industry consists of broad category of fields within the service industry that includes lodging, restaurants, event planning, theme parks, transportation, cruise line, and additional fields within the tourism industry. It is a several billion dollar industry that mostly depends

on the availability of leisure time and disposal income. A hospitality unit, such as restaurant, hotel, or even an amusement park, consists of multiple groups, such as facility maintenance, direct operations (servers, housekeepers, porters, kitchen workers, bartenders, etc.), management, marketing, and human resources. The hospitality industry covers a wide range of organizations offering food service and accommodation. It is divided into sectors according to the skill-sets required for the work involved. Sectors include accommodation, food and beverage, meeting and events, gamings, entertainment and recreation, tourism services, and visitor information.

Usage rate is an important variable for the hospitality industry. Just as a factory owner would wish to have his or her productive asset in use as much as possible (as opposed to having to pay fixed costs while the factory is not producing, so do restaurants, hotels, and theme parks seek to maximize the number of customers they “process”. In viewing various industries, “barriers to entry” by newcomers and competitive advantages between current players are very important.

Among other things, hospitality industry players find advantage in old classics (location), initial and ongoing investment support (reflected in the material upkeep of facilities and the luxuries located therein), and particular themes adopted by the marketing arm of the organization in question (such as a restaurant called the 51st fighter group that has a ww2 theme in music and other environmental aspects). Very important is also the characteristics of the personnel working in direct contact with the customers. The authenticity, professionalism, and actual concern for the happiness and well-being of the customers that are communicated by successful organizations are a clear competitive advantage.

Hospitality industry is a major employer. The industry includes service sector work, like tourism and food service. It suffers from more economic fluctuations compared to its peer industries. The hospitality industry is a major service sector in the world economy. The industry encompasses an extensive variety of service industries that include food service, tourism and hotels. Hospitality industry often suffers from fluctuations within an economy every year. It can be empirically divided into two parts: entertainment areas, like clubs and bars, and accommodation.

Accommodation takes the form of public houses, resorts, inn, compounds, hotels, hostels, serviced apartments, and motels. The clubs and bars category include restaurants, fast foods, and nightclubs. The hospitality industry also includes tourism support commercial activities, like airline cabin staff and travel agents. Travel technology, like applied information technology (IT) and its works in hospitality, travel and tourism are included in the hospitality industry (Szymanski and Henard, 2001).

A hotel, in Nigeria, is an establishment that renders lodging in lieu of payment. This lodging is usually given in exchange for a specified predetermined amount of money. Modern hotel rooms come equipped with climate control and attached bathrooms. Higher end hotels offer guests internet connectivity within rooms and also throughout the premises. A combination of meals and accommodation comes as a package in most hospitality establishments. Hotels are usually managed by professionally qualified personnel, while junior workers usually maintain them. Function, like cooking, is usually done by professionally trained chiefs.

In Nigeria, nightclubs are entertainment venues, where dancing is accompanied by light snacks and drinking. Apart from service personnel, like waiters and cooks, nightclubs employ disc jockeys (DJs) and stand-up comedians as part of their varied attractions. Fast-food restaurants now form a major part of the hospitality industry in Nigeria. These restaurants employ an optional number of personnel for providing customer service. Food may also be sold from kiosks.

Hospitality industry is characterized by a large number of employees. Both white collar employees and blue collar workers may find gainful employment. Entry level jobs usually require no formal education. Professionals in the hospitality sector are usually qualified with trade certificates and college degrees. Many hospitality schools offer specialized courses or study in one particular aspect of the industry.

An analysis of the issues in hospitality industry in Nigeria indicates that, overall, the main problems are maldistribution of personnel, shortages or surpluses in one or more categories, poor utilization or low productivity, unsatisfactory career structures and promotion system. Most of these problems have existed and persisted in the hospitality industry in Nigeria. The concern of the hospitality industry personnel to see personnel managements improved through a systematic application of sound management principles. Techniques are not new in Nigeria, as manifested in poor service delivery as the *de facto* justification (Nweze, 2009).

But, it seems that the traditional focus of human resources for hospitality industry in Nigeria has been on improving planning, education and training; not enough attention appears to have been paid to internal marketing and the personnel needs of the internal customers that were in direct contact with customers. Improved housing, better working

conditions and greater opportunities for promotion and career development can act as internal marketing for the internal customer, and can lead to improved external customer satisfaction in hospitality industry in Nigeria.

In a competitive market place where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. Firms in hospitality industry in Nigeria need to retain existing customers while targeting non-customers. Measuring customer satisfaction provides an indication of how successful the organization is at providing product and/or services to the market place. Customer satisfaction is an abstract concept and the actual manifestation of the state of satisfaction and could vary from person to person and from product/service to product/service. The state of satisfaction depends on a number of both psychological and physical variables, which correlate with satisfaction behaviours, such as return and recommend rate. The level of satisfaction can also vary, depending on other factors, such as other services against which the customer can compare the firm's services.

Although no systematic study has been undertaken to estimate the extent of the resources in the hospitality industry in Nigeria, there is some evidence that it is considerable (Odotola, 2009). If even half of the waste is due to poor service delivery of the workers, it would be reasonable to expect a substantial reduction when there is better internal marketing. Therefore, this study was an attempt to investigate the internal customer motivation in the hospitality industry in Nigeria, with the aim of identifying ways of improving customer satisfaction in the hospitality and tourism industry in Nigeria. The investigation focused on the analysis of

how the unified pay structures, compensation and prospect of promotion affects hospitality services in Nigeria.

The broad objective of the study was to analyze the relationship between internal marketing and hospitality service in the accomplishment of improved customer satisfaction in hospitality and tourism industry in Nigeria. However, the specific objective was to analyze how the unified pay structures, compensation and prospect for promotion affects hospitality service in Nigeria. The major issue that informs the necessity for and significance of this study was the need to identify effective strategy for internal marketing for hospitality industry personnel. The findings would assist the hospitality management in Nigeria to ensure that manpower is not only adequately planned for and trained, but also skillfully managed, including the improvement of career development and incentive schemes, to ensure improved customer satisfaction.

### **Research Method**

The study covered the top twelve hotels in hospitality industry in Nigeria. They include the Arewa Hotels, Eko Hotels, Ikeja Hotels, Nicon Hotels, Presidential Hotels, Airport Hotels, Protea Hotels, Concord Hotels and others. The choice of these hotels was based on the fact that they are the market leaders in terms of customer patronage in each of the six geo-political zones in Nigeria. They often show that they put their staff and customers at the centre of strategic decision making. Both secondary and primary sources were used to gather information for the study. Questionnaire was the principal source of the primary data; while interview served as complementary. A miniature trial survey of the study was carried out at Protea Hotels (Nike Lake Resort), Enugu, Nigeria, to

test the validity, reliability, and practicality of the research instruments and operations.

The target population of the study was the workforce size of the twelve selected hotels in Nigeria. The sample size of 300 was determined using the confidence interval approach. Frequency counts and cross-tabulations were used to analyze the data. The frequency counts provided the percentages, while the cross-tabulations assisted to discover the demographic data inference from the responses. Tables were used to arrange the facts and figures in series of boxes made up of rows and columns for quick comparison.

### **Findings and Discussion**

Table 2.1 shows the effect of unified pay structure on workers's input.

*Table 1: Effect of unified pay structure (unconditional rewards) on workers' input in the hospitality industry in Nigeria*

Impact of unified pay structure on workers output	Number of Respondents	Percentage of Response
Negative effect	269	89.67%
Positive effect	31	10.33%
Total	300	100%

Source: Analysis of field data, 2011

Unified pay structure, otherwise termed unconditional rewards (Vroom, 1964) used by many hotel managements in Nigeria is an obstacle to internal marketing in the hospitality industry. It is a job-related factor, deemed to be generally frustrating the service workers. This method

compensates every worker in the firm along the same lines whether he is competent or incompetent at work (denial of opportunities for self-actualization). What this seem to suggest is that some of the hotel management in the hospitality industry in Nigeria do not use internal marketing to improve their external customer satisfaction. These firms implement policies such as “promote all workers irrespective of ability after a stipulated period”, place all graduates irrespective of their value on the same level”, “give all workers increments annually”, “let the impatient but capable service worker wait for his colleagues”, “ignore employee short comings until a probe is set up after a change is made in management”. This shows that some firms in the hospitality industry operate a horizontality system.

It is important to note that motivation of workers can suffer under this system. Thus, by not being willing to appraise performance and reward on the basis of a service worker contribution, and by attempting to be ‘fair’ to all workers, treating the productive and unproductive alike, and not punishing offending personnel, the firms are inducing the much decried bad attributes of their workers toward work. It is, however, the cardinal finding of this study that the major cause of the low motivation of the service workers in the hospitality industry, is that the service staff does not perceive his work effort to be decisively instrumental in the attainment of the reward of work. Instrumentality is therefore the missing link in the internal marketing effort in the hospitality industry. It is important for the hotel and tourism managers to note that an able service staff will not be motivated if he does not perceived that there is an intimate relationship between his effort and his reward, and/or if he does not desire the reward emanating from the effort in the firm.

Analysis of Table 2.1 is convincing that the unified pay structure in the service industry negatively affects job performance of the service personnel in the industry. Vroom's expectancy theory (1964) gave a support to this finding, when it states that performance can be thought of as a multiplicative function of motivation and ability, i.e.  $P = F (M \times A)$ . Motivation, in turn varies with the values or attractiveness of outcomes upon the performance of that task, and the instrumentality of performance for attaining the outcome. The major outcome Vroom (1964) identifies are money (salary), fringe benefits, promotion, supportiveness behaviour (the leadership style of the supervisor or boss – fairness, honesty, conscientiousness, etc.), group acceptance (attitude of other people towards hard work) and the joy derived in doing the work itself (internalized motivation). This finding is simply saying that internal marketing depends not just on the outcome derived by the service personnel, but also on the instrumentality of effort, that is, the relationship perceived by the worker between his and other previous efforts (hard work, honesty, loyalty, putting one's self last), and the desired outcomes (promotion, praise, medal, salary increment, and recognition in the firm).

Regarding the effects of these variables on internal marketing, it is observed that each of them has a direct relationship with internal marketing. Holding other things constantly, the greater the ability of the staff, the higher is internal marketing. In addition, the more attractive the rewards of working, the more intimate the casual relationship between effort and rewards; and the more adequate the infrastructural support, the higher the internal marketing of the service personnel. This means that all the variables must be working effectively and positively if the service personnel in the service industry must be internally marketed. In other

words, great ability must be goaded on by attractive rewards, an intimate casual relationship between effort and rewards, and backed up by adequate infrastructural support if the service worker is to be motivated in the service work.

On the other hand, an able service personnel in the hospitality industry will not be motivated in the firm if he does not perceive that there is an intimate relationship between his effort and his reward, and if he does not desire the reward emanating from the effort, and if there is adequate infrastructural support. It is therefore, a major finding of this study that the main cause of poor customer service in the hospitality industry in Nigeria is poor internal marketing. This is the condition where the service personnel does not perceive his work effort in the firm, to be decisively instrumental in the attainment of the reward of work.

Once more, take the reward of promotion for example, on its own, an intense desire for promotion (a very important reward) will not internally motivate any service personnel to greater effort in the firm. The major determinant of his motivation is his generalized experience in the firm. He will ask questions like, "Did hard work to satisfy customers in this firm earned me promotion in the past?", "Is it likely to earn me promotion in the future in this firm?", "Have I been hearing from those who are working in this firm that hard work to improve customer satisfaction earns staff advancement?" If the answer is yes, he will tend to be internally motivated. If no, he will not be motivated to improve customer service. In internal motivation, as in many other aspects of life, experience is the best teacher. As Skinner (1969) propounded in his theory of operant conditioning, behaviour that is rewarded tends to be repeated while those that are not, tend to be extinguished.

**Table 2.2: Effect of fair and adequate compensation on job performance in the hospitality industry in Nigeria**

Impact of fair and adequate compensation on job performance	Number of respondents	Percentage of respondents
To a great extent	198	66%
To somewhat extent	86	28.66%
Undecided	4	1.33%
To a little extent	11	3.66%
Not at all	1	0.33%
Total	300	100%

Source: Analysis of Field Data, 2011

Table II of the study shows that service personnel in the hospitality industry in Nigeria calls for fair and adequate compensation, probably because money is an instrument for gaining desired outcomes, and it is also an anxiety reducer. The finding indicates that a way to supplement this in the hospitality industry is to provide good fringe benefits, safety measures and other factors that would give the service personnel the feeling that the hospitality firm is a good place to work. All these are within the embrace of Herzberg's hygiene factors (1966).

The service conditions under which the service personnel found themselves in these firms influenced the commitment to customer satisfaction – to an appreciable level. Most service personnel in the hospitality industry were not satisfied with the conditions and fringe benefits, therefore their stay in the firms were very short. The study indicates that the moment these personnel realized that they were birds of

passage in the firm, their commitment to improving customer satisfaction would begin to decline. The service conditions in this study include salary, fringe benefits, basic allowance, and advances, leave allowance and free housing and medical schemes. But unfortunately, most of the service personnel in this industry, are not satisfied with both their salary and service conditions.

At this juncture, a question could be asked, that assuming that some of these anomalies are rectified over time, would there be any guarantee that the productivity of these personnel would increase? It is not necessary to jump into the answer yet, until the event of the findings are fully explored. The study also indicates that improved service conditions and benefits in this industry are just one side of the issue, while the willingness, the zeal and the ethics of hard work are another. This consideration arises by virtue of the fact that many studies have shown that there is no positive correlation between salary and productivity, as Herzberg, Mausner and Snyderman (1959) described money as a “factor, which serves as a potential disaster if not present in appropriate amount, but not serving as a potential satisfier or positive motivator”.

Table 2.2 shows that fair and adequate compensation can affect job performance of the service personnel in the hospitality industry in Nigeria to a great extent. Uduji and Nnabuko (2008) attribute the customer service problem facing firms in Nigeria to the wages and advocate a restructuring of the workers salary in order to utilize manpower effectively. Though that the relative fall in productivity rate in the hospitality firms in Nigeria cannot be fully attributed to unfair and inadequate compensation only, the study indicates that wages and incentives are fundamental in boosting internal marketing in the industry. Whatever the necessity for and the

difficulties of performance evaluation, the effort to encourage and reward takes precedence over every other human resources development effort.

Rewards granted to service personnel who exhibit interest and activity in improving customer service should be appropriated when compared with benefits granted those workers who do not exhibit these qualities. The human relation's movement has also advanced convincing evidence about the influence of internal marketing (non-monetary and financial incentives) on service personnel motivation. A sound executive compensation strategy requires the determination of an appropriate compensation and incentive mix which will depend on the labour force characteristics and also, on the economic circumstances in different environment (Kotler, Bowen and Gremler, 2006).

It could be a Fallacious to assume that quality of performance in the hospitality and tourism industry is the only yardstick for executive compensation (internal marketing). Many other factors should be taken into account. The job itself has certain characteristics that help to determine the pay schedules. An executive commendation should have some logical relationship to rewards offered to others in the same organization. That is, the compensation system should reflect in some ways a staff position in the hierarchy. Besides these factors, still another set of influences this time coming from the external part of the environment, affects the level of executive compensation. Include here are regional differences in the cost of living, increments allowed or special assignments, the market price of giving qualifications and experience, the level of local taxation and the influence of high business salaries on other professions. In short, multiple criteria are appropriate in all matters of executive compensation (internal marketing). It is important that the firm,

which says it pays only for result, does not know what could go wrong. The motivation and incentive system strategy should take these diverse elements into account. (Walter, Walls and Schrest, 1994).

**Table 2.3: Effect of prospect for promotion on job performance in the hospitality industry in Nigeria**

Impact of prospect for promotion on job performance	Number of respondents	Percentage of respondents
To a great extent	207	69%
To somewhat extent	43	14.33%
Undecided	8	2.66%
To a little extent	29	9.66%
Not at all	13	4.33%
Total	300	100%

Source: Analysis of Field Data, 2011

Table 2.3 shows that prospect of promotion is an important internal marketing factor that would give the service personnel in the hospitality and tourism industry the feeling that the firm is a good place to work in. it is discovered in this study that the service personnel will not be motivated if he does not perceive that there is an intimate relationship between his effort and his reward, and if he does not desire the reward emanating from the effort. It is, again confirmed here that the cardinal finding of this study that the major cause of the poor customer service or the personnel in the hospitality industry is that the service personnel have not perceived that the work effort to be decisively instrumental in the attainment of the

reward of work. Instrumentality is therefore the missing link in the internal marketing effort in this industry (Singh, 2000).

The finding confirms that if a service personnel in the hospitality industry sees improving customer services in the firm as a path leading to the promotion and attainment of one or more of his personal goals, he would tend to be a higher producer. Conversely, if he does not perceive that more input to customer service and satisfaction from him would earn him a promotion, he would tend to be a low producer.

## **Conclusion**

Three issues that stand out from this study are:

1. Fair and adequate compensation (internal marketing factor) do affect work attitudes positively in the hospitality industry in Nigeria, especially when a service personnel sees his job contribution as the main instrument for improving customer satisfaction, and as well as the main instrument through which he achieves his personal objectives. This could be because money is an instrument for gaining desired outcomes and it is an anxiety reducer. And a way of supplementing this is to provide good fringe benefits, safety measures and other factors that could give the service personnel the feeling that the firm is a good place to work in.
2. A hotel and tourism staff is motivated through internal marketing of the firm when he perceives that there is an intimate relationship between his efforts and promotion. In other words, the hotel and tourism worker will not be motivated to improving the customer

service, if he does not perceive that there is an intimate relationship between his effort and reward; and if he does not desire the reward emanating from the effort.

3. The unified pay structure, otherwise termed unconditional reward operating in most firms in hospitality industry in Nigeria is a barrier against the internal marketing and satisfaction of the hotel and tourism staff, when he does not see his reward emanating from his effort. It is a discouraging factor, when the firms compensate every staff along the same lines, whether he is competent or incompetent at improving or contributing to customers satisfaction.

## **Recommendations**

As a result of the research findings and conclusion, it is recommended that:

1. To improve customer service and satisfaction in the hospitality and tourism industry in Nigeria, fair and adequate compensation (internal marketing factor) should be offered to the workers in these firms, to secure their willingness to help customers and to provide prompt services.
2. To improve customer service and satisfaction, managers should convince the workers that the rewards for better performance are worth the extra effort. This implies that the firm should give rewards that are valued, and attempt to sell the worth of those rewards to the workers.
3. The managers should provide targets that are believed to be attainable, yet provide a challenge to the employees; link rewards

to the performance they want improved, and recognize that rewards can be both financial and non-financial; and be willing to promote and increase responsibility given to workers when they perform better and deserve promotion.

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