

The Function of Internal Marketing in the Process of Formation of a Customer-Centric Company

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Abstract

The aims of this paper are: to analyse the key conceptual advances of internal marketing in terms of their interrelation with customer centricity; to present the author's vision of the place of internal marketing in the system of marketing of a client-centric company; and to justify its function in the formation of such. This paper begins with a comprehensive analysis of conceptual models of internal marketing. The analysis examines the following parameters: 1) the client as a separate component of the model, and 2) client orientation as a part of the model. The practical part presents the study of customer centricity in trade and intermediary companies in Kiev based on the author's two-step approach: Mystery Shopper audit based of modification of SERVQUAL's questionnaire; playing test by the method of critical scenarios. The results of the study represent the author's classification of the existing models of internal marketing and the author's model of internal marketing in the system of marketing of a client-centric company, where three key functions of internal marketing were highlighted. It is empirically confirmed that the use of internal marketing gives the go-ahead to enhancing customer centricity.

Keywords: Internal marketing, Client centricity, Service quality

JEL Classification: M120, M31, L81

About

The potential of practical application of internal marketing actively attracts attention of managers at different levels. The outcome of internal marketing at a strategic level is the achievement of organization's goals, in marketing terms - better customer satisfaction and profit maximization. In this regard, in 1977 George opined that "to have satisfied customers, the firm must also have satisfied employees" (Rafiq and Ahmed, 2000). Reading it backwards, the final point in the application of internal marketing at the enterprise is the client orientation of the company as a modern business policy.

The client has long been in the focus of managers' attention, and it encourages the company to concentrate all its efforts in one direction. Most encyclopedic sources interpret the category "client" as the person

that uses the services of the company (Ukrainian-Russian Dictionary of Economics, 2005), a person with whom business is done (Koh, 1999) or with whom the company is in any relationship (Kurakov et al., 2001). From the perspective of the company as an active market actor the “client” can be defined as a person provided with company’s services (Azrilijan, 2010), whereas the more general term “clientele” includes all the firm’s clients (Osovs’ka, 2007). The client orientation of the company, in this context, can be defined as a certain activity of the company related to actors who are independently chosen by the company market. The specifying of this term can be made by the famous economist R. Koch (1999). The scholar introduces the term customerisation as giving the customer the possibility to tailor the product to individual needs. F. Kotler stresses the development of a client-oriented way of thinking that will bring success to organizations that are better at defining the needs and wants of the target audience and constantly satisfy them using design, information, prices and delivery of appropriate quality and competitive proposals (Kotler, Keller, Pavlenko et al., 2008). Further on, in the context of marketing management, Doyle and Stern (2007) elaborate on this point of view and define these (client oriented, author’s note) companies as such that direct their marketing efforts on attracting clients and retaining consumer loyalty in the long run with the aim to obtain resources for meeting the expectations of own stakeholders - shareholders, employees and society.

According to the Chairman of the Ukrainian insurance company Brokbusiness, V. Zadorozhny, a set of measures aimed at implementing the concept of client orientation includes two levels: general organizational and systemic (Zagrebnij, 2010). The place of internal marketing in the relevant business organization is the ratio of its subjects (employees, management) and/or instruments of working with clients. With this in mind, internal marketing is evolving from the functional element in the overall marketing system of a service company to an independent process of strategy implementation. This link can be clearly found in models of internal marketing. We’ll present and analyze the evolution of the best known of them in terms of client orientation.

Literature Review

Chronologically, the appearance of the first models can be attributed to the third phase of concept development, according to Rafiq and Ahmed,

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2000; the scholars determine the broadening of internal marketing as strategy implementation and change management. Among the most important scientific achievements of this period is the determination of the main schools - founders of the concept, establishment of the base conceptual framework and formation of main discussion issues in the course of development of the theory, which constitute the prerequisites of emergence of its graphical structures. However, business prospects of implementation of internal marketing of the day needed visualization of the mechanism of action of the latter due to an obvious interest of practitioners in the illustration of concept results.

The first model of internal marketing was introduced by N. Piercy in 1994 as a result of research of customer satisfaction. The author divides company's customers into segments of internal and external market. The key achievements of the scholar include the identification of internal barriers to implementing the strategy of satisfying key market segments. As a result, in order to overcome the identified barriers the iterative model of marketing strategy was suggested that takes into account both internal and traditional marketing programs.

The author believes that this model represents the internal marketing strategy that is "aimed not just at the analytical/operational level of the process, but that also addresses the behavioral and organizational factors identified as barriers to customer satisfaction strategy" (Piercy, 1995). Analysis of the structural components of the model presents the program of internal marketing as a development of the analogue of classic 4P marketing tools according to the appearance of the customer within a company.

The model has significant prospects for practical application because of the ease of its interpretation under any marketing strategy. In his later works the author presents examples of internal marketing programs based on this model for a computer company and organization specializing in financial services (Hooley, Saunders, Piercy, 2005). The model is essential to the theory. After its appearance it became possible to introduce the competencies of internal marketing symmetrically to traditional ones in the customer service. Thus, discussions about the priority of the impact of external environment for the company and subordination of programs to each other come to a logical conclusion. Further consequential development of the model was within a concept of internal market orientation as an attempt to draw attention of the

executive leadership to the importance of characteristics of internal environment (Gounaris, 2006).

The Nordic School of Services explores the paradigm of internal marketing primarily as an evolutionary outgrowth of services marketing that logically hinders the emergence of autonomous models of internal marketing within its walls. A representative of this school - C. Grönroos - in 1996 developed a functional instrumental model and revealed its essence through the transformation of commodity-oriented marketing concept to a resource-oriented (Grönroos, 1996). The basis of the illustrations for this model is the Service Marketing Triangle by F. Kotler (2008). In turn, C. Grönroos draws attention to the “missing” of the product in the focus of marketing activities in service companies as to the customer (consumer) a process is more important than outcome. According to this concept, the idea of continuous improvement of product offerings is replaced by a process of continuous development of all resources, including personnel. Thus, internal marketing becomes a link between the contact personnel and the company, and is in front of the consumer needs angle. Despite the missing of internal marketing from the standpoint of the client, its absence could lead to the opening of the angle of the latter as a dissatisfaction of customer needs and converting of service marketing triangle into the chain “personnel ↔ customer ↔ company”. As a result, during the provision of services to meet consumer needs, the company should pay special attention to marketers and part-time marketers (primarily the sales staff).

C. Grönroos proved the practical significance of the presented model in 1998. In the course of study of the change in the marketing object in the provision of services, the functions of internal marketing are, firstly, the provision of the company with information from primary sources (customers) through a change in the attitudes of all categories of employees toward the customers and toward their jobs, so that a more customer-oriented performance in the service process would be achieved (Grönroos, 1998). Thus it can be stated that the model defines the functional importance of internal marketing in the customer service. In addition, the scholar defines the links of internal marketing in the system of marketing activity of a service company.

The British scholars P.K. Ahmed and M. Rafiq presented to the scientific community a number of models of internal marketing as a continuation of this concept as a tool for implementation of a corporate strategy. The models differ fundamentally in the place of the customer at

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the center of internal marketing - across the central place in one model, the consumer disappears from sight in the other two. The first multi-level model illustrated in 1995 is a gradual visualization of internal marketing and despite the apparent motion vector openly undermines the client as the purpose of its action.

The model has three strategic levels: “direction → path → action”, which represent the interrelation of internal marketing tools and strategic processes within the organization. The model is based on elements that are partly represented in the works of N. Piercy: internal marketing-mix, internal marketing research, segmentation, internal positioning and identification of barriers within a company. However, their structural interrelation is purely a concept of the author. Actually, P.K. Ahmed and M. Rafiq defined two main objectives in the design of this model: 1) highlighting the nature of the marketing-like approach and techniques in the organization and 2) highlighting the importance of an internal focus to complement an external marketplace focus.

Practical illustration of the model reveals certain points that are invisible in the analysis of theoretical developments. Thus, the authors note that the internal marketing program can not be in the competence of the marketing department only, and requires implementation through cross-functional teams. Unfortunately, the model was not further disseminated and was only a first attempt to build the structure of internal marketing. In our opinion, although the model is “a valid and useful conceptual framework for internal marketing”, the main reason for its incompleteness is the limited number of tools adapted for full disclosure of the general range of internal marketing functions (Ahmed and Rafiq, 1995).

Another development of M. Rafiq and P.K. Ahmed was an internal marketing model for services sector, which was designed in 2000. The purpose of the model is to arrange a number of conceptual aspects into a single system and demonstrate the structure of their connections. At its core there is client orientation, the activity which is under the greatest pressure caused by other elements. The authors define this parameter as key in achieving organizational goals. In addition to this, the greatest influence in the model is exerted by the marketing-like approach, which reflects the essence of internal marketing.

The strategic direction of the model is defined by the process of transformation of the above marketing – like approach through client orientation to the satisfaction of the latter with the management of

service quality. Unfortunately, the authors did not present own empirical evidence of the effectiveness of the model. However, according to the results of the previous studies, they emphasize the existence of a weak correlation between job satisfaction and client orientation. Thus, the model casts doubt on the assumption that increased job satisfaction of employees may be solely and directly reflected in customer satisfaction.

In parallel, a new hypothesis that internal marketing should focus on many factors of influence on the attitude of the client toward the organization emerged. The result of the presented model is a formed guidance for managers on employee motivation, recognition of the role of internal marketing in the implementation of the strategy and a clear customer orientation (Rafiq and Ahmed, 2000).

The scholars presented the latest development in 2003, which is known as the conceptual model of internal marketing. Despite the determination of orientation on the market as a key component of organizational competence, the client's place for internal marketing is hidden. The vector of this model is parallel to the direction of implementation of the strategy of market orientation and aims at improving economic performance of the company. Thus, for the first time there is a visualization of indirect connection of internal marketing with actual financial results, which are based on a marketing vision of customer satisfaction.

Analysis of the structural elements of the model discovered the taking into account by scholars of the shortcomings of previous developments. In fact, scholars note that "an innovative feature of the model is that the IM mix is employed" (Ahmed et al., 2003). Despite the fact that for construction of the model the given element is used, it is not identical to the adapted 4P tools. The model demonstrates a symbiosis of unique internal tools and traditional marketing tools adapted to the domestic market. The effectiveness of the model was empirically proved and, consequently, presents relevant recommendations for managers.

Finally, the key features of the models developed by P.K. Ahmed and M. Rafiq should be noted: 1) all models are instrumental; 2) the models present the evolution of client orientation from complete evening out to the central place, and further – the definition of client orientation within the organizational competencies; 3) models are vectorial, the direction is consistent with the direction of marketing strategy of the company.

A ranking place in the review of structural composition of internal marketing is occupied by the works of R. Varey. The British scholar

presents two models of internal marketing management, which consider development of client orientation of the company a business process. Both models are based on the determination of the organization as a continuous and systematic process that aims at satisfying the end consumer through the maintenance of high quality domestic services at all stages within the organization.

The first model is called a model of internal marketing as a process or mechanism for integrated market-oriented management (Varey, 1995) and reflects the mechanism of management actions for the implementation of internal marketing in the company. The basic idea of the model is in bringing the values as dogmata of strategic vision of the company in the external environment using the concept. Unfortunately, this algorithm is linear in nature and requires a clear sequence of all actions. The author defines the holistic role of the model as “increasing the coherence of participants’ shared conceptual structure as well as increasing the competence of participants’ interpersonal communication styles in a situation” (Varey, 1995). Thus, the effectiveness of company’s response to constant changes in the external environment, in author’s opinion, depends on totalitarianism of internal policy, which is the matter for discussion.

The interaction of elements occurs through the visible (dialogue) and invisible (climate, relationships, procedures, employee satisfaction) connection that at the level of strategic development is complemented by external response. All the above characteristics are aimed to support the social basis in the process of satisfying the end consumer, which the author highlights as a unique feature of the model. An indicative moment in this structure is the inclusion of the zone of interaction of employees with the external environment in the process of market-oriented management. Thus, although the model gradually reveals all the processes of internal marketing, the author recognizes the final action as the freedom of contact staff for independent decision-making and behavior in response to action.

Another model of R. Varey (1995), which was introduced almost simultaneously with the first one, is called internal marketing as a process or mechanism for integrated customer-oriented management. In this model the mechanism of internal marketing management becomes fully disclosed for forming a client-oriented company. Analyzing the author’s approach to the above process based on two models, the latter can be defined as such that is aimed at building the corporate image of

the company through indirect relationship with external environment (relationships outside the provision of declared direct services).

This model is iterative and interactive and by the structure is attributed to the centric-circular. Customers become an integral part of the model both at a point of contact, and in the process of establishing long-term relationships. In addition, organization of the client-oriented activity within the model is possible simultaneously for all the elements and the process of internal marketing is self-contained. Thus, the scholar reduces the level of needed management and control for implementation of internal marketing, and the structure acquires new features. The quality interaction with the customer is arranged not only based on the new authority, but also based on the new knowledge. The interrelation with the external environment occurs at each stage determining the flexibility of the model. However, clients of the organization in the external environment see the organization through the prism of the contact zone, where the exchange of information, dialogue, meetings, interaction, establishment of relations and target alliances are taking place. According to the author, the purpose of his work was to present “a model of the culture of an organization which is apparently successful in achieving major re-orientation by implementing an evolutionary re-organization process” (Varey, 1995). Thus, the inner work with the cultural basis in the organization is a key moment of client orientation.

In summary, the key attributes of internal marketing models of R. Varey are: 1) internal marketing is seen as “an integrated management process”; 2) the system of management of relations with external clients is a crucial point for building models; 3) the object of models is a zone of interaction with the customer - moments of truth.

During the formation of the concept, J. Lings presented a model of intramarket orientation, which should direct the attention of management at the key points within the company when using internal marketing (Lings, 2004).

Since 2006, the further development of the concept and improvement of the J. Lings' model were carried out by S. Gounaris. He presented a hierarchical approach to the model, which distinguishes 2 levels: 1) main - the potential of the company in achieving corporate goals; 2) subordinate - a separate group of company's clients with unique needs (Gounaris, 2006). Clients are the employees of the organization, i.e. the model is limited to the internal environment of the company, which

correlates to its name. Further work related to the orientation on the external customer is invisible in the model.

At the first stage - gathering of inside information - the model is focused on traditional marketing processes: research, segmentation, goal-setting, development of strategies. In turn, the response takes place through the aspects that were not inherent in marketing. A ranking place in the model belongs to the internal communication system, which is not a structural link, but a full value element of the model. Given the characteristics of managerial audience, attention is paid only to communication regarding leadership (between managers and from managers to employees), which significantly limits the use of the frame. As a result, the implementation is the most practical in organizations with linear management structure, which mainly belong to the public sector.

Models of Western economists are characterized by the multiplicity of elements and strategic orientation. However, almost all the models discussed above are primarily conceptual and complex for practical implementation. Another issue is the study of efficacy of these models, which is almost completely absent in the works of scholars both at the empirical and methodological levels. In search of alternative models, attention is drawn to the developments of Russian colleagues. A key trend in the works of these scholars is the centralization of the client. An example can be the universal scheme of performance evaluation “employee - client – profit”, developed by N.G. Zerkaliy. Internal marketing in this context is seen as a mechanism that integrates into existing bases. The scholar stresses the need to use a client-oriented multilevel system of interrelated indicators that should thread financial, marketing levels and the level of work with employees (Zerkaliy, 2009). In turn, since the scheme is only a universal frame and a model for further development, it is advisable to pay attention to other more detailed works.

A relevant work is a conceptual model of the role of internal marketing in achieving market objectives of the company, which was presented in 2009 by scholars of the State University of the Higher School of Economics L.S. Latysheva and E.K. Panteleyeva.

In developing this model, the scholars took into account the works of C. Grönroos and presented internal marketing activities at both the tactical and strategic levels. However, upon closer inspection, the scholars follow the conceptual model of internal marketing of P.K. Ahmed and M. Rafiq (2003) and similarly suggest that “the development

of internal marketing and its effective functioning are the basis for achieving market goals by the company” (Latysheva and Panteleeva, 2009). The effectiveness of the presented system is considered by scholars in terms of staff loyalty indicators (tactics) and client orientation (strategy) that form a two-sided impact on customer loyalty and, consequently, on the financial profit of the company. The model represents the essence of client orientation of the process of internal marketing in the company and its role in achieving the market goals.

Place of the client in the model	Models of internal marketing	Characteristics
Client as a separate component of the model	The model of internal marketing (Piercy, 1994)	Models consider the client as a separate component that has a certain functional load in the model - consumption of the marketing mix, combination of the company's management attention and staff efforts, provision of information etc. Most models focus on the “moment of truth” as an object of internal marketing.
	The service-oriented perspective: process consumption and marketing (Gronroos, 1996)	
	Internal marketing as a process or mechanism for integrated market-oriented management (Varey, 1995)	
	Internal marketing as a process or mechanism for integrated customer-oriented management (Varey, 1995)	
Client orientation as a separate component of the model	A model of internal marketing for services (Rafiq and Ahmed, 2000)	Client orientation within the models of internal marketing is a procedural component. It forms an intermediate stage in internal marketing activities and effectiveness of the business. Most models that highlight the client-orientation process correlate it with expected results of action - loyalty, customer satisfaction.
	The role of internal marketing in achieving market goals of the company (Latysheva and Panteleeva, 2009)	
	Conceptual model of internal marketing (Ahmed, Rafiq, Saad 2003)	
Missing of the client and client orientation in the model	Multi-level model of internal marketing (Ahmed and Rafiq, 1995)	Models represent the concept of internal marketing as a business process in the organization.
	Behavioral dimensions of internal market orientation and the activities that typify them. (Lings, 2004)	

Table 1. Classification of internal marketing models

Source: developed by the author

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A unique achievement of scholars is the development of an actual research methodology of internal marketing system. It is based on the hypotheses that 1) a lack of a systematic approach in the application of internal marketing leads to 2) low level of staff loyalty and its client orientation. The methodology of the research includes analysis of regulatory documents aimed to identify specific attributes, use of standard schemes in the study of key indicators.

Taking into account all the unique characteristics of internal marketing models that have been discussed above, we can classify all the above models (Table 1) and make the following conclusions:

- place of the client in the model relative to internal marketing tools reflects the level of client-orientation of the model;
- it is feasible to take into account other marketing impact on the client along with internal marketing activities;
- the presence of the “moment of truth” in some models of internal marketing characterizes their integrity and place in the management system of the company.

Introduction

Experts from PwC announced the new era of retail trade, named “Retail 5.0”, which focuses on customer-centricity (Kowalkiewicz et.al, 2017). There is one of the main trends of the rise of customer-managed relationships, in opposition to which retailers are encouraged to explore customer journeys and find new ways for employees to add value to the customer experience. At the same time, Biggs R. found, that trying to out-price the competitors, bank retailers are realizing that the best answer is customer-centric pricing optimization (Biggs, 2015). Today, both business managers and marketers need a working model that will be basic for the most conversion-rate complex of marketing in a client-oriented retailing company.

The most fundamental shift in the marketing of services occurred with the new paradigm termed Service-Dominant Logic (S-DL), where customer is considered as a co-creator of value-in-use through service experience. But the authors promise that this doctrine will no longer be limited to marketing science alone as early as in the next decade (Vargo and Lusch, 2017). The scale of S-DL theory unequivocally opens up broad perspective for society, but practitioners will demand its applied realization. For instance, a methodology of the service blueprinting, it

attempts to capture a dynamic process of frontstage and backstage interaction with customer on the service delivery processes in a static form (Baranova, 2017). For its part, by analogy with customer journey map, a value co-creation map already appears in the literature, and includes four elements (Okdinawati, 2015).

At the early stage of the S-DL theory development, internal marketing concept was pushed into the background, and was seen as a narrower one that became obsolete. In 2015, Sievers S. et al. studied the aligning of internal marketing concept with S-DL theory, and found that it is focused, primarily, on delivery of value (Sievers S. et al, 2015). But later, while the theorizing went further, scientists overestimated the essence of internal marketing and its role for company's client-centricity. Literally 2 years after, Starkhammar & Neglén presented an internal marketing perspective on the retail value propositions, by integrating theories from the S-D Logic and the service marketing. Qualitative interviews of concept managers and frontline employees were conducted on Swedish retail industry. The study highlights the opportunity to fulfill the customer expectations for the value of co-creation and gain a superior position on the market by using internal marketing (Starkhammar & Neglén, 2017).

Through the prism of S-DL logic, the interdependence between service and relationship marketing was updated again in 2017 by C. Gronross. The leader of Nordic School of Marketing Thought highlights the expansion of the scope and content of relationship marketing from the client's position, while the service culture becomes its prerequisite, and internal marketing - strategic management issue. The scientist emphasizes the viewing of all the firms as services ones, because "the ultimate goal is to help the customers achieve their goals» (Grönroos, 2017a). While constructing the model, the reverse relation appears to be evident. As C. Gronross notes, the first factor determining a firm's readiness for relationship marketing relates to whether mainly its management is focused toward the customers' focus (Grönroos, 2017b). This means that the firm's relationship marketing activities with clients and other stakeholders starts as soon as management focus releases from the threat of a deficit in the decision-making process and shifts to the customers' processes and resources of the firm.

Thus, we disclose an interrelationship between the marketing of services (as an external marketing mix 7Ps), relationship marketing as well as internal marketing, and further - their cross-functional role in

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creating a client-oriented company. In the review of the literature, we found validation that other scientists also adhere to similar thoughts. Starkhammar & Neglén (2017) declare, that retail firms must anchor their value propositions in a true customer-centricity throughout the whole organisation, they need to start focusing on value co-creation, while aiming to create strong firm-customer relationships. Berry (2002) subordinates internal marketing as “a pivotal relationship marketing strategy for many service firms”. Further, Kapooria (2017) recognizes the critical importance of internal marketing for relationship marketing towards the success of external marketing strategies. Mohamadi (2017) finds internal marketing as an activity focused on the appropriate interrelations between people at all levels of the organization, which results in a contact employee’s creativity of service to customer, which is defined as service-oriented and customer-centric approach.

For the further development of the author’s model, we consider uncritical the presentation of the author’s vision of the elements of the marketing mix (i.e. product, price, staff, procedures, place, promotion, service provision to clients), but necessarily the intersection of concepts of Relationship Marketing, Internal Marketing, Services Marketing. We combined all the found into one system of notions (table 2). This review was done through the prism of marketing strategy in the sphere of services, the moment of truth and personnel as a mediator of quality of service.

All three concepts are closely interrelated, when, as a result of their implementation, managers are expected to receive a satisfied client. In fact, the client-centricity of the company appears in the process of introducing each of these concepts into its modern understanding. Each of these concepts serves as a tool for building a "management-personnel-client" relationship, but their difference is the hypothetic purity of this chain. So, relationship marketing will treat customers in the system of all stakeholders of the company, which distract of managers and significantly reduces the level of attention to consumers. Service marketing mix consists of 7 key elements, where the staff is only one of the 7Ps, and this weakens the connection between the staff and the client. Using services marketing, services managers as well as chief marketing officers try to influence the client in a comprehensive manner, which is largely correct, but often the factors get out of control exactly at the moment of real interaction. We believe that by the moment of truth, the

	Relationship Marketing	Internal Marketing	Services Marketing (7Ps)
to Relationship Marketing	The process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this is done by a mutual giving and fulfillment of promises, or as a marketing approach involving interactions, relationships and networks (C. Gronroos, 1997)	An essential component of a long-term partnership marketing, when the relationship with the customer is carried out not only through sales staff but also by all members of staff of the provider (Kushlin and Chichkanov, 2004).	Service marketing strategy should be less concerned with traditional marketing mix decisions and instead focus on fostering ongoing relationships, collaboration, and narrative formation among broad sets of actors. (Wieland, H. et al, 2017)
to Internal Marketing	The key strategies based on the concept of internal relationship marketing include: (1) selecting employees with the right service attitude, (2) involving employees at all levels, (3) providing training for service recovery, and (4) developing a reward system (Kwiatkowski, 2018)	IM is the system of marketing measures and methods of organizational influence, which is the basis of mutually beneficial (market) relations with personnel in the process of realization of marketing strategies of the enterprise (Fedorchenko, Okuneva, 2015)	There is a conceptual separation between the senior executives who make strategy and the lower level managers and employees who execute the strategy. In all cases employees are fundamentally internal service providers as they apply their knowledge and skills to benefit each other and the firm. However, they are seldom treated as service providers and beneficiaries.
to Services Marketing (7Ps)	Firm-customer relationships are key, especially in sectors where services and service provision are battle-winning differentiators. Organisations must therefore consider relationship management to be at the heart of tactical marketing processes and strategic corporate philosophy (Giannakis et. al., 2015)	Front-line employees interact with consumers when delivering the service and are a key determinant of service quality (Sievers, 2015)	Services marketing is a set of processes for identifying or creating, communicating, and delivering value to customers and for managing customer relationship in a way that benefit the organization and stakeholders (AMA)

Table 2. The intersection of concepts of Relationship Marketing, Internal Marketing, Services Marketing. Source: developed by the author.

strongest intension of the chain "management - personnel - client" will occur by using internal marketing. In this case, management ties the front-line personnel with the marketing strategy, not excluding its

involvement in the mix of services marketing. At the same time, the condition of satisfied employees is transferred to clients only at the moment of their close co-operation, which increases the chances of interest particular from the clients, and builds long-term relationships with them based on trust.

Therefore, as a result of the analysis of existing models, which was presented in literature overview in the beginning of the study, a model of internal marketing in the system of marketing of a client-centric company was developed. The customer orientation of the company can occur in 2 directions - 1) directly, as an external marketing activity of the firm, where satisfaction of customer is seemed as an attribute of profitability of the company; 2) indirectly, as part of marketing relationships with company's stakeholders, where both customers and employees are treated as stakeholders.

The first vector is based on the conceptual service marketing triangle of C. Gronross "firm-personnel-clients". Management in this case is the carrier of the firm's goals being responsible for forecasting and approval of sales objectives. There is the one of key assumptions, that the internal marketing mix indirectly affects the external marketing mix, including staff. More accurate manifestation is "the success of external marketing depends on the success of internal marketing" [Kaur and Sharma 2015, p. 237]. In this direction, the frontline personnel is also considered as one part of 7Ps of service marketing. Moreover, the management, and both internal and external marketing mix are compiled an internal market environment in the company, which is referred us to the earliest model of Piercy (1994).

Internal marketing serves as a lever and directs the marketing mix on a specific audience of clients within the partnership marketing. As part of the extended marketing mix 7Ps, its components (including Processes and Participants) have direct functional interdependence on the internal marketing and require further combination of efforts for provision of high-quality service (or product). Achieving the synergy, in turn, is one of the main objectives of internal marketing program. This process takes place through the overcoming of internal barriers, subordination of all marketing activities to a particular goal and developing of an integrated marketing product. Considering all the above, we can offer a model approach to the development of internal marketing in the marketing system of the client – oriented company (Figure 1).

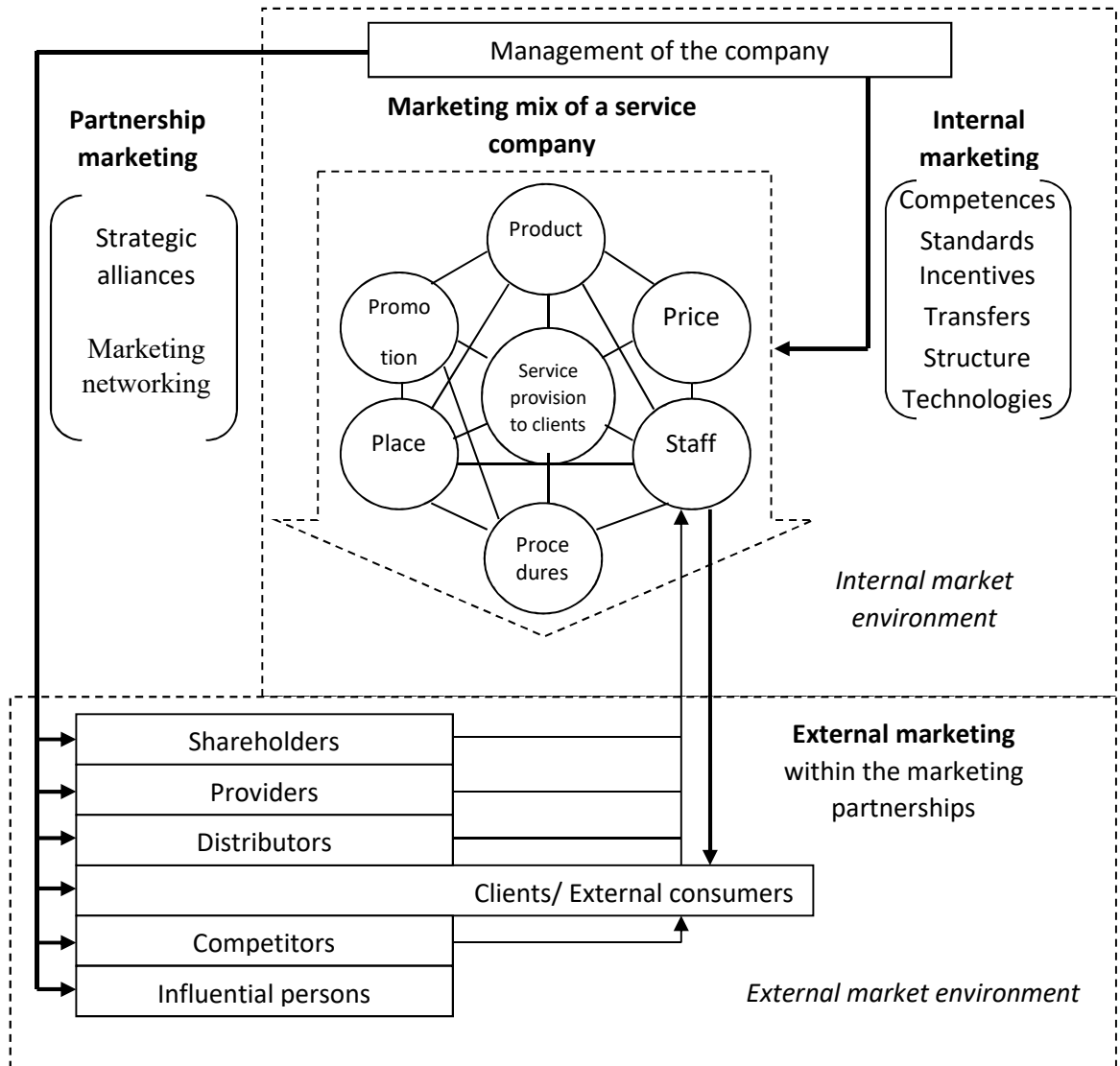


Fig. 1. The model of internal marketing in the marketing system of a client-oriented company
Source: developed by the author

The architecture of this model visualizes a certain situation that has the following characteristics. The traditional marketing mix is aimed at customer satisfaction by means that are difficult to control after their introduction, which do not take into account the rapid changes in the external market environment. A typical internal market environment of

the company consists of the company's management (internal producer), employees involved in the implementation of a marketing strategy (internal consumers), and instruments of action - policies and methods of internal marketing. It is manifested in sustainable structural relations of management hierarchy and vertical internal communications. From this perspective, internal marketing is a managerial activity that corrects an existing marketing strategy. The complex of aspects of internal marketing (note: author's vision of internal marketing mix), such as competence, standards, incentives, transfers, structure and technologies has common circle of influence with traditional marketing activities. Its application provides for management initiative related to the transformation of work in these areas, which actually is the first function of internal marketing.

As the second direction of the proposed model, partnership marketing has much wider application object and runs parallel to the existing marketing mix in the company. The "output" of partnership marketing in the model is company's focus on the market. The company builds and develops relationships with contact audiences, while these relationships progress through individual operations - transactions and contacts that are directly dependent on the company's personnel. Formation of each contact within the partnership strategy is the second function of the internal marketing.

The feedback from clients and other persons interested in the company's activity may be immediately provided in the form of reaction to the behavior of staff. Collection and audit of this information flow are within the competence of internal marketing and require separate resources. The evening out of this third function may lead to the distortion of company's operation in the market, going beyond the needs of target segments and the resulting loss of efficiency of the marketing strategy. In turn, timely monitoring of the target audience feedback can significantly save the time and money resources of the company and contribute to the precise achievement of strategic objectives.

Formation of the client orientation of the company begins with the transformation of company's marketing mix and its concentration on individual client requests. However, the use of internal marketing as an initiative of the company related to client orientation should not conflict with the market orientation of the company, where the latter is a much broader concept. F. Webster defines the following characteristics of the company, compliance with which, at the early stages, may be quite

sufficient:

- cultivation by company's leadership of values and ideas that are important in terms of the consumer;
- combination of market priorities of the company with priorities of its consumers;
- involvement of qualified marketing specialists and development of effective marketing programs;
- evaluation of company's performance based on standardized market indicators;
- commitment of all company's staff to values important in terms of its consumers (Cravens, 2003).

We believe that this business model illustrates the satisfaction of needs of the target audience through the organization of internal environment of the company. It explains the logic of transition to the modern management practices that shall improve company's performance in the market. As a result of its implementation, the balance of management attention between the internal and external market environment shall be achieved, which is key to long-term relationships with all market actors. Its final provision is the creation of a unique consumer value within the marketing strategy of the company. Internal marketing efforts contribute to precise communication of this value to the target audience, its adapting to the instant clients' wishes with the aim of their fullest satisfaction and, consequently, the specification of future consumer needs. Thus, the use of internal marketing tools leads to provision of the management with levers for managing marketing strategy, strengthening partnerships with target markets and increasing the efficiency of information support of client orientation. The latter, in turn, can be considered the prospect of practical application of this model in the theory and practice of marketing management.

Methods

The testing of internal marketing model in the marketing system of a client-oriented company was conducted in the form of empirical market research in Ukraine, Kyiv; research market - trade intermediary services. The testing was aimed to confirm the effectiveness of internal marketing functions that were earlier outlined in this model. The work was carried out sequentially in several stages: preparatory (zero), two research stages, conclusions development. The author developed a technique for

the research where the first stage of the audit involved the external evaluation of provided services using the Mystery Shopper technique, and the second stage involved a series of anonymous interviews taken by the critical scenarios method. The testing was conducted in February - May 2012.

The structure and the toolkit were developed on the basis of multiple-item scale for measuring consumer perceptions of service quality SERVQUAL (Parasuraman, Zeithaml, Berry, 1988), taking into account the statements of the management of the Ukrainian food retail companies about consumer expectations (table 3). The original SERVQUAL questionnaire includes 22 factors in 5 areas, namely Tangibles Quality, Reliability Quality, Responsiveness Quality, Assurance Quality, Empathy Quality - where factors for Responsiveness (Q10-Q13) and Empathy (Q18-Q22) are evaluated in inverse proportion. We thoroughly studied the SERVQUAL toolkit and came to the conclusion that the factors of the Reliability group (Q5-Q8) most accurately reflect the "firm-personnel-clients" vector, except for the last one - Q9. Since the purpose of our research was precisely the study of the function of internal marketing in the process of formation of client-orientation in the company, and not the quality of services - we abandoned negative assessments. Also, the toolkit itself was used for audit, and not for customer interviews, which also allowed us to use only perception statements and study quantitative and qualitative assessment consistently.

0) *At the preparatory (zero) stage*, the author conducted a fact-finding desk research of the services market of the trade intermediary companies in Ukraine. The key reasons of the low level of client orientation of research subjects, some of which have been identified as prerequisites for the research, include as follows:

- companies are only implementing management principles based on marketing orientation;
- the concept of 4P marketing is more popular in Ukraine than the 7P concept;
- individual approach to the clients requires a high level of staff responsibility and discretion in decision-making, which is contrary to the typical job descriptions of service personnel;
- unsystematic changes in the contact zone of the company are accompanied by the stochastic studies leading to management decision-making based on intuition;

- lack of understanding of the importance of contact zone in the company results in low financial and material support of its marketing operations.

Based on the above characteristics, the main parameter of client orientation of trade intermediary companies of Ukraine is the *level of customer satisfaction* based on their experiences *in the moments of truth*. The determination of this parameter requires involvement of all key elements of the model of internal marketing in the marketing system of a client-oriented company – formalization of the declared *management strategies of building long-term relationships with consumers*, identification of critical points in the activity as gaps in the *standards (of internal marketing)*, investigation of the behavior of *staff* towards addressing individual needs of the *client*.

1) The research was conducted, as mentioned above, in 2 stages. *The first stage of the audit* envisaged an overall assessment of the quality of provided services as a result of operation of the current marketing mix, using the Mystery Shopper technique. The questionnaire for the assessment of the level of quality of service of the trade intermediary companies includes 26 questions in 5 blocks: material elements, level of competence, process of service provision, empathy and work of cashiers. These questions cover 18 of the 22 factors of the original SERVQUAL toolkit. All questions are presented in the form of positive statements with a 10-point Likert scale, where 1 is the absolute inconsistency of parameter description with the real situation, and 10 - complete coherence as rated by the auditor. Collection of information was carried out in the course of covert surveillance where auditors recorded the information but did not interfere with the process.

2) *The second stage* involved in-depth study of marketing indicators, which were not investigated at the first stage and found out their functional interrelation with the client orientation. The base of the research objects during the second stage of the work remained the same. The expected result of the research at this stage was to identify the managerial shortcomings and unregulated needs of front office employees that go beyond the competence of standard functions of this business. The achievement of the goal set was carried out through a series of face-to-face and telephone interviews, using the method of critical scenarios. These scenarios corresponded to the remaining 4 of 22 factors in the original SERVQUAL toolkit. The interviewers were acting anonymously and tried to evaluate step-by-step the professionalism and

competence of the employees and work standards of the company as a whole. The methodological materials developed by the author present behavior scenarios for a potential buyer and reveal situations where the difficulties in contacting the staff can be seen (Table 5). This study is qualitative, structured and requires appropriate training of interviewers and certain acting skills.

Thus, all 22 factors of the original SERVQUAL toolkit were evaluated by the auditors' assessments, but 4 of the factors were tested in stress situations. This allowed us not only to superficially evaluate the process of providing services, their expected and / or perceived quality, but also to reveal deep connections that affect client orientation in the system of partnership marketing, service marketing mix and internal marketing. It is the research beyond the service quality parameters, as well as the study of factors that are built on promises and which are mostly aimed at trust - have allowed to reveal the functional points of internal marketing.

Sampling design and data collection

The selection of firms for analysis was made with account of the retail space and the number of consumer complaints of food retailers. According to the official data of the Department for Consumer Rights Protection of the Kyiv City State Administration, in January-May 2012 the Food Quality Department received 62 complaints from consumers concerning the unsatisfactory quality of products that are sold in the major retail networks in Kyiv (Bagnet' Ratings, 2012). The greatest number of precedents was found in Furshet (12 complaints), Silpo (12 complaints), Eco-market (11 complaints) and Velyka Kyshenya (7 complaints). Additionally, Auchan (2 complaints) was included in the study as a network with foreign operational management, as well as ATB (no complaints data) as the fastest growing trading network in Ukraine (growth rate + 28% in 2011, + 71% in 2012).

Totally, the audit was conducted in the 6 national and international food retail networks, including ATB, ECO - market - a network of national discounters, AUCHAN - a representative of the international trading group AUCHAN, a discounter hypermarket format, Velyka Kyshenya, Furshet, Silpo - national networks of trade intermediary companies, the supermarkets format. The work was carried out by 5 independent auditors; the surveillance was conducted in 18 stores in Kyiv. The critical point for this phase was a successful benchmarking of

customer services of the Ukrainian market leaders. Thus, at this stage the actual level of service in the contact zone of trade intermediary companies was determined. The results of the audit and calculation of average indicators for each store by the category of service are presented in Table 3.

# Serv Qual	Parameters	Objects	Velyka Kyshenya	Silpo	ATB	Eco-market	Auschan	Furshet
	Tangibles Quality		8.46	8.64	5.72	7.39	8.15	7.50
Q1	1a. Equipment in the trade area is new	ME	7.25	9.33	5.67	6.75	8	6.5
	1b. Trade area is conveniently and simply designed	ME	7.75	6.33	2	5.25	6.5	6.5
Q2	2a. Trade area is generally clean and tidy	ME	7.75	8.33	7	6.75	7	7.5
	2b. The display of goods on the shelves is customer – friendly	ME	7.75	8.33	6	7.75	9	8.5
Q3	3a. Sellers and cashiers have special clothes, badges with names and job titles	ME	9.75	10	7	9	9	8.5
	3b. Overall impression of staff appearance - cleanliness and tidiness	ME	8.75	8.33	7	7.75	9	7.5
Q4	4a. The store has a convenient location	ME	9.75	10	5.67	10	5	6
	4b. In the trade area there are visual cues and signs on special offers	ME	8.75	8.33	3	6.5	10	8
	4c. Sellers have all the necessary hygiene facilities for working with food: gloves, aprons, head scarves	ME	9.5	9.33	8	7.25	10	8.5
	Reliability Quality		8.25	8	7.67	7.5	8	8
Q5	Exchange of goods	CS5	n/a	n/a	n/a	n/a	n/a	n/a
Q6	Stealing of the telephone, Buying cookies for grandma, Dinner on order,	CS1, CS2, CS4	n/a	n/a	n/a	n/a	n/a	n/a

Q7	Breaking of the loyalty card	CS6	n/a	n/a	n/a	n/a	n/a	n/a
Q8	Entry in the book of complaints and suggestions	CS3	n/a	n/a	n/a	n/a	n/a	n/a
Q9	9. The cashier served quickly and accurately calculated the money received	WO C	8.25	8	7.67	7.5	8	8
	Responsiveness Quality		7.81	7.92	1.00	4.56	8.25	7.63
Q10	10. Seller addresses the buyer first, immediately after seeing the interest in the product	POS P	7.75	8.33	1	3.75	9	7.5
Q11	11. The process of service provision is quite fast	POS P	8.25	8.33	1	6.5	8	8
Q12	12. During the service the seller is willing to provide information support	POS P	8.25	8.67	1	3.25	6	6.5
Q13	13. Seller notices and serves the buyers at the time of their appearance at the department	POS P	7	6.33	1	4.75	10	8.5
	Assurance Quality		8.50	8.88	1.27	3.88	5.81	6.91
Q14	14. Seller is credible	EMP	8.5	8.67	1	3.75	7	7
Q15	15. Product information is provided accurately and fully	LOC	8.5	9.33	1	3	5	6
Q16	16a. Seller said hello and politely offered to help	LOC	9.25	9	1	5	3	8.5
	16b. At the end of the visit sellers politely give thanks and invite to come again	EMP	9	8	1	4.25	2	7.5
	16c. The cashier greeted politely	WO C	9	8.33	2.67	7.5	10	8.5
	16d. The cashier thanked for the visit	WO C	9.75	10	3.67	8.25	10	10
Q17	17. Seller is competent in matters of product origin, expiration date, analogue goods	LOC	7.75	8.67	1	2.5	5	6

	Empathy Quality		7.8	7.8	2.466	4.6	5.7	6.3
Q18	18. Access to cash desks is open, queue size does not exceed the area near the cash desk	WO C	7	5.67	5.33	5.5	7	5
Q19	19. Seller showed interest and understanding of my personal needs	EMP	8.25	9.33	1	2	5	4.5
Q20	20. Sellers sincerely try to find best solutions for buyers' problems	EMP	7.5	8	1	2.75	6	6
Q21	21. The cashier asked about loyalty card and the need in a bag	WO C	9.75	9.33	1	7.5	0.5	9.5
Q22	22. Sufficient number of working cash desks for service provision	WO C	6.5	6.67	4	5.25	10	6.5

ME – Material Elements, LOC – Level of Competence, POSP – Process of Service Provision, EMP – Empathy, WOC – Work of Cashiers, CS1 – CS6 – Critical Scenario from 1 to 6

Table 3. Summary results of audit based on the questionnaire “Assessment of the quality of service”

The indicators for all blocks of surveillance were summarized and analyzed; the results are presented in Table 4.

Objects Parameters	Velyka Kyshenya	Silpo	ATB	Eco- market	Auschan	Furshet	Average value
Tangibles Quality	8.46	8.64	5.72	7.39	8.15	7.50	7.64
Reliability Quality	8.25	8.00	7.67	7.50	8.00	8.00	7.90
Responsiveness Quality	7.81	7.92	1.00	4.56	8.25	7.63	6.19
Assurance Quality	8.50	8.88	1.27	3.88	5.81	6.91	5.87
Empathy Quality	7.80	7.80	2.47	4.60	5.70	6.30	5.78
Average value	8.16	8.25	3.63	5.58	7.18	7.27	

Table 4. Matrix “quality parameters/research objects”

Amid the apparent imperfection of the marketing mix of Ukrainian trade intermediary companies, based on the results of the audit some conclusions were made. Firstly, a rough overview of the situation highlights the visible connection of trade service of trade intermediary companies with the level of price quotation in the stores and/or store format. By way of example, the networks of ATB discounters and

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economical supermarkets Eco-market, in the context of this study, have the worst quality of service (cumulative index 3.63 and 5.58, respectively). This statement arises from recent management trends in Ukraine to simplify the dependence on human factor and technological standardization of trade. Unfortunately, this hypothesis as a conclusion does not explain a high level of self-service processes in the AUCHAN and Furshet networks opposed to evaluation of their services at the average level.

Secondly, a detailed assessment of each of the 26 investigated parameters as factors influencing the total evaluation of the quality of service of trade intermediary companies in Ukraine is carried out using the Pearson correlation coefficient and highlights the 5 most significant ($r \geq 0,9$) for consumer perception service indicators. These indicators belong both to the process of service (which emphasizes the validity of the first statement) and to the level of competence and empathy. In the order of importance these indicators include *credibility of the seller* (0.969), *an initiative of information support by the seller in the process of service provision* (0.964), *provision of accurate and complete information* (0.957), *competence of the seller* (0.935) and *sincerity in solving the problem* (0.934). The identified indicators directly depend on the behavior of staff at the time of direct communication with the buyer. They are difficult to manage and are not controlled by classic marketing tools.

	Critical scenario 1	Critical scenario 2	Critical scenario 3
Title	Stealing of the telephone	Buying cookies for grandma	Entry in the book of complaints and suggestions
Scenario of the situation	The buyer did the shopping and left the store, but could not find the telephone. Maybe he left it at home when leaving, but he is not sure. Maybe he left it in the trade area when buying fruit and/or bread. He is asking for the administrator.	The buyer wants to please his grandmother and looks for something sweet, which is most suitable for her. He is a rare visitor - lives in another city, but would like to find something special - for tonight, and for the whole week. Grandmother is over 60, she can not fall asleep after eating something very sweet and wants something softer and with long shelf life.	The buyer wants to record his wishing a good day at the supermarket. To thank for good service, but does not say what exactly he wants to write. Maybe write a wish on behalf of his mother/father who visited the store a couple of days ago. He is wondering where he can find the book, and who is responsible for it.

Possible solution		The administrator dials buyer's number on his personal mobile phone and clarifies that there is a signal - probably he left the telephone at home.	The seller should advise something for today from store's own production, and mention the cookies in the department and diabetes products. He should ask about the health of grandmother and the contraindications.	The book of complaints and suggestions should be provided on demand of the client, so it can be provided by the administrator without perturbations about the matter.
Marketing substantiation		The situation is focused on detecting the sincerity of administrator in the process of working with the client.	The situation allows to determine the accuracy of provision of information by the personnel given the circumstances of the buyer.	The situation allows to show how the seller supports the level of trust established between him and the buyer.
Key points of the audit	Point 1	Greeting, introduction, confidence in the conversation, pleasant interaction, end of conversation	Greeting, introduction, confidence in the conversation, pleasant interaction, end of conversation	The possibility to address any employee
	Point 2	Clarifying what happened	Clarifying the need for help, interest in health and circumstances of the grandmother	Free call of the administrator - waiting time, the tone at greeting
	Point 3	Initiative on solving the situation - to make a call from personal mobile phone	Initiative on solving the situation - to offer the goods in the department	Clarifying the need in the book of complaints - response to the information about the visit to the store a couple of days ago
	Point 4	The willingness to ease buyer's anxiety - suggestion not to worry, positive ideas on possible location of the phone	The willingness to resolve the situation at best - offering several options of goods in this and other departments	Provision of the book of complaints without any perturbations, the speed of provision, the organization of conditions for making an entry
	Point 5	Wishing to be attentive next time	Reminder of own production (if not, it is necessary to ask whether they can offer anything of own production)	Thanking for visiting the store and pleasant conversation when parting
	Point 6	Maybe, but not necessarily - asking to inform and or call when the phone is found - individual concern	Reminder of products for the elderly/diabetic and possibly some special offers for the elderly	

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		Critical scenario 4	Critical scenario 5	Critical scenario 6
Title		Dinner on order	Exchange of goods	Breaking of the loyalty card
Scenario of the situation		The buyer wants to order a cake or a loaf in a supermarket - whether it is possible to order a wedding loaf. Can the supermarket cook dinner at the request of the buyer, and if not - if there is information where to address.	The buyer bought the product 2 days ago and now wants to exchange it. The reason for the return: didn't fit the individual characteristics. He calls to learn how to do it: 1) who can he talk to about this, 2) is it possible at all, and 3) what is needed – an application, examination (at whose expense).	The buyer used the loyalty card for a long time and now it is broken - plastic crumbled, what is to do now.
Possible solution		If possible, the buyer should be referred to the administrator, who should examine the request and offer the services of supermarket's kitchen. If not - the buyer should be refused most politely and told where to apply.	The examination is initiated by the seller (manufacturer) at the own expense with the prior written permission of the buyer (par.2 of Article 17 of the Law of Ukraine On Consumer Rights Protection). How correctly the notion “examination” is communicated to the buyer, as an expert opinion may be obtained from entities that have special authority for it.	The administrator has to offer to exchange an old loyalty card for the new one without any additional purchases.
Marketing substantiation		The situation allows to determine the level of available information support.	The situation allows to determine the competence and knowledge of staff about solving unusual situations.	The situation allows to determine the level of information support in the programs of partnership marketing.
Key points of the audit	Point 1	The possibility to address any employee	Greeting, introduction, confidence in the conversation, pleasant interaction, end of conversation	Greeting, introduction, confidence in the conversation, pleasant interaction, end of conversation
	Point 2	Free call of the administrator - waiting time, the tone at greeting	Clarification of the point of contact for talking about the exchange of goods – is there a special responsible person	Clarification of the point of contact for talking about the loyalty card
	Point 3	Clarifying the need for help, the interest in health and cause for celebration	The interest of the expert in the product to be exchanged, study of the situation to find out the reason of return	The interest of the expert in the situation - how long has this client been a loyal customer, what are the likes and dislikes (the

				willingness to get more information)
	Point 4	Initiative on solving the situation - to offer own products	Initiative on solving the situation - support of the desire to exchange/return the goods, no restraining provisions presented	Initiative on solving the situation - a proposal to exchange the card at no additional expenses
	Point 5	Provision of all the necessary information to choose from - both on own production options and possible alternatives	When reminding of examination - the expert should either mention the need to carry it on behalf of the supermarket or confirm the acceptance of the goods without examination	Reminder about new special offers and opportunities - the willingness to entice the client, to inform him
	Point 6	Thanking for visiting the store, clarification of interest, maybe exchange of phone numbers	Clarifying when it is better to come for solving this issue	Clarifying when it is better to come for solving this issue

Table 5. Methodology of research of client orientation of consumers “Critical scenario”

Generalized conclusions after the audit of stores were drawn on each of the scenarios. These qualitative data correspond to the dimension of Reliability Quality assessment by ServQual technique, which is related to the ability to provide the promised service in a dependable and accurate manner. The examination with the help of critical behavior scenarios allows us to find the space for functioning internal marketing for client orientation, taking into account the company’s policy and its interest in long-term relationships.

Scenario	Focus on	Results and Conclusions
Stolen telephone	Free client’s access to personnel on personal issues, revealing the readiness of the staff to an unusual situation, empathy in a stress emergency situation, willingness to solve the client’s personal problems as soon as possible, initiative efforts.	Most of the contacted personnel can not resolve the situation immediately at the time of contact with the client (even after the description by the buyer of the expected action). Despite the hospitality, there is a restraint in conversation, no express of empathy and / or perceptible involvement, the limitation by the official duties is visible, which leads to increased stress of the client in emotional situations. The reluctance to leave contact information at the end of conversation for the follow-up was particularly negatively perceived by the auditors.

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Buying cookies for grandma	The convenient planning of trade area, the competence of the seller in matters related to the origin of goods, the possibility of an individual approach to the client as "cookies to try in the supermarket", polite service.	The results of the audit were ambiguous, because a number of stores are aimed at servicing and there are no consultants in individual departments. Contrary to this, other stores show a truly individual approach and a high level of customer orientation.
Entry in the book of complaints and suggestions	Time for reply "to put a book by first call", store openness to visitors, which is the first indicator of its potential to increase the number of loyal customers.	The audit, in this scenario, reveals the remains of the bureaucratic system of management in which the access to reporting is strictly regulated. Most administrators control the situation in the store and show proprietary attitude toward the trade area and the clients.
Dinner on order	Additional assessment of staff competence, individual approach and empathy. Also, this scenario highlights the wide assortment of products and knowledge of its own production, as one of the main parameters of the company's positioning on the market.	Lack of employees' initiative to take action and provide information at the time of solving the problem; the access to the contact information is restricted.
Exchange of goods	Courtesy of conversation, competence in legal matters, initiative and willingness for quick problem solving, time of exchange based on company's corporate policy.	Operators are polite in conversation, competent in legal matters, proactive and willing to solve the problems fast. This is directly related to the increase in the general standards of working with the clients of companies in the market of food and consumer goods, where, for example, today the exchange of goods is done automatically given the availability of the receipt, without additional examinations (for goods costing less than UAH 100).
Breaking of the loyalty card	The short life of plastic cards is hampering the development of loyalty programs as a key marketing tool for client orientation management, being dependable merchant for customers.	When exchanging or losing a loyalty card, in some stores bonuses can be canceled. The question raised by the participant of the loyalty program regarding the expiration of plastic cards still requires extra effort of the contact staff in providing the response.

Table 6. Summarized results of audit by each critical scenario

Thus, thirdly, the summarized conclusions of interviews describe the typical level of client orientation of trade intermediary enterprises of Ukraine, as well as future tasks for internal marketing applying, which can be characterized as follows:

- *the overall level of personal competency of the front office staff is very low;*

-
- *existence of an individual approach to the client directly depends on the format of the store* (discounter, supermarket, shop in the neighborhood);
 - *given the low level of awareness of the population of the formats of trade intermediary companies in the market, the level of provision of information support and approximate nature of the provided information characterize the company's brand, and not the client orientation of the company;*
 - *organizational management structure of most Ukrainian trade intermediary companies is oriented upwards* (on the management);
 - *call centers are an important part of the work with clients of the trade intermediary companies.* In 2008-2012 years, the trading companies in Ukraine became more prepared for a telephone contact with clients - compared to the testing of NGO "Jakist' zhittja" (Corporate site of the NGO "Jakist' zhittja", www.yakist.com);
 - *the work on client orientation is separated from the work on building long-term relationships.* Further, client orientation is completely limited by the development of marketing strategy of the specific trade intermediary company.

As a result of the study, the practical recommendations for the development of the system of internal marketing for trade intermediary companies - players of the Ukrainian market of food and consumer goods were developed. The recommendations include methodological materials devoted to the diagnostics of client orientation in the company, the algorithm of implementation of internal marketing, the matrix of the balanced system of indicators of a client-oriented company (based on indicators of internal marketing), basic suggestion of the program of internal marketing development.

Conclusions

Practical application of this model is reflected in the design and carrying out of empirical study of trade intermediary companies in Kyiv. The companies - representatives of food and consumer goods retail have been actively declaring their successful implementation of client orientation philosophy into business, both at the level of strategy and its individual elements. The visible barriers are, at first glance, the shortcomings in training of contact personnel and their mistakes in the process of service provision (low level of competence, low empathy of sellers, lack of

service information) that belong to personnel issues as part of the marketing mix. However, at a deeper level of the study the shortcomings of outdated management and difficulties with delegation of strategy aimed at forming a loyal audience of clients to a tactical level are revealed. The author's methodology of two-stage audit of client orientation highlighted these problems as a result of audit of a service process as a context of internal marketing, that suggests the existence of a connection of the latter with the management activity, service marketing and partnership marketing within the system of marketing of a client-oriented company.

In this article the results of scientific research of internal marketing based on the Ukrainian school of marketing are highlighted, which are backed by the research of client orientation of the Ukrainian retail business. The article presents the model, which schematically illustrates the author's vision of a client-oriented company in the market and conceptually combines the partnership marketing, service marketing and internal marketing relative to the external environment of the company. Within the presented model the focus of management attention was expanded from operational tasks of using separate 7P elements to the strategic objectives of forming stable groups of loyal customers. The place of internal marketing within this model is in the process of appropriate implementation of the marketing mix during each contact of the customer with the company, which provides for effective realization of the current management strategy and development of partnerships. The scientific novelty is the functional characteristics of internal marketing, which reveals the presence of a synergistic effect of its management, operational and informational activities, which is aimed at building a unique consumer value as part of implementation of the company's marketing strategy. Smart implementation of internal marketing is aimed at precise communication of this value to the target audience, its adapting to the immediate client wishes aiming at their fullest satisfaction and, consequently, at the identification of the future consumer needs.

Further research

We take out interview-based case studies for linking between the model, firm-level service quality and firm-level marketing management.

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