### Local government marketing model

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Local government is one of three tiers of government that operate in Australia. This research investigates how marketing can be applied to local government in a holistic manner. To achieve this goal, theory needed to be reviewed and developed with one particular outcome being a model outlining the components of the marketing environments that need understanding prior to the application of marketing practice.

Local government was selected as the context of this study as much is written about the marketing of not-for-profit, social and public sector organisations but the literature on the integration of these practices in a holistic approach for local government is very limited. Further local government has a major economic impact on the viability and longevity of many rural and semi-rural areas of Australia. Equally in the metropolitan areas, local government accounts for a considerable proportion of the employment and impact on growth and development of these regions.

Traditional marketing theory has been found wanting in the local government area, as traditional marketing practices is being applied in a piecemeal approach. This practice has caused local governments to have conflicting messages and product offerings to the community. However the review of marketing derivatives theory shows that no one derivative addressed the scope of products and activities managed by local government. Reviewing these derivatives show that marketing core concepts are relevant to local government, but the complexity lies in the application of marketing where the components of added complexity were derived from the organisational focus, structure and target market definitions.

The theoretical process to develop this understanding of local government marketing and to develop a proposed model for the application of local government marketing was derived from the literature relating to the core traditional marketing concepts and the marketing derivatives of public, not-for-profit and social marketing. This review of the literature aided in defining the complexities of local government marketing and helped found the preliminary local government marketing model.

With the use of case analysis three local government cases were explored. The first case, a metropolitan local government, used convergent interviewing to determine

the factors relevant to the development of the holistic local government marketing model. Confirmatory case analysis was used for the remaining two cases, one semi-rural and one rural, to refine the developing model.

Ultimately, the model was confirmed in principle but minor changes were required to make the model robust across the three cases. From a theoretical perspective the research identified that the marketing derivatives used in the development of the local government marketing model were relevant and further sets local government apart from but integrated with the three derivatives studied. From a practical perspective the development of the local government marketing model goes some way to developing practices that are coordinated and integrated across the local government organisation, thus providing local government with the advantages of having an integrated local government marketing approach.

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### Statement of original authorship

The work in this thesis has not been submitted for a degree or diploma at another higher education institution. To the best of my knowledge and belief, the thesis contains no material previously published or written by another person except where due reference is made.

Signed of Candidate:
Date:
ENDORSEMENT
Signed by principal supervisor:
_

# Publications produced in conjunction with this thesis

1999 Gardiner, M. and Brown, L. 'Making the twain meet: applying marketing principles to local government strategic planning', in M. Uncles, Patterson, and J. Cadeaux (eds.) Marketing in the Third Millennium, proceedings of the Australian and New Zealand Marketing Academy Conference, university of New South Wales, Sydney 28th November – 1st December (proceeding on CD ROM).

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### Chapter 1 - Introduction

#### 1.1 Background

Marketing by local government in Queensland is the focus of this thesis, which brings together local government management, and marketing theory and practice. These two fields will be reviewed to introduce the proposed research.

Before Queensland's separation from New South Wales in 1859 voluntary local governments existed having been established by the petitioning of residents to the government (Greenwood & Laverty 1959; Queensland Government 2004). From 1859, the local government authority areas we know today replaced these voluntary governments. These local government authorities have continued to change and adapt to match the environmental forces in those communities that they serve. The council election process empowers the elected representative members and their respective boards to levy rates and charges, to fund community works, and to develop strategic goals that meet the needs of residents and visitors to their government areas (Tew 1979; Greenwood & Laverty 1959). Today, local government's mandate is to provide products decreed important either by law or by community pressure.

As local government structures and boundaries have changed and developed, so too have local government's management practices. Local government management has tended to be closed to community involvement in decision making and so, has paid little attention to the importance of satisfactory delivery of customer services (Roche 1990). But since the 1980s, communities have been placing mounting demands on local government including the need to have improved accountability, efficiency and effectiveness (Atkinson 1985). This has lead to the opening up of the decision making process, development of accountability practices, and implementation of the Independent Committee of Inquiry into Competitive Policy in Australia (Hilmer 1993).

To make the changes to this more open system easier, local governments have adopted a range of change management practices such as: management restructuring; privatisation; and financial and managerial accountability through accrual accounting, and zero based budgeting. Further, with increasing emphasis on customer service, local government management has also adopted Total Quality

Management (TQM) processes and systems and as a result, have also refocused the services provided to end users (Hilmer 1993).

Marketing practices and principles have also been adopted by local government management. Historically, some traditional private sector marketing tools and techniques have been shown to be appropriate for local government applications and these have been used to improve communication and delivery of services (Graham 1993; Latham 1991). But, when private sector practitioners have attempted to apply the traditional marketing models to all aspects of local government marketing, (Graham 1993) deficiencies and inconsistencies have arisen, particularly in relation to meeting the complex and often contradictory stakeholder demands found in local government (Marks 1994).

This has led to the application of marketing in local government achieving mixed results (Marks 1994), which have resulted at best, in haphazard and often ad hoc applications of marketing principles. This application has usually only been to those local government activities that are easily translated into marketing practice and even worse, has resulted in many local government managers believing that 'marketing' need not play a role in their operations. This approach generally, has been caused by the lack of understanding of the fundamental principles of marketing and of the possibilities of its application due to the integrated nature of the discipline. Further complicating the issue are the qualitatively different product types offered by local government compared to traditional product models and the difficulty of identifying and classifying the various customer groups served by local government (Graham 1993).

Specifically, local government is different from traditional goods or services operations in the following ways:

- local government delivers a wide range of products, which are both wanted and unwanted to its stakeholders (Elliott 1994);
- local government serves a range of customers including individuals and citizens
   [citizens are collective groups or the complete local government community
   (Elliott 1994)];
- local government management activity is dependant on a number of different decision makers who act either as: individuals: in groups; or as committees; and

 local government management deals with a wide range of diverse exchanges with its stakeholders due to the issues mentioned above.

Thus, this complexity of the activities managed by local government means that the application of traditional marketing practice does not work in all situations and that perhaps a modified approach of the traditional marketing theory and practice needs to be considered. This is based on the premise that local government accepts the advantages of adopting a marketing approach for improved business performance and customer satisfaction.

This approach does not imply that traditional sector marketing practices are not relevant to local government. Rather, it suggests that traditional marketing approaches may not be comprehensive or holistic enough to encompass the complex mix of products, players and exchanges found in local government management activities. Therefore, a new model of marketing application may be needed based on marketing principles that would meet the unique characteristics and needs of local government (Dann, Davidson & McMullan 2000).

Indeed this approach of modifying traditional marketing approaches is not unique. Others have also proposed variations on the traditional model to allow for peculiarities and to contextualise marketing practice. Examples of this approach are social marketing, not-for-profit marketing and/ public sector marketing, all of which may also inform this research and the development of a local government marketing model.

In summary, this research will contribute to identifying the marketing characteristics that can be adapted to develop a successful marketing approach for local government. It will do so by addressing the research problem and objectives presented in the following section.

#### 1.2 Research problem and propositions

The research problem addressed in this thesis is: 'How can marketing be applied to local government activities?'

In order to address this research problem the following research objectives and associated propositions have been derived and are detailed in table 1.1.

Table 1.1 - research objectives and propositions

Objectives	Propositions
RO1. to understand how local government applies marketing principles to their daily operations	RP1. senior management do not appreciate marketing's breadth and depth RP2. senior management see marketing as a less important activity compared to budgeting and strategic planning RP3. customer service is not understood in its application and impact RP4. identification of target markets is not consistent across the LGAs
RO2. to determine the differences between traditional and local government marketing practices and approaches	RP5. the role and responsibility of decision makers and organisational structure impact the application of marketing to local government concepts RP6. the type of local government activity affects the application of marketing specifically in relation to;  o community good legal obligation political whim social demand RP7. the target market will influence the marketing mix effort and the exchange features applicable for local government marketing principles RP8. the type of exchange will moderate the application of marketing concepts
<b>RO3.</b> to develop a local government marketing	
model based on the literature and tested	
through primary data collection	

Source: developed for this research

#### 1.3 Justification for this research

There are three major justifications underpinning the need to study local government marketing including gaps in the literature, the size and impact this sector has on the community, and the community and social impact of correctly implementing the marketing activity.

Gaps in the literature. A review of extant literature provided in chapter 2 shows that there is little evidence of research addressing the holistic understanding of local government marketing theory and its application in the Australian context. Given the poor record of applying marketing in local government (Graham 1994), it is surprising that there is little research into the issues of the application of marketing principles application to local government activities and even less research that considers marketing activities for local government in a holistic way.

Thus, the literature review for this research has expanded to draw from other contexts with similar characteristics to local government that have also modified

traditional marketing principles and applications to suit their peculiarities, such as social marketing, not-for-profit marketing and public sector marketing.

**Size and impact.** Local government affects the cash flow and jobs of all Queensland communities by approximately 3 billion dollars annually (ABS cat. no. 5502.3, 1995 – last published). Also, local government accounts for about two percent of total wages and salaries in these communities (ABS cat. no. 1601.3, 6201.3, 1314.3, 1999 – last all published). Finally, when this economic impact is considered with the multiplier or flow on effect that this cash injects into the community, it is clear that local government is a major contributor to the economic viability of many Australian communities.

**Social and community impact.** The need to implement and manage proper marketing strategies and activities by local government is influenced by the closeness of its citizens (persons affected by local government products) to the decision makers and the impact of those decisions. Often the first place citizens turn when unhappy with a public service is to their local government representatives (Brisbane City Council, 1989). Local government services and amenities are therefore basic to, and collectively demanded by, the local community.

Although state and federal governments also provide broadly similar services to the community as do local government, they are perceived as being different in culture and operations, and beyond the control of the community or individual. Studies into multicultural or international marketing term this difference "psychic distance" (Fletcher & Bohn 1996; Inkeles & Levinson 1969). The psychic distance between local government and its constituents is the smallest distance of the three government levels in Australia. In the local government setting citizens have greater access to the elected representative or the people employed by the local authority and therefore perceive greater control over the product delivered by local governments. So, citizens and customers of local government are more demanding and more influential in the marketing exchange than at other levels of government and indeed, in other business applications.

Given these justifications, it is proper to consider the terms that will be used in this study before considering the methodology used for this research.

#### 1.4 Nomenclature

Terms adopted by practitioners and researchers in local government marketing can vary. To avoid confusion, the key terms for parties involved with local government are discussed and then defined for use in this research. To start, three terms are explained as they form a key distinction between local government marketing applications and traditional marketing applications. These terms describe the external parties that interact with local government. Following on from this will be an explanation of how these terms fit with the type of marketing as defined by Kotler (1994) and an explanation of other terms used by Kotler in the traditional marketing model.

Customers. Customers of local government are similar to customers in the private sector. There is no readily apparent need to distinguish this marketing term from that used in traditional marketing applications. Thus, a local government customer would be an individual or organisation that requests a service to be provided at a commercial cost, for example, clearing of blocked drains or building of a footpath crossing. Many of these product offerings by local government are also offered by private organisations. Further, local governments generally charge at about the same rates as commercial providers.

Citizens. Citizens refer to the people within a government-defined area, such as a shire or electoral district that have common needs for such products as infrastructure and services. Servicing of a community good may mean not satisfying the needs of the individual. Indeed, the individual citizen does not have "opt-out options" when it comes to some local government products. For example, if a road is being built in their area the citizen could find their home resumed or that the ambiance of the property is diminished due to increased traffic. The citizen may complain, but if the road development is for the benefit of the larger community, then the individual may not achieve the outcome they were hoping for. Therefore, citizens are a group that are likely to require a marketing approach more akin to social marketing rather than traditional marketing. A further subgroup of citizens is *constituents*. These persons are Local Government Area (LGA) residents who have voting rights in regard to the appointment of the councillors. Like citizens they have group concerns that can stretch across the whole LGA or be restricted to a given local government ward or region. Accordingly the marketing effort focused on them needs to consider

additional elements that would take account of the differences between citizens and customers.

**Stakeholders.** Stakeholders are all other persons who interact with local government in a way that can ultimately influence the marketing process. These persons can include unionists working with local government, other government bodies, business organisations and business groups, communities and individual representatives.

#### 1.5 Research design

The research design for this study was considered from two perspectives. These were the theoretical underpinnings for the research question and the process adopted to collect the primary and secondary data also needed to address the research question.

The theoretical underpinning of the research design ensures confirmability, transferability, dependability and credibility. This underpinning is achieved by determining the relevant research paradigm, research methodology and research technique (see section 3.1). This study adopts the realism research paradigm (section 3.2) (Perry, Riege & Brown 1998) because the theory in the thesis is being newly developed and has no axioms or truths to be tested. Further, it was not assumed that the items to be measured are independent of the researcher's influence, which are key factors in the selection of the relevant research paradigm (Yin 1993). So, the view of reality required for this research is an imperfect and unknowing theory generation exercise, of a complex real world study, where the findings need to approximate the truth. Having identified the paradigm it follows to consider the relevant research methodology for the given research problem.

Case study methodology (see section 3.3) was adopted given: the need to ask questions such as how and why; the lack of control the interviewer had over the interviewee; and the focus on the contemporary event of this research. Thus the proper methodology option was case studies (Yin 1989). Next, it was necessary to select a research technique (see section 3.4). Selecting a multi-case design embedded approach realised the goals of pattern matching and also facilitated the analysis of the whole phenomena under study.

Having discussed the theoretical underpinnings of the research design the application process will now be addressed. In order to do this consideration was given to the

three data collection elements: the literature review; a pilot study; and a main study, in relation to the subsequent analysis and conclusions.

The literature review determined the theoretical framework for the development of a local government marketing model. This preliminary model was interrogated with primary data collected in stage one of the research, which included ten convergent in-depth interviews (Nair & Riege, 1995) with senior managers at a large metropolitan local government authority. This process allowed for the refinement of the model and the protocol for the main study.

Finally, the main study of the research used two confirmatory case studies consisting of five and three interviews respectively, with senior managers from semi-rural and rural local government authorities. Analysis of the data from these cases provided the necessary information to refine the local government marketing model and address the question of how marketing can be applied to local government activities. Further, the data collection process ensured confirmability, transferability, dependability and creditability in addressing the research problem and propositions.

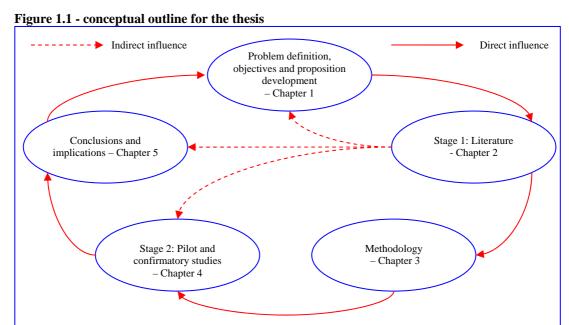
The data analysis approach adopted was - data collection, data display, data reduction and conclusion (Miles & Huberman 1994). The data reduction phase put information into different arrays, creating a matrix of categories and placing the evidence within each category, creating data displays for examination, tabulation of the frequency of results and putting the information into a temporal order (Healy 1994). The findings and conclusions are then discussed with the model and its ability to address the research problem.

The next section discusses the outline adopted for this thesis and positions the research stages in the reporting process adopted for this research.

#### 1.6 Outline of thesis

Figure 1.1 presents an outline of this thesis. Chapters one and two lay the foundation of the thesis by describing the current situation as developed from the literature review. These descriptions were focused and developed with the preliminary information developed in chapter one and couched in the bounds of the research problem and its objectives and propositions. Chapter three refines and provides the structure and protocol for the data collection for the main study thereby allowing confirmability, transferability, dependability and credibility for the primary research. Chapter four discusses the findings of the pilot study, the literature and the main

study. This is achieved by the analysis of the collected data and provides an overview of each case and across the activities of local government. Finally, chapter five takes the findings from Stages 1 and 2 and reviews them with the research problem, objectives and propositions for developing theory and practice of local government marketing.



Source: adapted for this research from Lawley and Gardiner (1996)

Having presented the methodology and structure of the research it is now relevant to outline delimitations to the research scope.

#### 1.7 Delimitations of scope

This thesis has two delimitations of scope. First, this research was confined to the southeast corner of the state of Queensland. Second, the three Local Government Authorities (LGAs) selected, represented a large metropolitan; a large urban, semi-rural; and a small rural district. This selection of councils is believed to be a fitting representation of local government in Queensland as it allows comparison across the spectrum of organisational structure, technological sophistication, and financial scope and budgetary allocations.

This research also will not investigate internal marketing, as the focus of the research is on the relationship between the organisation and the external customer and the impact this relationship has on the application of traditional marketing principles to local government activities. Thus, only interactive marketing with service delivery and external marketing with the exchange process will be investigated.

#### 1.8 Conclusion

This chapter has laid the foundations for the research and stepped through the processes adopted in the research, introducing the research problem and the research propositions. The research was justified, the methodology described and justified, definitions are presented, the scope of the research outlined, and the thesis structure presented. On this foundation, the thesis will continue with a detailed description of the research. The next chapter develops the foundation for the research based on the literature and gaps found in the application of marketing to local government.

### Chapter 2 - Literature Review

#### 2.1 Introduction

This chapter reviews the literature to address the research problem 'How can marketing be applied to local government activities?' The aim of the chapter is to develop a preliminary model of local government marketing through three phases of the literature's interrogation. Phase one will examine the foundation principles of traditional marketing and compare these to local government marketing practice to determine whether the activities and scope of local government activities and markets fit within the boundaries of traditional marketing.

Phase two considers the relevance of three other non-traditional marketing derivatives in the development of a preliminary model of local government marketing. These three non-traditional marketing derivatives are public sector marketing, not-for-profit marketing and social marketing. The three derivatives were selected as they provided insight into the environments influencing the local government decision makers. Other derivative were considered including political marketing and business decision making but given the aim of this section is to provide a focus synthesis of the most relevant theoretical frameworks it is considered that additional theoretical perspectives would unnecessarily complicate and dilute the thesis contribution.

The third phase will examine the application issues that arise from the preliminary model of local government marketing specifically in the context of strategic alignment literature. From this discussion, the preliminary model of local government marketing will be enhanced and research propositions developed to facilitate the primary data collection stage of this research. These three phases are depicted in figure 2.1.

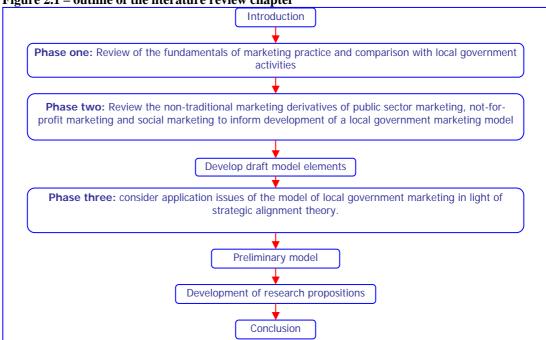


Figure 2.1 – outline of the literature review chapter

Source: Developed for this thesis

Having laid the foundations for the chapter the first phase will begin discussing the fundamental principles of marketing commencing with a discussion relating to exchange.

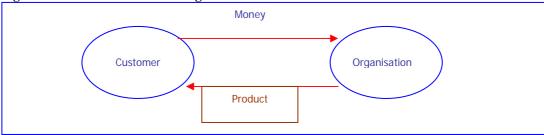
#### 2.2 Phase one: Marketing exchange and target markets

Regardless of a marketer's view, two of the fundamentals of marketing are the principles of exchange and the need to respond to the various target markets. This section explores these concepts, through the literature and will compare and contrast local government activity with each to determine the relevance and application of these fundamental principles to local government. The next two subsections will consider each of these foundation elements in turn.

#### 2.2.1 Marketing exchange

The relevance of marketing exchange to local government marketing is discussed in this section. The core of all marketing activity is implicitly based on the concept of exchange (Alderson 1957; Kotler & Levy 1969; Bagozzi 1975; Hunt 1976; Kotler 1984). Exchange at the most basic level, is where people and organisations interact in such a manner so as to maximise their rewards and to minimise their costs (Bagozzi 1974). This process is shown diagrammatically in figure 2.2.

Figure 2.2 - basic model of exchange



Source: Developed for this thesis

Whilst diagrammatically the basic principles of marketing exchange can appear quite simple, in reality it is quite a complex process in most organisations due to the number of stakeholders (not necessarily customers) involved with an organisation and the range of products provided. Adopting an exchange framework makes it possible to understand the interaction among all stakeholders in an organisation, regardless of the type of organisation. However, the exchanges that are evident such as shown in figure 2.2, in some organisations, including local government, are rarely simple dyadic ones and this increases the complexity of the possible relationship that might exist in these exchanges.

To understand the complexity of marketing exchange, we must first consider the structure and diversity of the marketing exchange model and review the components of a marketing exchange. These aspects are discussed next.

The marketing exchange paradigm. Bagozzi proposed the original marketing exchange model, as a derivative of an economic exchange model, to explain the interaction among parties in a marketing exchange (see figure 2.3 and figure 2.4). To appreciate the marketing exchange paradigm three concepts must be clear: the *meaning* of the exchange; the *medium* of the exchange; and the *validity* of the marketing exchange model. Discussion of these terms follows.

The meaning of exchange. Human behaviour is generally purposeful, intentional and motivated when it comes to marketing activity. In this behaviour, people react to stimuli, respond to the actions of others and self-generate their own actions (Bagozzi 1975). Similarly, when we consider marketing exchanges, they are also more than just the mere transfer of products and services for money (though this usually does occur as well). To understand exchanges one needs to have a clear picture of the social and physiological significance of the experiences, meanings and feelings of

the parties to the exchange. Marketing exchanges then exhibit one of three classes of meaning: utilitarian; symbolic; and mixed (Bagozzi 1975).

Utilitarian exchange refers to the exchange of the product for something of value and the drive for the exchange refers to the tangible aspects of the product. Symbolic exchange refers more to the value (physical and esoteric attributes) of the exchange and not just the physical attributes of the product (Levy 1959). Whilst the third category, mixed exchange, is a combination of utilitarian and symbolic exchange (Bagozzi 1975). This approach to understanding the meaning of exchange has allowed a picture of marketing exchange to emerge where both organisations and individuals strive for both economic (utilitarian) and symbolic rewards. Table 2.1 shows these three categories as the row elements in the two dimensional model.

In addition to these three categories, Bagozzi suggests that one also needs to consider the parties involved in the exchange process (1975). In essence, there needs to be at least two parties to an exchange, but in many situations there are often three or more parties and the more parties that exist, the more complex and difficult is the exchange process is to manage. The best way of looking at parties to the exchange is to consider the three types of possible exchange: restricted, generalised and complex (Bagozzi 1975). Table 2.1 displays these three types of exchange in the columns with their respective characteristics. It also stipulates parties to each exchange and shows a graphic representation of each exchange and its characteristics (Bagozzi 1975).

Table 2.1 - the marketing exchange paradigm as developed by Bagozzi

	Restricted	Generalised	Complex
	Maintain equality, quid pro quo objectives	Univocal, reciprocal relationships	Mutual relationships, generalised exchange
	Dyadic	At least three	At least three
Utilitarian	A	В	В
(tangible)			
Symbolic	A	В	В
(physical and esoteric)			
Mixed exchange	A	В	В
(tangible, physical and esoteric)			
	X	x z	X Y Z

Source: Adapted from Bagozzi's exchange models (1974 and 1975)

Traditional marketers tend to focus on the dyadic exchange, which is depicted with the letter 'A' in table 2.1, (Bonoma, Bagozzi & Zaltman (1978) with equality of the exchange being paramount when explaining the role of marketing (Bagozzi 1975). Yet, Bagozzi's approach suggests that there are many more possible types of marketing exchange (as depicted with the letter 'B' in table 2.1) and further, that marketing exchange need not be restricted to a dyadic transactional approach in marketing applications.

Therefore, given that we have already stated that local government activity is a complex process dealing with multiple stakeholders and offering diverse products and services, any application of the exchange paradigm would need to consider the more complex types of exchange. From this discussion, it would appear that the marketing exchange paradigm, as expressed by Bagozzi (1974; 1975) can be applicable to local government and may be able to explain and model the complex array of marketing activity conducted by local government.

With this appreciation for the scope of marketing exchange, it is right to discuss the medium of exchange.

The medium of exchange. The medium of exchange refers to the conditions or environments in which exchanges take place. These are summarised in table 2.2. Thus, for a transaction to be classified as marketing exchange most of the factors in table 2.2 need to exist.

#### Table 2.2 - factors that define an exchange

- human beings are goal seekers;
- human beings direct their behaviours toward their preferred goals;
- human beings are able to create innovative behaviours aimed toward their goals;
- an exchange takes place;
- there are at least two parties to an exchange;
- each party has something of value to exchange with the other party;
- each party is capable of communication and delivery;
- each party is free to accept or reject the offer; and
- each party believes it is right or desirable to deal with the other party.

Source: Alderson 1965; Blalock & Wilken 1979; Kotler 1984

On reviewing these factors for the marketing exchange paradigm it is important to note that the requirement for a transaction to be directly and/or mutually satisfying is not included (Bagozzi 1975). This suggests that transactions that are generally conducted in a social or not-for-profit environment (and in some cases in a local government context) can still be classified as marketing exchanges.

The only factor that may have some concern to the application of marketing to local government activities relates to the freedom to accept or reject an offer. In some cases in local government (such as the paying of rates), one is not free to accept or reject the offering of services linked to the payment of these rates in this case. However, as one agrees to live in a certain location they also agree to the community's code of behaviour and to abide by the community rules. Thus, freedom is inherent in the decision to reside in a particular community, and not always in the ability to accept or reject the services and costs associated with that decision. Although there are cases where individuals do not pay their rates and thus they are deemed to have exercised their freedom of choice, (albeit with consequences), it would seem that the exchange process in a local government context, does meet most of the factors that define an exchange as shown in table 2.2.

Validity of the marketing exchange model. Whilst it would seem from the previous discussion regarding the 'meaning' and 'medium' of exchange, that local government marketing activities can fall within the scope of marketing exchange, this particular approach is largely based on the work of Bagozzi (1974;1975). Numerous other theorists (for example Alderson 1965; Alderson & Martin 1965; Kotler 1972; Levy & Zaltman 1975; Ferrell & Zey-Ferrell 1977; Robin 1978; and Ferrell & Perrachione 1980) have also investigated the issue of the marketing exchange paradigm since it was first raised by Bagozzi in 1974. Whilst few have disputed the value of the marketing exchange model - derived from the economic exchange model, as a tool to aid in the implementation of marketing - some theorists have been critical of his paradigm.

Essentially their argument against Bagozzi's marketing exchange model is that to develop the model he has borrowed indiscriminately from economic theory and in doing so has not addressed the central elements of economic theory that have not suited his approach. This approach, it is suggested, would lead to a flawed outcome and opportunistic results. However, to make the implicit assumption that marketing exchange must abide by economic definitions; in particular, the definition of a market is neither practical nor common practice in the development of models and theories (Popper 1962).

A second position that is in contrast to Bagozzi's marketing exchange model is the theory suggesting the need to consider social and political aspects of marketing exchange in addition to the economic considerations (Polanyi 1957). The *social* element of marketing exchange is seen as the reciprocity exchange component in society and expresses the cultural aspects of society, whilst the *political* element refers to the legal aspects of society and is seen as the redistribution exchange components. Bagozzi's model embraces the *economic* element but inadequately addresses the other elements of the exchange process and their influence on the marketing process, and thus the model can be considered to be incomplete. However in local government marketing activities these issues are considered in the decision making process.

Thus it is apparent that local government marketing can and should embrace Bagozzi's marketing exchange model. By embracing this expanded understanding of the marketing exchange it models situations where public sector marketing can serve the uninterested, or even opposing the wishes of specific target markets. The implications of only considering mutually satisfying dyadic exchanges, usually supported in traditional marketing, is not enough when working in this different environment (Buurma 2001; Galston 1991). This adoption of Bagozzi's model for marketing exchange also addresses in part Buurma's (2001) call for further research. He believed that the marketing exchange concept was not coping with the diversity of the public sector market. These perspectives of marketing exchange are important when investigating local government marketing as they clearly recognise that marketing can operate in an environment more expansive than one bounded by dyadic, mutually satisfying exchanges often depicted in traditional marketing. They also recognise that marketing should view the marketing exchange process in light of the influence of social, political and economic factors. This broader view of marketing exchange also captures all non-traditional marketing activities.

Therefore, as marketing in its broadest sense is about exchange, then theoretically local government marketing activity should fit neatly within this paradigm. However, current practice shows only selected marketing theories and applications are being administered by local government (Brisbane City Council 1993). Thus one could conclude that the decisive factors tend to be based on local government's lack of understanding of marketing and the narrow perception that marketing's role is to generate sales or exchange and to develop advertising or public relations activities.

From this review of marketing exchange literature, there appears to be a gap in the literature in relation to the application of local government activities to the marketing exchange paradigm. This inturn highlights the need to clarify the target markets and types of activities in the local government marketing exchange process. Because local government activities appear to comply with the marketing exchange model constraints, the next marketing cornerstone to consider are the types of marketing response. To investigate local government marketing responses, attention is given to the target markets and the product (activity) offering. The next section addresses this topic.

#### 2.2.2 Target customers and target markets

The second foundation principle of marketing is referred to as the "marketing concept". This is defined as, "... the idea that the social and economic justification for an organisation's existence is the satisfaction of customer wants and needs while meeting organisational objectives" (Summers, Gardiner, Lamb, Hair and McDaniel 2003, p.460). Application of this concept therefore requires organisations to identify firstly who stakeholders are, how they should be prioritised and what products they require. This process of identifying and focusing on key stakeholders or customers is known as target marketing (Summers et al. 2003). Thus, adoption of the marketing concept by an organisation infers that they are focused on their stakeholder's needs and that they have a clear understanding of the contribution and relative worth to the organisation of these stakeholders. Further, this approach implies that there is likely to be a number of different and distinct target markets serviced by a specific range of products and services (which may also be distinct) within every organisation.

Therefore, the marketing concept should be able to be applied to any type of organisation, including local government organisations, because the concept in its purest form, allows for multiplicity of target markets, complexity of product and service offerings and a clear understanding of the organisational objectives and goals.

Therefore, if we were to apply this concept to local government activities we should find a range of different target markets and product offerings tailored to suit their specific needs. For example, local government marketing provides products similar to the private sector (such as repair of a blocked pipe), but their product range also addresses the social activities decreed to it by its constituents and other government levels (such as provision of roads). Thus when applying the marketing concept, consideration should be given to the variety of marketing responses needed for the many stakeholders (target markets) and the variety of marketing activities requiring management (Kotler 1994).

To investigate more closely how local government might develop a structure for the analysis and development of any given target market requires an understanding of the parties to the exchange for local government. These are: the organisation; the employees of the organisation; and the customers and stakeholders. From these three principle players, three broad organisational marketing activities are recognised: *internal marketing; interactive marketing;* and *external marketing* (Kotler 1994).

**Internal marketing** is the marketing activity that occurs between an employer and its employees and between the various sections in an organisation. Internal marketing operates solely inside the organisation and investigation into its function and effectiveness is considered in the context of the services marketing literature (Kotler et al. 1994).

Interactive marketing in contrast, deals with the interaction of individual employees with the external stakeholders to the organisation. Usually, this delivery is in the form of a dyadic exchange, but in the case of some organisations, individuals can also interact with other organisations or other channel members thus creating a more complex exchange. External marketing then, deals with the interaction between the organisation and the broader community on an organisation-to-organisation or organisation-to-community level. This activity involves the exchange of products and redistribution of community wealth. Diagrammatically figure 2.3 depicts Kotler's view of the relationship between these main parties and the marketing activities undertaken.

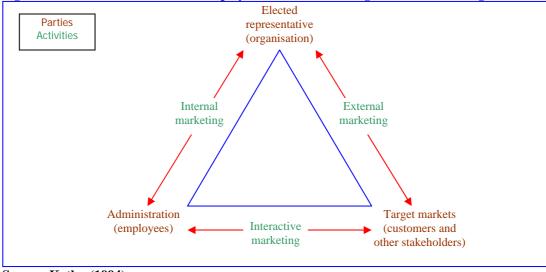


Figure 2.3 – Kotler's view of the main players and the marketing activities for an organisation

Source: Kotler (1994)

This model (figure 2.3) represents all target markets as being equal in power and influence and with all having similar values, goods and services to offer to the exchange. However, not all products delivered by organisations are the same and not all target markets receive the same priority (as already discussed in relation to the marketing concept earlier). This fact is particularly true for local government activities where the target markets are treated differently. For example local governments often make decisions that effect their service or product offering based on satisfying the larger community (Latham 1991), but these changes may also be detrimental to, or not wanted by, specific individuals.

Thus, when considered in a local government context this model needs enhancing to address differences that occur among five main target markets of local government in their relationships to the various local government activities. Namely: elected officials; administration; customers; stakeholders; and the newer citizens segment. This is shown in the local government exchange model, derived from Bagozzi's (1975) marketing exchange model, in figure 2.4. This model recognises all the links in the exchange process and identifies key participants in these exchange processes. Further, the model is directly comparable with the model proposed by Kotler (figure 2.3) where he has identified the main players and marketing activities associated with traditional marketing. This model will be discussed in detail.

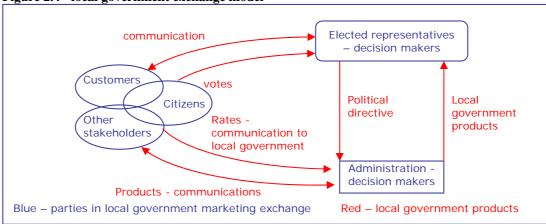


Figure 2.4 - local government exchange model

Source: Adapted from Bagozzi's social marketing model (1975) and Kotler (1994)

In this model, the decision makers are the elected representatives and the local government administrators are dependant on communication and image. These players are equivalent to the "organisation/elected representatives" and "employees/administrators" in Kotler's model (figure 2.3). **Target markets/stakeholders** in this model, are separated into three major groups: customers, citizens, and other stakeholders.

Customers of local government activities are similar to customers in the private sector and when we consider the dyadic exchange between local government and the customer there is little difference to the private exchange process. But local government often offers the same product to multiple markets with different exchange practices. Thus, this model offers the ability to identify all parties involved in the exchange process. For example, customers may buy a drain cleaning service but pay the administration for the service at a local councillor's office, where the local government employee will also take the praise or complaint for the service offered. This exchange is not a dyadic mutual exchange of values between two parties, as there is no recognition of other parties' involvement in the exchange process.

With the separation of *citizens* (or community groups) from customers an added marketing approach is offered to the administration in this exchange model. This citizen approach is consistent with Bagozzi's expanded exchange model (1975) and allows recognition of an expanded exchange offering. Here council's (elected representatives and administration) interaction with the citizen (or community groups) is recognised in the exchange paradigm. This exchange model identifies the

reality and the complexity of the exchange of value between citizens and their council. It recognises that the exchange process is beneficial to citizens and councils as it can be measured, managed and monitored, for the benefit of citizens and councils.

The "other stakeholders" are other persons who interact with local government in a way that influences the marketing process; these persons may include unionists working with local government, other government bodies, business organisations and groups, communities and representatives.

From this review of application of the marketing concept to local government, it is clear that development and application of a local government marketing model needs to include a component that addresses the complexity of the marketing exchange process as it applies to local government.

From the literature, we can define some parties to the marketing exchange as the two decision makers (the body politic and the administration) and the customers as one among customers, citizens or other stakeholders. Further, we can deduce that the local government exchange is a complex model that needs to embrace differing types of products (e.g. social product compared with individual products) that may be delivered to many markets simultaneously but for differing exchange values.

In conclusion, it would seem that the foundation principles of marketing (exchange and target markets) are relevant in relation to local government activities. So, why not simply apply traditional marketing practices to local government? The answer to this question lies primarily in the difference between the principles of a paradigm and its application. In this case, whilst the foundation principles of marketing do appear to be relevant and appropriate for local government, the adoption of marketing practice and implementation of marketing tools are where the problem lies. Further, marketing practitioners within local government often have difficulty in applying marketing principles as their understanding of those principles is generally formed from an operational level and not from a strategic or holistic level.

This problem is not unique to marketing literature; in fact, the approach often used by academics to redress this issue is to modify traditional theories and models to provide a more complete framework for their investigation. In the marketing discipline, this approach can be most clearly noted in relation to social marketing, not-for-profit marketing and public sector marketing (Lamb 1987; Capon & Cooper-Martin 1990; Kotler & Zaltman 1971). Generally the differences between traditional and these non-traditional marketing derivatives lie in the ways they define their target markets, their goals and their definitions of key decision makers within the marketing process, rather than in the fundamental marketing principles that underpin them.

Whatever the basis for segregating traditional and non-traditional marketing, it is clear that non-traditional and traditional managers do not see marketing from the same perspective (Fox & Kotler 1980). The literature fosters this approach by noting and exploring how non-traditional marketing often focuses on 'the application of marketing', but discusses only parts of the marketing mix or promotional mix strategy, rather than taking a holistic approach of marketing within an organisation, sector, or non-traditional marketing context.

In chapter 1, the difficulties that marketing practitioners have in applying marketing to all local government marketing activities, was highlighted (section 1.1). Further, it was shown that there was no direct body of literature, which discusses local government marketing in a holistic way. Therefore, as per other marketing derivatives, this study will look to traditional marketing theory in conjunction with three derivatives of traditional marketing theory to inform this research, and to specifically develop a local government marketing model. We begin this discussion with an examination of public sector marketing.

#### 2.2.3 Public sector marketing

Public sector marketing is, '...the application of marketing's theoretical frameworks to better combine marketing concepts and purpose into government agencies for public service rather than for profit' (Dann, Davidson, & McMullan 2001; <a href="https://www.geolib.org/marketngterms.pdf">www.geolib.org/marketngterms.pdf</a> access 1.10.2002). This broad definition would include local government activities in relation to some of their product offerings, for example public hall hiring, subsidised housing and public transport. However, local government activities also include exchanges that have a profit objective. Thus, public sector marketing theory, does not totally embrace the activities and management actions of local government.

Indeed, the roles and responsibilities of local governments in and of themselves are not consistent, as they can and do vary across the government levels, from state to state, and from country to country. Therefore, whilst there are certainly aspects of public sector marketing theory that can, and will, inform this study, this framework in its entirety is not applicable. The specific contribution of public sector marketing theory will be addressed in section 2.2.6.

#### 2.2.4 Not-for Profit Marketing

Not-for-profit marketing is the application of marketing by organisations such as religious groups, governments, political groups, social or cultural causes, to people, places, and causes on a not-for-profit basis (McColl-Kennedy, Kiel, Lusch & Lusch 1994). Not-for-profit marketing can apply most traditional marketing principles but faces some unique problems, which necessitate special marketing tools and procedures (Lovelock & Weinberg 1984), for example an anti-smoking campaign uses some traditional promotional activities but also needs to address the other special activities of fund raising for the organisation in addition to being an advocate and advisory body in the area of promoting an anti smoking community. These special activities present an additional complexity to the traditional marketing activities such as pricing, target marketing and strategic development activities. Local governments do conduct some activities, which are provided on a costrecovery or not-for-profit basis; however, they also have activities that have profit incentives. Further, they also provide products and services that are for the betterment of the community and have no relationship to profit or pricing objectives. Thus, some aspects of not-for-profit marketing will inform this study, but the framework in its entirety is not appropriate. The next section will give more detail.

#### 2.2.5 Social marketing

Traditional marketing, not-for-profit and public organisations can all adopt **social marketing**'s mandate (Sirgy, Morris & Samli 1985) which is, the design, implementation and control of programs seeking to raise the acceptability of social ideas, ideals and practices in identified target market groups (Kotler 1975). A defining facet of social marketing has been the informational focus of its products (Donovan & Rossiter 1997) and the fact that activities conducted within this paradigm generally seek to modify social behaviour (Chartered Institute of Marketing 2002). Thus, when local governments engage in activities such as water conservation, prevention of intravenous drug taking and other social activities they are putting into effect social marketing activities. Obviously once again these activities do not represent the totality of local government marketing exchanges and

thus only specific aspects of this framework should be considered in the development of a local government marketing model.

Having identified the areas of contribution that these three non-traditional marketing derivatives can make to our study of local government marketing, the next section provides a summary of how these aspects specifically will inform the development of a local government marketing model.

### 2.2.6 Identifying local government marketing model elements from the non-traditional marketing derivatives

A framework then is needed to explore the literature across these three non-traditional contexts to determine their individual contribution to a local government marketing model. Table 2.3 helps to provide this structure by highlighting the basis for discussion. The discussion will focus on six research themes, suggested by Lamb (2001) as being essential to the understanding of the differences between traditional and non-traditional marketing practice. The first of the research themes – application of marketing, is enhanced by reviewing authors who specifically address one of the marketing mix elements rather than the general application of marketing. Thus the table provides a structure on which to discuss the development of the local government marketing model elements from the perspective of three non traditional marketing derivatives. The authors are grouped by the nominated research themes (see table 2.3).

Table 2.3 - grouping of authors by research themes differing from traditional marketing, in

public, not-for-profit and social marketing

No.	Research theme	Author and year
1.	Application of marketing	Lamb (1987); Elliott (1994); Graham (1994); Spratlaen (1981); Butler & Colling (2003); Graham (1993); Wanna, O'Faircheallaigh & Weller (1992); La Barbera (1991); Capon & Cooper-Martin (1990); Roberto (1991); Harrison & Stamp (1991); Latham (1991); Wilson (1991); Hambleton & Hoggett (1990); Myer & de Wijnholds (1990); Atkinson (1990); Breakwell (1990); Cutts (1990); Roche (1990); Abbott (1989); Fiorentine (1989); McGuire (1989); Reid (1988); Graham & Orbach (1987); Lynch (1996); Sirgy, Morris & Samli (1985); Whyte (1985); Barach (1984); Octon (1983); Jones (1982); Bloom & Novelli (1981); Roering & Enis (1981); Enis (1981); Beltramini (1981); Spatlen (1981); Fox & Kotler (1980); Kotler (1979); Ferber & Birnbaum (1977); Luck (1974); Kotler & Zaltman (1971); Lazer (1969)
	Promotion	Donovan & Rossiter (1997); Bloom & Novelli (1981); Laczniak, Lusch & Murphy (1979); Rothschild (1979); Mendelsohn (1973) Kotler & Zaltman (1971); Weibe (1951)
	Price	Yudelson (1988); Pitt & Abratt (1987) Bloom & Novelli (1981); Kotler & Zaltman (1971)
	Placement	Bloom & Novelli (1981); Kotler & Zaltman (1971)
	Product	Donovan & Rossiter (1997); Capon & Cooper-Martin (1990); Yorke (1984); Octon (1983) Bloom & Novelli (1981); Kotler & Zaltman (1971)
2.	Activity service components (product)	Edwards & Creagh (1991); Smith (1990); O'Faircheallaigh & Graham (1991); Price (1989); Healy (1988); Beltramini (1981); Sethi (1981); Lineberry & Welch (1974);
3.	Citizenship charter	Galston (1991); Hambleton & Hoggett (1990); van der Hart (1990); Arvidsson (1987)
4.	Constituents	Capon & Cooper-Martin (1990); Gwin (1990) Scrivens (1987); Jone (1982)
5.	Differences to mainstream marketing	Lamb (1987); Gazell (2000); O'Faircheallaigh et al (1999); Graham (1995); Walsh (1994); Dwyer (1993); Marks (1994); Corbett (1992); Arvidsson (1987); Lamb (1987); Enis (1981); Riche & Sethi (1981); Bloom & Novelli (1981); Lovelock (1981); Barnhill & Shapiro (1981)
6.	Future research considerations	Phillips & Mc Donnell (1992); Loveday (1991); Kerr et al (1981); May (1981); Wilkie & Gardner (1974); Bloom & Dholakia (1973)

Source: developed for this research from the literature

The research that examined traditional and non-traditional marketing, as identified in table 2.3, has generally agreed that non-traditional marketing differs from traditional marketing in relation to the way target markets are classified, how products are defined, or through some profound or basic structural or administrative difference. Discussion of each of the highlighted research findings follow.

In relation to the **application of marketing**, authors recognised that non-traditional marketing managers do not see marketing from the same perspective as traditional marketing theorists and practitioners (Fox & Kotler 1980). These non-traditional marketers see marketing as a series of components that fit and work together to achieve specific objectives. This view is contrary to the more holistic and strategic approach to marketing that is generally adopted by traditional marketers (Octon 1983; Whyte 1985; Capon & Cooper-Martin 1990). From this perspective, early theorists then developed unique models that represented these component approaches to marketing (Flemming 1985). Many of these non-traditional marketing models

were later dismissed by purists on the basis that, if considered in a holistic fashion, the traditional marketing models could be made to account for these differences in behaviour (persuasion) (Capon & Mauser 1981) and in types of exchange and exchange outcomes (Alderson 1965; Bagozzi 1975; Blalock & Wiken 1979; Kotler 1987).

Another dimension considered in relation to differences in the *application of marketing* is the reliance on the four Ps. Much of the early discussion in non-traditional marketing theory focuses on the tactics and management processes that might be adopted by non-traditional applications like local government. However, the foundations of the strategies used to develop the marketing mix strategies and tactics have a profound effect on the marketing effort. This strategic framework therefore sets traditional and non-traditional marketing practices apart particularly when we consider the profoundly different mission, strategies and assumptions made by these organisations about themselves and their role in the broader community (Barach 1984). This approach suggests that the marketing effort should vary according to the organisational culture (Petkus & Woodruff 1992). Thus when developing a local government marketing model, the differences in organisational culture and goal setting needs to be accounted for.

Organisation culture is normally determined by the *external environment and organisational structure* of an organisation and in the case of local government; this is reflected in part, by the organisation being an arbitrator of fairness and equity. The community willingly accepts this occurrence rather than acting as a participator in the marketing activity (Walsh 1994; Enis 1981). This is shown in the policymaking and the augmented needs for visibility, transparency and accountability by the public sector toward the community (Walsh 1994; Ritchie & La Bieque 1975). These types of expectations by stakeholders place more pressures on the public sector and indeed local government, making the marketing effort more complex than its private sector counterpart (Gazell 2000). Similar aspects of accountability and transparency are also apparent for not-for-profit and social marketing organisations.

Organisational *goal setting* is also different for the marketing derivatives as they are derived from different ideological and motivational bases to traditional organisations. (Walsh 1994; Ritchie & La Breque 1981; Gazell 2000). For example, in the public sector, there are more constraints to marketing practice and these organisations are

traditionally slow to adopt changes in management (Graham 1995). The public sector also has two key decision makers, the administrators and the politicians (Sethi 1981). These two key decision maker groups can be at odds with each other because of their respective backgrounds and goals, which can affect the longevity or timeframes of their respective goals (Lynch 1996). This goes someway to addressing the call for *future research* on the expectation that political and administrative roles are at odds in delegating authority and culture within the organisation (Smith 1990, Ritchie & La Breque 1975).

Equally, the goals set in not-for-profit and social marketing organisations can also be at odds with each other where for example, goals for two target markets could be in direct conflict and yet be consistent with the organisation's overall objectives. Further, goal setting can be inconsistent and as a result the marketing response might need to change according to the organisational position on a transaction-by-transaction basis.

Thus, given these differences between traditional and non-traditional marketing derivatives, in the way that marketing principles are applied, we need to ensure that a local government marketing model allows for the following features. That is:

- it facilitates a clear understanding of the organisational mission and philosophy;
- it provides the scope to allow for more than one decision maker who may have conflicting goals; and
- that a holistic approach to the implementation of marketing principles is considered rather than a component style approach as adopted by some nontraditional marketing models.

Following on from the theoretical development of non-traditional marketing models, a more valid and robust approach has been adopted by researchers where they have taken the perspective of differences in classification of target markets and the impact of this on the application of the various marketing mix elements (Octon 1983; Kotler's 1979). Specifically, these theorists suggest that differences in the target markets influence the promotional elements, the perception of products, and the way revenue (pricing) is recognised (Luck 1974; Rothschild 1979; Octon 1983; Yorke 1984; Whyte 1985; Pitt & Abratt 1987; Yudelson 1988; Capon & Cooper-Martin 1990; Gwin 1990). Thus, in social marketing for example, when people donate

money or goods to an organisation, the traditional models of pricing and ways of classifying the target market (donors; as opposed to customers) are unique and distinct from traditional marketing approaches.

Therefore, in local government marketing, these principles would also apply as the way target markets are classified and the application of the marketing mix is unique. Local governments need to be very careful about the definitions and classifications of their target markets in that it is only through the explicit definition of these groups, and through a clear understanding of their needs, that products and services can be developed to meet those needs. Further, in local government the target markets are likely to be complex combinations of individuals, formal and informal groups and organisations that may have non-traditional roles in the exchange process. For example, these roles maybe facilitators to an exchange, or donors to an organisation, rather than the traditional buyers or sellers.

Based on this approach we look now at the specific elements of each of these marketing derivatives in relation to how the marketing mix is applied, that will inform the local government marketing model we are developing in this research commencing with pricing.

*Pricing* is one area where we can gain some insight from public sector marketing to inform local government marketing particularly in the area of discrepancies between pricing and revenue expectations. Specifically, pricing in the public sector and the general community's revenue expectations are often in conflict. The community generally has an expectation that their public service providers will provide excellent quality products at minimal (or no) cost. Nevertheless, they expect the organisation to operate at sufficient profit to be able to sustain their product delivery without the need to increase revenue-earning activity (rates for example) (Lamb 1987; Graham 1995; Self, McKinney & Ingram 1987; Walsh 1994). Further, they also expect these same bodies to provide community services (e.g. subsidised housing) with their scarce resources – also without increasing revenue earning activity.

Performance assessment in local government is based on consumers' demand for the products (whether that use is direct or esoteric). The political goals of the elected officials and the administrative management require the efficient distribution of the products demanded by society, while complying with policies and procedures

(Phillips & McDonald 1992). These goals, policies and procedures are often set by local government management. However, pricing is often pre-determined by higher levels of government, community thresholds and market forces. This results in conflict between these two marketing forces and this conflict needs to be accounted for in any local government marketing model.

From the discussion above, the link between a product's performance, and the public sector's motivational base and goals for that product, makes performance management in this environment more complex than simple pricing in the traditional marketing environment. Even assuming the public sector has the ability to measure public products and their impact (Linberry & Welch 1974), the difficulty of deciding what will be measured and how it will be measured is cause for disharmony between the administrative and political management in government agencies. A government agency's role is to be the arbiter of fairness and equity (Enis 1981). The problem for management (especially when there is disagreement within the political and administrative management) is resolving fairness and equity for all stakeholders when there are so many different target markets being serviced, and where differing components of the same product are satisfying demand in different markets.

Social marketing considers *pricing* as a management process that separates it from traditional marketing (Kotler & Zaltman 1971). In social marketing, the product is often subsidised, or the cost is not quantifiable in monetary terms. Therefore, it is difficult to apply pricing theory in only monetary terms to the social product (Bloom & Novelli 1981). Local government also offers social products to the community when it attempts to change behaviours (water usage), or in the form of community goods (parks and gardens). The way that social marketing theory deals with pricing of these types of products can inform a model of local government marketing and can be useful in decisions relating to pricing determinations.

Not-for-profit marketing focuses on revenue generation as an additional aspect of *pricing*. Theorists in this area see collecting revenue, asking for funding, petitioning for funds and seeking funds from unknown sources (Pitt & Abratt 1987; Yudelson 1988) as a component of price setting. Again, the target market is the driving influence in recognising that the revenue sources are dependant on the various identified target markets. In relation to local government marketing, many revenue streams come from direct petitioning of the local community and other government

agencies, therefore this approach also has relevance and can add to the development of a local government marketing model.

The application of *promotional* tools is another area that will be unique for non-traditional marketing approaches and can inform this study. In social marketing, promotion of products presents difficulties in that social issues are usually attached to a corresponding ethical issue for example anti-smoking (Wiebe 1951; Kotler & Zaltman 1971). Further, there is a direct link between the money available for promotion in these markets and the likely level of influence on the target markets (Laczniak, Murphy & Lusch 1979). Thus, many target markets of social marketing activity have negative perceptions of the very tools that are most likely to allow the organisation to reach them with the social message.

In addition, promotion can use many different channels of communication and many different media, and this makes it difficult to control the messenger and the message (Donovan & Rossiter 1997). Often the same product serves two or more target markets (Bloom & Novelli 1981) adding to the complexity of message delivery. Local governments are often the implementers of state and federal government decisions in relation to social products (immunisation or smoking bans) and they struggle with finding the most effective and efficient way to get these messages to their community groups. By examining some of the lessons and principles espoused by social marketing theory, local government marketers may better manage their promotional activities.

In not-for-profit organisations, *promotional* activity generally focuses on communicating about services, their rationale for existence and a call for support. This foci results in the promotional mix elements (except perhaps advertising) being used differently to how they are used in traditional marketing. The emphasis tends to be on organisational awareness rather than brand development or sales generation (Mendelsohn 1973). Once again, in local government marketing, these techniques could inform marketing practise particularly in relation to creating awareness of government services and product availability. Further, these findings confirm the call for *future research* on the need for the public sector research to help develop integrated marketing communication (McCall 2000, McAfee 2000, Levine 1999).

In relation to *distribution* decisions, generally the public sector and not-for-profit organisations have similar approaches to that practised in traditional marketing applications. However, in not-for-profit organisations the exception is where there are two markets using the same product for different purposes, for example people donating to, and others receiving from, charity. This case also occurs in social marketing and often applies to information provision, which is a core product in social marketing (Donovan & Rossiter 1997). The issue in relation to distribution for these applications lies in attempting to meet several markets needs and requirements with the same information. This results in organisations often having to manage many channels with insufficient funds. The outcome is that the information does not always reach its potential market because of the product's message not being given adequate specificity and delivery, for example anti drug campaigns that attempt to advise the general community that something is being done and equally talking to the drug addicts that may be seeking help.

For local government this problem also exists particularly in cases where the information required by multiple target markets needs multiple messages (and multiple delivery mechanisms) to be effective. For example, information relating to drug use in a community might need to provide guidance on assistance and support options for users and their families, anti-drug use messages for non-users and legal and medical information for support people. To package this into one message distributed via one channel would not make sense and would run the risk of not meeting any of these group's needs.

Finally, the *product* offering is also an area that separates non-traditional and traditional marketing practice. Traditional marketing defines products as consisting of core, actual and augmented levels (Summers et al. 2003), whilst public sector marketing suggests products are defined as having core, supporting and commercial levels. The difference in product definition between traditional marketing and public sector marketing is that traditional marketing focuses on the product's use, and the tangible and intangible dimensions of the product, while public sector marketing defines products in terms of their characteristics and relation to the different stakeholders. For local government these same processes are in play and the public sector practices for product management are relevant.

Further, in public sector marketing, core products such as water reticulation and roads meet the demands of the public and the welfare domain. Support products, are those whose provision is at a break-even or a cost neutral basis, while commercial products must compete commercially and meet a specific need of the target market, whether operating in either a monopoly or monopolistic competitive environment (Tang 1993; Self et al. 1987) for example household drainage repairs. These approaches to product classifications are also relevant for some local government products particularly in the case of those provided for community welfare and where subsidised product offerings are made, for example libraries. In a model of local government marketing, this approach would need to be acknowledged along with the commercial aspect of products offered in this context.

A more useful approach to product classification for local government can be found in the three general *product* typologies proposed in the not-for-profit marketing model. This model suggests that the perceptions of the various target markets for not-for-profit products should provide the appropriate product definition. The three typologies are: undifferentiated and differentiated; essential and non-essential; and compensatory and non-compensatory (Yorke 1984). This approach provides greater flexibility and specificity in product definition by considering dimensions of product that are not just cost or revenue based. For example, the determination of a product to be essential or not can be a purely emotional judgement by a target customer and have nothing to do with whether that same product is economically viable for the providing organisation. Similarly, compensatory products can also be determined using both emotional and rational decision criteria.

Originally, marketing of social *products* was believed to be possible using traditional marketing management tools (Kotler & Zaltman 1971). However, it soon became apparent that social products are not as simple to manage and in some cases, the product is identified as, 'what is best for the community (citizens) regardless of the wishes of the community'. For example, a target market might not want the product they are being offered, such as smokers not wanting greater restrictions on smoking areas. Therefore, in these situations, the product itself takes a less important role in the marketing activity with classifications of product also becoming less important. In these cases, the focus of marketing shifts from the product itself to promoting the product to get the appropriate message to the target market and to attempt to

legitimise the product offering (Bloom & Novelli 1981). In relation to local government marketing, this way of dealing with products from a social marketing perspective is relevant where unsought products are offered. The local government marketing model therefore also needs to allow for these practices when dealing with these types of products. This literature review goes someway to address the call for *future research* by Tang (1993) for the definition of public sector product classifications to fit the marketing framework and aid in future management activities.

Having looked at product generally, it is relevant to specifically review the service component of products and their impact on the development of a local government marketing model.

The product's service component in public sector marketing is often expressed as 'smiles and friendliness' training (Harrison & Stamp 1991) and is seen by the public as the face of public sector marketing. Therefore, the community's understanding of marketing in the public sector is meagre and often seen as manipulative, wasteful and artful (Mark 1993). A good example of this is the Australian government's antiterrorism campaign, which through the public's perception was nicknamed "the refrigerator magnet" promotion by the media and Federal opposition (Banham, Delaney & AAP, 2003).

The service component of products in the public sector was only recognised in the early seventies, and was consistent with the growing demands for service by the community (O'Faircheallaigh & Warburton 1991). In spite of this general period of enlightenment and recognition that services and goods differed and therefore required different marketing approaches, problems with the application of a services approach in public sector organisations persisted. Essentially the many researchers of this period concurred that the main problems of attempting to adopt a services approach in the public sector lay in the fact that public sector organisations were trying to apply traditional product and service marketing practices to public sector products (Healy 1988).

Specifically, some service constructs (services purpose, process, people and place) were identified as being key factors that could aid in the alignment between product demand and the management tools in public sector organisations. Of those

constructs, process and people were seen as being far more complex for public sector service delivery than in traditional marketing because of the inherent political considerations involved in the delivery of the product (Sethi 1981; O'Faircheallaigh, Wanna, & Weller 1999) and this in turn made the service delivery far more complex than in traditional marketing. Accordingly, services theory was considered as a potential saviour to dysfunctional bureaucracy (Mark 1991), but all this hope was couched in a theoretical proposition that had not been converted to application for public sector organisations.

Given these problems, the literature outlines many different approaches to applying service theory to public sector organisations. These approaches have sometimes been at odds with one another. For example one perspective suggests that customer service is about serving customers and problem solving while complying with the administrative and political constraints of policies and procedures (Phillips & McDonald 1992), whilst another author of the same period posits that public sector organisations should, '...simultaneously try to decentralise the service offerings and become 'client focused' (Edwards & Creagh 1991, p.3).

Thus, even within the same body of literature and theory there has been conflicting understanding of what customer service is and how it can and does work within the public sector. Accordingly, the move to a customer service focus from a local government product focus has also been difficult. Further, customer focus becomes even more complex when the political dimensions and their imposition on the different citizens' products (Galston 1991) and the direct and indirect influences on decision making, are included. In a model of local government marketing the service component of products needs to be established along with a clear and precise definition of what is meant by customer service and how this might be implemented.

The final approach in overcoming the service delivery problem adopted by many public sector authorities is to restructure, which allows adoption of new processes to better service the consumers needing the service provided (Price 1989). Having addressed the application of marketing and the 4Ps, the review will now focus on how target markets are characterised in non-traditional marketing models and how this discussion can inform the development of a marketing model for local government. Specifically, the unique target markets of citizens and constituents are considered.

As mentioned earlier, early models proposed for the non-traditional marketing derivatives were based on a component approach, and generally focused on the implementation of marketing practice, rather than on the application of marketing principles. A more robust approach was adopted in the late nineties when researchers began to review and differentiate marketing approaches based on classifications and the composition of their target markets. This was particularly evident in the areas of not-for-profit marketing and social marketing. Public sector marketing still lags behind these two in terms of theory development in this area.

In not-for profit marketing, this target market process focused on defining key target markets by the type of people that they were and not by the needs that they had. Key target markets were identified and named as: resource generators (for example providers of financial and human resources); service users (users of the services offered by the not-for-profit organisation); regulators (governments, board of directors, community at large); and managers and staff. The focus of each group showed the organisational purpose (Gwin 1990), and enabled the strategic application of marketing for each identified group or stakeholder (Capon & Cooper-Martin 1990). This target market perspective also married with the earlier findings about the influence the target markets have on the application of the marketing mix elements.

When we consider this approach in relation to not-for-profit marketing, specifically considering that this marketing derivative encompasses both public and voluntary industry sectors (see figure 2.5), the alignment of each target market becomes important. We see from figure 2.5 that resource generators only occur in the voluntary domain, whilst users and regulators occur in the public sector domain. Management and staff however, have elements of both with these target markets having to crossover from one domain to the other to provide products to the target markets. This model highlights the fact that different approaches would be required to meet the needs of these target groups by virtue of their position in the model. Further, this perspective also allows marketers to recognise that the same product can serve many markets simultaneously. It also suggests that the marketing mix elements should have a target market focus rather than being considered as separate tools or elements as often is the result in traditional marketing practice.

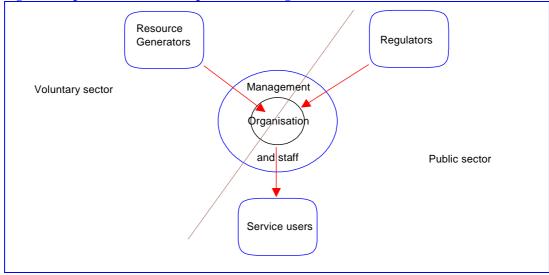


Figure 2.5 - parties to the not-for-profit marketing activities

Source: Developed for this thesis from the literature

In a local government context, we know from previous discussions that operations also occur in a number of domains. Namely, the public sector, the voluntary sector, the political sector and the commercial sector. This model of not-for-profit marketing can be applied to local government in the voluntary and public sector domains and would operate similarly as described in relation to not-for-profit organisations. The challenge for local government is that the other two domains provide a multi-dimensional aspect to the model, which further increases the complexity of this approach.

Therefore, the traditional marketing approach of simply defining target markets according to the needs and wants of the customer does not consider the types of people represented by each group, nor does it consider the impact that the sphere of operation (industry sector) might have on the behaviour and characteristics of these groups. Further, although the not-for-profit model of marketing shown in figure 2.2, does go some of the way to addressing these problems for local government marketing applications, the added complexity of local government operations and the multi-dimensional nature of its marketing activity are still not able to be addressed in the holistic approach of current marketing theory.

A further complication for adopting this target market approach in a local government context arises when we attempt to classify the members of the 'Service User' group. In local government, there is an additional and unique market in this classification known as *citizens*. Citizens are different to traditional customers in

that customers have the choice to exit the market whenever they wish, whilst citizens cannot. Therefore, the citizen concept involves:

... rights and duties to share in public decisions; and duties to collaborate in carrying public burdens. Whereas consumerism is unconcerned with other people's needs, citizenship emphasises collective concern (Hambleton & Hoggett 1990, p.16).

For example as a ratepayer one might choose not to use a refuse collection service, however, one would still have to pay for the service. Further, the only way that citizens can exercise their dissatisfaction in relation to public sector services is by complaints or by their vote at election time (Galston 1991).

Local governments are expected to simultaneously serve customers who interact with them, and at the same time be accountable to its citizens (Sethi 1981). These two groups can have opposing goals and this can cause conflict for local government management in attempting to meet their needs. In developing a model of local government marketing that addresses this dichotomy of target markets, this research would also be addressing the call for greater understanding of the diversity and scope of customer groupings in non-traditional market contexts (Galston 1991; McCain 2001).

The review of the literature to this point recognises that marketing theory can be applied to local government in a modified form incorporating findings from the non-traditional marketing research. Despite many of the difficulties identified in applying marketing practice to non-traditional contexts, the theorists mentioned so far do not suggest abandoning the application of marketing management, the marketing concept nor the marketing exchange model for non-traditional marketing applications. Essentially, they suggest that managers in these areas take a similar approach to those attempting to apply marketing in different and difficult environments.

Given the defining elements for marketing derivatives identified in this discussion, local government marketing should be recognised as another marketing derivative in its own right. Figure 2.6 attempts to represent graphically the linkages between the three non-traditional marketing derivatives discussed in this section and local government marketing.

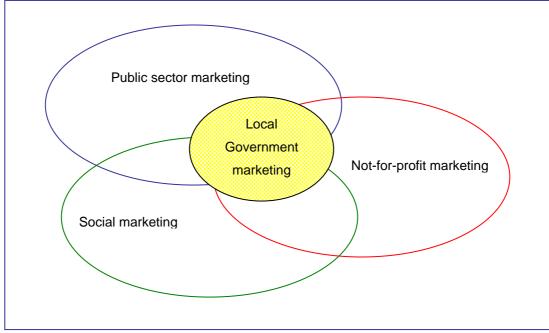


Figure 2.6 - placing local government with other marketing derivatives

Source: developed for this research

Thus the *implications for this research* to local government activities and markets does not suggest the rejection of the theory but a need to have a better understanding of local government marketing applications and their unique target markets and environments. Specifically:

- the serving of many target markets can cause difficulties in determining the organisational goals and objectives, especially when there are two decision maker groups (political and administrative);
- the enhanced understanding of the exchange process needs recognition rather than just the traditional marketing dyadic exchange approach;
- processes are needed to manage conflicting organisational goals and objectives;
- application of marketing for non-traditional organisations is about managing the organisational goals and marrying them to target markets, which can be grouped as resource generators, regulators and users in the voluntary or public sector areas;
- the need to consider grouping target markets according to their relationship with the organisation. Some products serve multiple purposes across many target market groups, and in some cases, this may include markets that do not want a particular good or service; and

of for social products the potential target markets is often not clear, thus the marketing effort is placed in a position of first having to legitimise the product and then having to satisfy the requirements of many stakeholders (Jones 1982).

It is apparent from this review so far that if these factors are taken into account in a model of local government marketing this will help the probability of success of implementing marketing in a local government organisation. In the next section, the investigation turns to the factors already identified and considers how they can be integrated to develop a local government marketing application model.

# 2.3 Key components considered for the local government marketing model

As has already been shown, local government marketing activities include aspects of public sector, not-for-profit and social marketing. Equally, local government management needs to apply different components of traditional marketing to address the needs of the different target markets along the customer - citizen continuum, especially in the areas of communication and service management. Then it is reasonable to suggest that the marketing activities of local government can incorporate dimensions of public sector, not-for-profit and social marketing. Further, it can be proposed from the literature that the marketing activity of local government can be grouped into the key marketing elements as follows:

- decision maker (A: section 2.2.2);
- the type of product (B: section 2.2.6);
- the type of the stakeholder or target markets (C: section 2.2.2);
- the local government response (D: sections 2.2.2, 2.2.3, 2.2.4, and 2.2.5); and
- the feedback loop or exchange process (E: section 2.2).

Figure 2.7 presents these marketing activities in graphical form. It shows the linkages and feedback process needed to develop a preliminary of local government marketing.

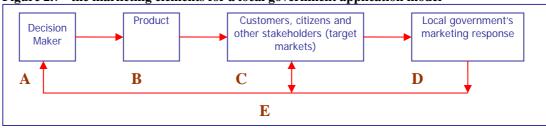


Figure 2.7 - the marketing elements for a local government application model

Source: Developed for this research

This preliminary model assumes linkages among the identified key marketing elements. However, in developing a model such as the one being proposed, it needs to be recognised that:

... most importantly, complexity, ambiguity and conflict are inherent in social systems. The challenge is neither to be stymied by such complications, nor to ignore it. Rather, [the] model must be sufficiently subtle and robust to facilitate positive action in a diverse and heterogeneous world (Mark 1991).

These linkages and expansion of the model will be discussed in the next section.

### 2.4 Explanation and expansion of the model's components

This section reviews the linkages among the marketing elements identified in the review of three non-traditional marketing derivatives, which are best explained by understanding the marketing concept and marketing exchange theory. The focus of this section is to explain and explore the scope and relationship among the elements identified in the preliminary model in shaping its application of marketing to local government. Specifically, two areas are considered - identification of the parties to the local government marketing exchange, and consideration of the impact of citizenship and its influence on the application of marketing for local government. Preliminarily these are the two key areas that set local government marketing aside from traditional marketing.

The decision maker has been identified from the public sector marketing literature as being, 'the responsible administrative officer or the relevant political representative' (Sethi 1981. p. 97). These decision makers are a major influence in public sector and local government marketing in that they make decisions based on their differing roles, environments and perspectives. This means that two decision makers may make quite different decisions given the same information. Equally, the products

offered by local governments can vary from a general public service, to a service provided to a discrete community group, to goods for the business sector. Thus, the understanding of the marketing exchange can be very complex and consideration of the local government marketing exchange model discussed earlier will help investigate the relationship between the product type and the market segment. However, this review is not sufficient for marketing management implementation and consideration of customer service (a major component of local government activity) and strategic alignment issues are presented in the next section.

# 2.5 Phase three: implementation strategy

A model developed without consideration of its application can create a sound theoretical model that cannot be implemented. The next two sections look at customer- citizen service theory and strategic marketing alignment theory and considers how these two domains can inform the successful development of a local government marketing model that is able to be applied.

# 2.5.1 Customer - citizen service theory

As local governments have become less autocratic and more accountable to residents and ratepayers who demand more and better services they have also begun to provide a version of customer service (Latham 1991). This section reviews services marketing literature and customer service literature to aid in the classification and understanding of local government marketing service delivery and thus to incorporate this into the model of local government marketing.

Table 2.5 identifies key authors in the customer service and services marketing areas and the issues they have raised for the recognition and management of customer service. In particular, the table is divided into sections A and B. Section A summarises the literature that deals with customers expectations, whilst Section B summarises the literature that deals with services marketing from an original perspective. To read the table, in section A, the first column lists the key identifiable discussion themes for customer service literature. Column two lists key topics within each theme and column three identifies the key authors. In section B, the first column lists the key themes of customer service, from an organisational focus, discussed in the literature and the second column identifies authors writing in these areas.

**Table 2.5 - customer service components** 

A. Customer Expectations			B. Organisational Focus	
Perceptions	technical - what is gained	Carlzon (1987); Gronroos (1982, 1984)	Internal marketing	George (1990); Selling services (1990)
	functional - how it is perceived	Carlzon (1987); Gronroos (1982, 1984)	Internal customers culture	Muller (1991); George (1990); Albrecht (1989, 1990); Carlzon (1987)
	corporate image - how customers perceived the firm	Carlzon (1987); Gronroos (1982, 1984)		
Expectations		Muller (1991); Oliver (1990); Lawton (1988); Cina (1989); Lewis (1989)	Relationship marketing	Selling services (1990); George (1990); Lawton (1988); Albrecht (1986)
Delivery	quality of product	Kacker (1988); Muller (1991); Lawton (1988)	Customer information systems	Hill (1991); Selling services (1990); Lawton (1988); Albrecht (1986)
	quality of contact	Kacker (1988)	Measurement	Lawton (1988)
	quality of service	Muller (1991); Kacker (1988); Carlzon (1987); Gronroos (1982, 1984)	Gap analysis	Zeithaml & Bitner (1996); Lewis & Mitchell (1990);
Communication		Selling services (1990)	Parasuraman	
Satisfaction		Muller (1991); Selling services (1990)		(1985)

Source: Developed for this research from the literature

This literature, supports the premise that the way to realise the customer service goals is to firstly consider dimensions of customer focus, secondly to develop the organisational focus, and finally to *construct and develop systems* and techniques, to meet the needs of the organisational foci. Thus it is appropriate to explore the local government marketing case from this premise.

In addition, there is a recurring theme through this literature, which suggests that to manage customer service; the organisation must recognise the technical, functional and corporate image as being the basis for customer service (Gronroos 1982; 1984). The attributes of quality as it applies to service delivery is also noted as critical in helping to maintain the consistency of product delivery (Kacker 1988).

Other authors (Carlzon 1987; Lawton 1988; Albrecht 1989; 1990; George 1990; Muller 1991) recommend that consideration be given to the functional aspects of service delivery in such areas as internal marketing and relationship marketing because this aids in ensuring internal consistency in relation to the organisation's vision and culture (Albrecht 1989). Finally, the literature suggests that organisations must go through regular reappraisal to ensure successful customer service (Parasuraman 1985; Lawton 1988; Lewis & Mitchell 1990; Zeithaml & Bitner 1996).

Customer Service in Local Government. It is easy to understand why local government units previously believed they had a monopoly on the services they delivered to residents and so paid little attention to buyer motivation or customer service (Roche 1990). However, with the recession that occurred during the late eighties, Australian ratepayers were questioning the value, they were receiving from local governments. At this time, some sections in local government (user pays) were striving to appease this community trend, while other areas (community products) continued to ignore or believe that internal management knew what was best for the community. To a major degree, this focus changed with the need to comply with the National Competition Policy<sup>1</sup>. More recently, changes such as the opening up of closed organisation and the recognition and input from the residents in the decision process are being recognised in local government organisations (James 1989).

Two models of customer service proposed in the literature as guidelines for customer service practices are Encounter Analysis (James 1989) and the second is a motivational model developed to address the organisation and the individuals in that organisation (Ollenburg & Thompson 1990). These models use processes, which are similar in concept in that they focus on the internal operations and deal with the culture of the organisation.

Given this insight, marketing skills developed in the private sector (in services theory) are able to be put into effect in the public sector (Latham 1991). Thus, it is reasonable to expect that the factors for sound customer service management used in the private sector will operate in local government for products that use a private sector profile. But, if customer service is to be successfully adopted by local government management, it also needs to clearly differentiate and manage the service delivery between the user pays private sector's customer service and community offering citizen service, as these service components, goals and objectives can be different (McGain 2001).

<sup>1</sup> The National Competition Policy was a federal government decision that all services provided by governments needed to be commercially viable. In this way if the government agencies that were not

competitive in the market place they had to improve their processes to become competitive or loose

that activity to other providers in the market place.

Citizen service in local government. Local government is mandated to provide services decreed important either by law or community pressure to its citizens. The provision of basic goods and services to communities by local government cannot be construed in the same light as the provision of products when discussing customer service (Hambleton & Hoggett 1990), as the customer service component is secondary in nature to the provision of the service to the community.

Earlier the discussion highlighted the importance of the employee and organisational culture and their impact on service delivery. Further, the importance of service theory has been discussed in relation to traditional markets and its importance to the development of a local government marketing model. However, there is very little literature on citizen service. Accordingly, in the next section, customer and citizen service is explored further as it highlights the impact different foci have on the product offer (and service). In particular, the next section looks at the application of the marketing concept using a strategic alignment process (Worthington & Di Marzio 1990).

# 2.5.2 Chorn's strategic alignment

The Market Logics model (Chorn 1991) is worthy of consideration when looking at the strategic alignment of local government activities, as it has been established that competitive situation, strategy, culture, and leadership style are key factors in optimising organisational performance. It has also been recognised that superior performance can be realised through managing the strategic alignment of these key factors (Chorn 1991; Chandler 1966; Miles & Snow 1987; Chorn 1987; Chorn, Myres & Gattorna 1990). Chorn developed a framework where each of these key factors (competitive situation, strategy, culture and leadership style) from his research, were defined as four 'logics'. These logics are based on the work of Carl Jung (personality types), Adizes (management styles) and Chorn (organisational culture).

From these four logics, the market logics model (see figure 2.10) was developed as a means of describing the outputs and their associated phenomena. One logic tends to dominate for each market, and an organisation is said to be strategically aligned when all four factors are of the same dominate logic across the organisation.

Table 2.10 - Chorn's four market logic types

Table 2.10 - Chorn's four market logic types		
INTEGRATION – Characteristics	DEVELOPMENT – Characteristics	
Integration	Early / young market	
Mature - imminent change?	No clear patterns/traditions yet to be established	
<ul> <li>Loyalty and long term relationships</li> </ul>	New products/technology	
Brand loyalty	High level R&D (e.g. CD's)	
"Joint Ventured' mentality	Supplier lead - risk	
"Quality" emphasis	Entrepreneurial	
Teamwork	Lower price sensitivity	
• Consensus		
Customer Service	Customer Service	
Empathy, Understanding, Relationship	Innovative, creative response to unique needs	
	SURPRISE (D)	
UNDERSTAND ME (I)	SURPRISE (D)	
UNDERSTAND ME (I)  ADMINISTRATION - Characteristics	SURPRISE (D)  PRODUCTION – Characteristics	
- 1	(-)	
ADMINISTRATION - Characteristics	PRODUCTION - Characteristics	
ADMINISTRATION - Characteristics • Stable market, patterns are established	PRODUCTION – Characteristics  • Patterns emerge - growth	
ADMINISTRATION - Characteristics	PRODUCTION – Characteristics  Patterns emerge - growth  Customer lead demand	
ADMINISTRATION - Characteristics	PRODUCTION – Characteristics  Patterns emerge - growth  Customer lead demand  Sales, promotion, distribution important	
ADMINISTRATION - Characteristics	PRODUCTION – Characteristics  Patterns emerge - growth  Customer lead demand  Sales, promotion, distribution important  Strong commercial attitude - anti-relationship leg. price sensitive opposite to loyalty  Hollywood syndrome - only good as last	
ADMINISTRATION - Characteristics	PRODUCTION – Characteristics  Patterns emerge - growth  Customer lead demand  Sales, promotion, distribution important  Strong commercial attitude - anti-relationship leg. price sensitive opposite to loyalty  Hollywood syndrome - only good as last performance	
ADMINISTRATION - Characteristics	PRODUCTION – Characteristics  Patterns emerge - growth  Customer lead demand  Sales, promotion, distribution important  Strong commercial attitude - anti-relationship leg. price sensitive opposite to loyalty  Hollywood syndrome - only good as last	
ADMINISTRATION - Characteristics	PRODUCTION – Characteristics  Patterns emerge - growth  Customer lead demand  Sales, promotion, distribution important  Strong commercial attitude - anti-relationship leg. price sensitive opposite to loyalty  Hollywood syndrome - only good as last performance  Product Differentiation	
ADMINISTRATION - Characteristics	PRODUCTION – Characteristics  Patterns emerge - growth  Customer lead demand  Sales, promotion, distribution important  Strong commercial attitude - anti-relationship leg. price sensitive opposite to loyalty  Hollywood syndrome - only good as last performance	
ADMINISTRATION - Characteristics	PRODUCTION – Characteristics  Patterns emerge - growth  Customer lead demand  Sales, promotion, distribution important  Strong commercial attitude - anti-relationship leg. price sensitive opposite to loyalty  Hollywood syndrome - only good as last performance  Product Differentiation	
ADMINISTRATION - Characteristics	PRODUCTION – Characteristics  Patterns emerge - growth  Customer lead demand  Sales, promotion, distribution important  Strong commercial attitude - anti-relationship leg. price sensitive opposite to loyalty  Hollywood syndrome - only good as last performance  Product Differentiation  Customer Service	

Source: adapted from Chorn (1991)

Figure 2.10 shows the four major market logics as being, *Integrated*, *Developed*, *Administration* and *Production*. The characteristics of each market are represented by the bullet points. Further information is offered by way of identifying the usual customer service response for each market logic. Finally the word that best describes the cultural and objective behaviour for an organisation operating in the four market logic are expressed as *Understand me*, *Surprise*, *Be consistent* and *Respond*.

Application of Chorn's model to local government marketing. In summary, these parts of customer-citizen service and strategic alignment are models relevant to local government marketing. Customer service cannot be considered as only being part of the product strategy, as it needs to develop as organisations strive to gain competitive advantage and their strongest tool is customer service and its many attributes.

Given the insight provided by Chorn's Market Logic model, there is a clear need to identify the dominant domain of local government marketing. But, the implications of Hambleton and Hoggett's (1990) customers and citizens concept needs consideration in that the dominant logic may need to change as the interface between local government and customer/citizen service moves along the service continuum.

Chorn's Market logics model stipulates that one logic will tend to dominate. This does not imply that the others do not operate in an organisation. Importantly Chorn's model is that the dominant logic in each key factor, (competitive situation, strategy, culture, and leadership style) be the same. If local government considers provision of the citizen services, then the market logic must be dominated by the *Administrative logic*. This provides standards, procedures, a drive for efficiencies, structures and suggests a theme of '*Be consistent*'.

Using the same argument, consideration by local government of services that are customer service oriented should have their market logic dominated by *Integration logic*. This contains loyalty and long-term relationships, quality emphasis and suggests a theme of '*Understand me*'.

So, local government has two marketing logics depending on the type of service being provided along the customer/citizen continuum. Chorn (1991) previously told of the importance of strategic alignment of these key factors. This is also supported by Powell who suggests that:

The findings of this study are tentative, but suggest - the concept of competitive advantage need not be confined to traditional economic variables, but may be extended to such non-traditional variables as organisational alignment (1992, p. 29).

**Discussion:** Thus, a problem for local government is highlighted here as there could be two marketing logics and this may make strategic alignment difficult. The resultant effect is confusion with corporate image, in that some messages sent from the organisation suggest a customer-service orientation, while others deliver a citizen-service orientation. This manifests and reinforces a confused organisational position, which leads to a decrease in performance and quality of service delivery. In the end, the service user is disillusioned and the organisation is perceived as being less efficient than other parties in the marketplace.

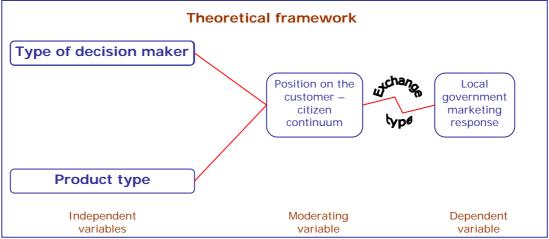
In the next section, a model of local government marketing application model is proposed as a result of this investigation of the literature.

### 2.6 The local government marketing application model

Earlier in this chapter some elements were identified as crucial for developing a local government marketing model (see figure 2.7). Further, in the review of the literature

it was identified that it was not enough to only consider current theory but it was also important to take into account the potential development and implementation of the local government marketing model. For illustration, a graphical depiction of the refined local government marketing model was developed and presented in figure 2.8.

Figure 2.8 – identified components of the local government marketing interface



Source: develop for this thesis

Underlying the local government marketing application model (see figure 2.8) is that the difference between service marketing as it applies to customers on one hand and citizens on the other, has not been addressed (Hambleton & Hoggett 1990). As shown, there are already models developed in the private sector that are relevant to local government customer service. But, the customer service elements are seen as being equally important in citizen service as in customer service. The overriding difference between citizen service and customer service (and so their models) is in the type of market in which they must operate (Hambleton & Hoggett 1990).

The impact of these differences has been clearly outlined in Chorn's (1991) model. *Customer service* operates under the integration parameters, having a different focus to that of citizen service that operates under administrative parameters. Consequently, techniques developed for the application of marketing in the private sector may be apt for customer services in local government. However, as Latham (1991 p. 22) notes:

'Just as public servants have a lot to learn about marketing, so marketers have to adapt to the public sector environment', there is a need for marketers in both the public and private sectors to recognise the special attributes of the public sector, and this in turn will ensure the development of new models to assist the public sector to provide better service to its end users'.

Citizen service describes the services local government must provide, and has been shown to be different from customer service. Chorn's Market Logic model clearly identifies that local government operates under administrative parameters. The provision of services to citizens is an essential function of local government and it is different to customer service in a private sector market. Although the dimensions of service remain the same, this focus identified by Chorn, tends to divorce customer service applications from the citizen service applications because citizen service provides for the good of the community, whereas customer service does not try to satisfy all of the market.

By acknowledging that local government has two different types of service focus, a dilemma arises; in that the local government's operating logic can never be strategically aligned. This then, suggests superior performance may never be reached through strategic alignment but, further investigation of other major companies shows that in situations such as these, the organisations develop strategic business units (SBUs) that exist under independent operational procedures.

Figure 2.8 depicts the local government marketing application model, which shows the *structure of the organisation*, representing the various types of decision makers, and *activity type*, representing the various products on offer by local government as being independent variables. The person (or groups) being approached on the service continuum is the variable that moderates the marketing approach, which is then used to understand the dynamics of the exchange dimensions and determines the service and strategic direction of the marketing task at hand. Indeed, by understanding: a) who is making the decision; b) identifying the activity; c) specifying the position on the service continuum; and d) the parties and exchange type, the local government marketing manager will be in a position to determine the appropriate marketing approach for each given situation. So, it is proposed that local government marketing is a function of the decision maker type, the activity, the position on the customer - citizen continuum, and the exchange type, which influences the service and strategic component of the activity.

So the model is robust from a theoretical perspective and now needs testing with the collection of the primary data reported in chapter 4.

The literature review identified and confirmed the constructs of the moderating variables (position on the customer - citizen continuum); to understand the feature of the marketing exchange paradigm and its impact on local government marketing; and the resulting type of responses (dependent variable) in the literature.

### 2.7 Conclusions

This chapter was to review the literature in response to the question - How can marketing be successfully applied to local government activities? To address this question three key areas were considered. The first issue reviewed the marketing concept and marketing exchange theory to confirm that local government activities do comply with the foundation components of marketing theory.

Second, the marketing derivatives of social, not-for-profit and public sector marketing were reviewed, as they are the derivatives most similar to the local government marketing activities. It was identified that the marketing concept and marketing exchange theory were equally adopted in all three derivatives. However, the literature suggested the application of marketing still needs further research and model development. The discriminating factors separating these three derivatives from traditional marketing were identified as the product characteristics and the markets these marketing derivatives serve.

Third, the literature review focused on the application of marketing for local government and looked at customer service theory and strategic marketing alignment as tools to enable managers make the application of marketing easier to their respective local government activities.

Fourth, research propositions 5 and 6 (section 2.2.6), and 7 and 8 (section 2.2.1) were further enhanced from the marketing derivative not-for-profit, social and public sector marketing literature.

Fifth, from this literature review, the researcher constructed a model for the application of marketing to local government activities. In the next chapter, the primary data gathering process will be used to confirm the applicability of the local government marketing model.

# Chapter 3 - Research Strategy

#### 3.1 **Introduction**

The literature review (chapter two) highlighted that traditional marketing concepts and principles should be applicable to local government marketing activities, despite the unique aspects and constraints of local government. Synthesis of the relevant literature developed a preliminary local government marketing model showing the proposed linkages among independent, moderating and dependent factors in the application of local government marketing activities. This chapter discusses the research strategy used to refine this model further and to assess viability for local government decision practice. The chapter has six major sections: selection and justification of the research paradigm (3.2); justification of the research methodology (3.3); determination of the research methods or techniques (3.4); data collection methods and processes (3.5); protocol and administrative controls used in the data collection (3.5.1 and 3.5.2); and identification of special conditions or treatments of the data, including ethical considerations (3.6 to 3.8).

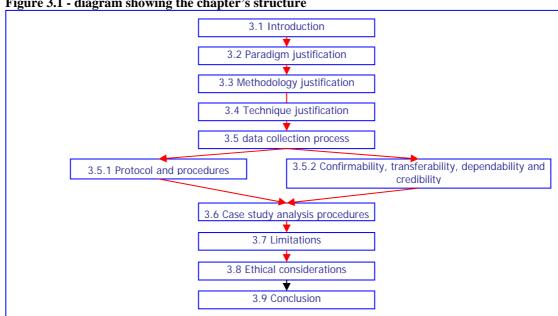


Figure 3.1 - diagram showing the chapter's structure

Source: developed for this research

### Justification for the research paradigm

Research paradigms aid the researcher in understanding phenomena, which advances assumptions about the world and provides direction for research and data collection (Higgins 2003). Several research paradigms are available to the social science researcher. As a guide to understand paradigms, Guba and Lincoln (1994) offer comments on the four paradigms of positivism, realism, critical theory and constructivism, which compete for acceptance in marketing research. To select a paradigm, notions of ontology, epistemology, and methodology need to be considered (Guba & Lincoln 1994). This research argues for adopting the realism paradigm.

Ontology deals with what exists - reality, thereby allowing the comparison of the paradigms by the way they see reality (Easterby-Smith et al. 2002). From this ontological perspective, reality ranges from reality being fact, to reality being a condition of the environment and therefore there being no truth. Following on from the discussion on ontology is the discussion of epistemology.

The second feature of a research paradigm, *epistemology* deals with how people know what they know. That is, the theory of the method, which looks at the relation between reality and the researcher (Easterby-Smith et al. 2002). So, the researcher must recognise that truth comes in many forms. Third and finally, *methodology* is the technique used by the researcher to discover reality. Methodology forces the researcher to investigate the criteria of methodological trustworthiness and construct validity (Healy & Perry 1998). Table 3.1 summaries ontology, epistemology, methodology, and the inherent beliefs, strengths and weaknesses for the four social science research paradigms.

Table 3.1 - alternative research paradigms

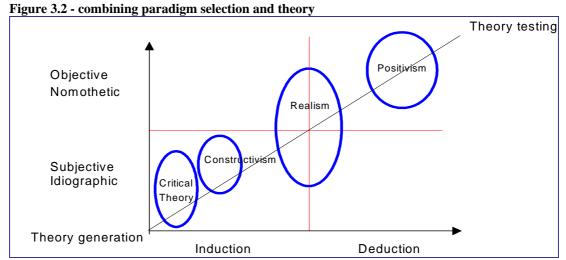
Table 3.1 - alternative research paradigms				
	Positivism	Realism	Critical theory	Constructivism
Data (linked to ontology)	An apprehensible reality exists driven by immutable natural mechanisms. The investigator and reality are independent.	Reality is imperfectly grasped, because of human mental limitations and the complexity of the world, with claims about reality subjected to others scrutiny to help triangulating reality as closely as possible.	Social and other forces reshape reality, and research should emancipate the perceptions of coresearchers and participants.	People construct reality and so there is no truth.
Nature of research (similar to epistemology)	findings are true	findings are probably true	value mediated findings	created findings
Methodology	experiments/surveys: verification of hypotheses: chiefly quantitative methods	case studies/convergent interviews: triangulation, interpretation of research issues by qualitative and quantitative methods	dialogic/ dialectical: the researcher is a transformative intellectual who changes the social world in which participants live	hermeneutical/ dialectical: the researcher is a passionate participant with the world being investigated
Basic beliefs	<ul> <li>the world is external and objective</li> <li>observer is independent</li> </ul>	<ul> <li>the world is socially constructed and subjective</li> <li>observer influences or is part of what is observed</li> <li>science is driven by human interests</li> </ul>		•
Strength of paradigm	<ul> <li>can provide wide coverage of a range of situations</li> <li>can be considered economical when aggregated on large samples</li> <li>may have considerable relevance to policy decisions</li> </ul>	contribute to deve	ple's meanings sues and ideas as the	
Weakness of paradigm	methods tend to be inflexible and artificial, not effective in understanding process or the significance that people attach to actions, not helpful in generating theory	<ul><li>analysis and interp</li><li>qualitative studies and end points</li><li>many researchers</li></ul>	n take up great deal or oretation of data may are difficult to contro and policy makers m tes based on a phenor	be difficult ol - pace, process ay give low
Researcher should:	<ul> <li>focus on facts, look         for causality and basic         laws reduce         phenomena to         simplest elements</li> <li>formulate hypotheses         and then test them</li> </ul>	<ul> <li>focus on meanings</li> <li>try to understand v</li> <li>look at the totality induction from the</li> </ul>	what is happening of each situation dev	velop ideas through

Source: adapted from Healy and Perry (1998); Brown (1997); Hastings (2000); Guba and Lincoln (1994); and Easterby-Smith (1991)

Table 3.1 summarises the four nominated paradigms used in the social sciences and depicts the differences among the four paradigms based on the characteristics of ontology, epistemology, methodology, basic beliefs, strengths and weaknesses of the

paradigms. Further, it lists the impact various paradigms have on the approach the researcher adopts for the chosen research. Specifically, rows 2 to 4 in the table show the three key characteristics of the alternative paradigms while rows 5 to 8 show the beliefs, strengths and weaknesses of the alternative paradigms and suggest a focus the researcher should adopt on the selection of a paradigm. Columns 2 to 5 in the table show the four paradigms of positivism, realism, critical theory and constructivism. As a final comment on the table, one can see that the inherent belief of positivism sets it aside from the other paradigms in that the researcher is deemed to be objectively independent from the study topic and having no influence on the research, its participants and findings.

To select a research paradigm, consideration of the three characterising features of theory development - theory generation or theory testing; use of inductive and deductive reasoning; and subjectivity or objectivity used (Parkhe 1993) is needed. These features provide research a structure, which will be based on dynamics of the problem and information available. Although these characteristics appear to be mutually exclusive, they are related (Parkhe 1993) because the selection of a position on one dimension tends to impact on the other dimensions. Figure 3.2 shows the three dimensions and their relationships to the paradigms.



Source: developed from Guba & Lincoln (1994), and Parkhe (1993).

Each of the characterising features of theory development depicted in figure 3.2 will be discussed. First, *theory generation* relates to creating theory in an unstructured environment where there is a relative void of information, while *theory testing* involves the development and testing of axioms based on literature and exploratory research findings.

Second, the choice of an inductive or deductive reasoning approach relates to interpreting the data collected and the type of framework used for analysis. A *deductive approach* involves reasoning processes, manipulation of data in agreement with given laws, practice or propositions and provides determination of the truth, and validity of those propositions (Parkhe 1993). Conversely, an *inductive approach* involves reviewing the complete data set relevant to the research proposition and with regard to the changing environment (Parkhe 1993). Such an approach can lead the research to forming emergent theory.

Third, *subjectivity* relates to the observations, discussions and analysis of an experimental phenomenon, through the eyes of a non-dispassionate, 'involved' researcher, while *objectivity* relates to a dispassionate observation and analysis by a detached observer adhering to set laws and rulings and, in so doing providing robust and calculable outcomes able to be repeated (Parkhe 1993).

Traditionally, market research has placed greater emphasis on deduction, theory testing and objective research methodology (Parkhe 1993; Bonoma 1985). More recently, studies using qualitative research approaches have gained acceptance and are seen as workable options for the social science researcher (Perry 1998). The many research paradigms available to social science research provides the researcher options in selecting the best paradigm for a given problem. For example, if the goal was to develop and test new theories through deductive reasoning made on empirical evidence, then an approach developed on laws, or an objective approach would be proper. But, a subjective (idiographic) approach would be better, if the goal was to generate underdeveloped theory based on subjective, holistic, environmental study, using an intensive study of an individual case.

In this study, the research problem and literature review have shown the theory for local government marketing applications is underdeveloped. Moreover, a holistic review of the marketing environment is called for, as there is not enough understanding of the dynamic forces involved in local government marketing. So, the research paradigm to be adopted for this research should be theory generating, subjective and more inductive than deductive (Parkhe 1983). Using these three characterising factors, the paradigm needed for this research, falls under the realism paradigm (see figure 3.2).

Having selected the realism paradigm and referring to the above discussion, the next goal for this research is to justify the relevant methodology, whilst maintaining objectivity and allowing replication so that the research findings can be appropriately scrutinised. The realism paradigm requires that data be scrutinised through the comparison of findings (pattern matching) and by looking for exception or falsification (Guba & Lincoln 1994), rather than looking to confirm fact, as would be the case in a positivist paradigm. So, to address these concerns, the next section addresses the relevant research methodology and techniques.

# 3.3 Justification for the research methodology

Given the selection of the paradigm, it is proper to focus on the research methodology, which will aid in the selection of the research techniques. To this end case study methodology selection and justification will be discussed, while the following section (3.4) will discuss the selection of specific research techniques.

Methodology selection. There are six common research methodologies available to the researcher. Identifying these methodologies and the selection process to select the most suitable methodology was developed by Yin (1989). Three conditions identified as key determinants for methodology were: the type of research question posed; the level of control an investigator has over behavioural events; and whether the focus is on contemporary or historical events. These conditions and research methodology are summarised in Table 3.2.

Table 3.2 - conditions for choice of different research methodologies

Methodology	Conditions		
	The type of research question posed	Control and investigator has over behavioural events	Focus on contemporary events as opposed to historical events
Experiment	How, why and what	Great	Contemporary
Survey	Who, what, where, how many and how much	Little	Contemporary
Archival Analysis	Who, what, where, how many and how much	Little	Contemporary and or Historical
History	How and why	Little	Historical
Case Study	How and why	Little	Contemporary
Action Research	How can work group processes be involved	Little	Contemporary

Source: Adapted from Yin (1989, p. 16 - table 3.1)

In table 3.2, rows 3 to 8 depict the alternative research methodologies while the columns 2 to 4 identify the three determinants of methodology selection. The selection of the most relevant research methodology can be found by first identifying the conditions complementary to the research problem and propositions and second

by reading from right to left on table 3.2, to select the proper methodology. The three conditions for choice of research methodology are considered. In this review, various methodologies will be excluded from relevance to this research.

Degree of focus on contemporary or historical events is the first condition in establishing research methodology (column 4 – table 3.2). This study involves the application of marketing to contemporary local government activities and so a historical research strategy is inadequate to meet the needs of the currency requirements of the research problem. This excludes selecting a historical methodology and possibly archival analysis methodology in that only current archive information is relevant.

The second condition for establishing research methodology is the *extent of control* over environmental and behavioural events exercised by the researcher (column 3 – table 3.2). Selection of the research paradigm of realism acknowledges that the researcher has little control over the behavioural events of the subjects being interviewed and thus an experimental research methodology was discarded.

Of the remaining methodologies – survey, archival analysis, case study and action research, are the most suitable methodologies proposed by the final condition for the choice of research methodology, the *type of research question* (column 2 – table 3.2). The research question asked in this research is "how and why". This determination excludes the methodologies of action research and archival analysis, as they do not address these types of research questions.

The remaining two methodologies are case study and survey. But the theory on the application of local government marketing is still underdeveloped and quantification of information would be difficult if not impossible. Also, the current literature does not adequately cover the topic area to develop an informed base on which to build a theoretical position, thereby excluding the survey research methodology.

Despite case study being the preferred methodology, research development can be difficult when using case studies, because the range or structure of the research methodology might not be adequately defined. Two major issues arise. First, research methodology has been referred to as 'a blue print or map' for the collection of the data needed to address the research propositions (McColl-Kennedy et al. 1994), which is in conflict with Yin's (1989) belief that research methodology is

more than a logistical problem and should include consideration for the logic of the problem.

Second, case study analysis is not definitive in its determination. Five key authors in this area: Yin (1993, 1994); Eisenhardt (1989); Hamel, Dufour and Forin (1993); and Stake (1995) have progressed case analysis (Easterby-Smith et al. 2002). Yet, in this development, users of case analysis methodology have split into two camps. Yin's camp is the detached social constructionists, and Stake's camp is the involved social constructionists (Easterby-Smith et al. 2002). Clearly, the issue is the researcher's involvement in developing and recording the primary data. However, earlier discussion highlighted the need for remaining detached, while recognising that the study influences the environment. So the level of involvement has identified that Yin's perspective of case study will be most appropriate according to the needs of this study.

In conclusion, the selection of the research paradigm and methodology for this research was based on the research problem and objectives (Yin 1989; Romano 1989) and the theoretical development underpinning the research problem. As a result, the selected research paradigm was realism while the research methodology was Yin's version of case study methodology. Finally, with case study analysis, consideration of the impact that this methodology has on influencing the selection of research techniques is needed, and this is addressed in the next section.

### 3.4 Justification for the research techniques

Selection of the relevant research technique is the third major component of the research strategy. As identified in the earlier section, in setting up the best research methodology it is vital to consider the logic and the logistics of the method. The case study methodology to be adopted needs to be replicable, the steps in the execution well documented, and most importantly, the selection of the type of case study to be adopted needs to be relevant for the logic of the research problem.

To select the most suitable case study type, a review of two dimensions is needed. These are: the single case or multiple case dimensions; and the holistic or embedded case dimension (table 3.3).

Table 3.3 - table of case study types

	Single case design	Multiple case design
Holistic analysis	Type 1	Type 3
Embedded analysis	Type 2	Type 4

Source Yin (1989, p. 46)

This research aimed to realise the goals of replication and pattern matching (falsification) to give the study robustness for the research propositions. To realise these goals two types of studies were conducted. First, the pilot case adopted a single case, holistic analysis approach (see table 3.3 - Type 1), here the intent was to look at the complete case through the 10 depth interviews to develop an understanding of the practitioner's appreciation for the marketing nuances adopted in their work environment and to uncover trends and acceptance of key concepts. Further, a single case design was used as there was little available data and the researcher needed to develop ideas about the study (Yin 1989; Selltiz et al. 1959).

Second, two cases were needed to test the research propositions (pattern matching) and to reach a measure of replication. So in the second stage of this research a series of nine interviews across two organisations provided the foundation for the two case studies used. These case studies called for an embedded analysis to consider individual cases across the two organisations and to interrogate the various components within each case and is depicted in table 3.3 as a multiple case design (Type 4).

Figure 3.4 illustrates the relationship among the three cases. The pilot case is shown as type 1 – table 3.3 and the replication cases are shown as type 4 – table 3.3. Further, interviews for each case are depicted by a circle. This figure also shows that in the pilot case, the understanding of local government marketing theory and practice was improved by modifying and confirming findings with the literature after each interview. This understanding was then combined with the subsequent replication cases.

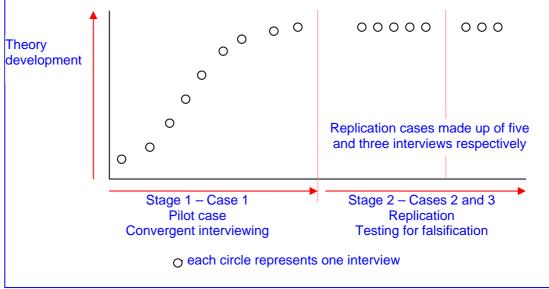


Figure 3.4 - theory development and falsification using case studies

Source: Adapted from Perry and Coote (1994, p. 4)

Depth interviewing was selected as the data collection method for the pilot case, to aid in the holistic single case findings. This technique is an interactive process for the collection, analysis and interpretation of interview data in areas lacking theory (Nair & Riege 1995) or in areas of exploratory research (Dick 1990). So the first interview in the pilot case was broad ranging. But, with each successive interview (9 in all), the theory development was improved as the interview responses converged on key issues. Findings and propositions developed from the pilot case were confirmed through the replication cases by testing for falsification using confirmatory depth interviews (figure 3.4).

In conclusion, given that the research paradigm for this research was realism and the methodology was case study, this section has identified that exploratory depth interviewing was the most suitable research technique for the pilot case and confirmatory depth interviews allowed replication (secondary) in the subsequent cases. Comparisons were made at each interview in the pilot case (Nair & Riege 1995), and then comparisons were made using case analysis among the types of local governments and among activities across each local government. So, this process is an analytical generalisation where information from the pilot case study is compared with the results of the replication cases. If two or more cases are shown to support the same theory, replication might be claimed (Yin 1989).

Having selected the research techniques, the next step was to settle on cases numbers and desired interview numbers within each case. This is discussed in the next section.

## 3.5 Data collection process

Selection of cases should be carried out with some purpose in mind. It is suggested that multiple case studies are needed to get theoretical replication (Yin 1989). So, cases should be selected to allow replication but also to allow comparison of extreme variations of the issues being investigated (Pettigrew 1988). Case study selection is normally determined by the researcher and is dependant on time, funding, convenience, access and geographic proximity to the researcher (Perry 1997). The depth interviews in case studies allow less sampling replication but more time to develop a relationship with interviewees, and to access source documentation and evidence. However, the researcher should consider the information being gathered and strive for theoretical saturation (Eisenhardt 1989) or information redundancy when setting case numbers needed for the research (Lincoln & Guba 1985).

For this research, three local government councils were selected based on their breadth of coverage of local government activities in Queensland. One was a large metropolitan council, one a large urban, semi-rural council and the third a small rural council. Selection of these three local government entities allowed comparisons among the various activities of the councils to see if there were salient commonalties and differences. Structures of the three organisations are shown in figure 3.5, where the metropolitan case was used as the pilot case and the urban, semi-rural and rural cases were used for the confirmatory cases.

**Pilot** Confirmatory cases Mayor Mayor Mayor Political CEO CEO CEO Administration Administration Administration **Finance** Administration Human resources Health & community services Health & community **Building &** services development Health & community **Activities** services Water supply, Water supply & Water supply, sewerage sewerage and works sewerage and works Works Metropolitan Urban/Semi-rural Rural

Figure 3.5 - framework for comparison and contrast of local government

Source: Developed for this research

Although the managerial structure might differ in the organisations at the administration level, the local governments' relationships with their respective political representatives, the activities of the local governments and the people they serve remain essentially the same. The case study analysis (chapter 4) will consider comparisons among the three case studies at the administration level, the body politic level, and at the activities level on their marketing activities and practises.

Interviewee selection. The contextual industries and environments being investigated often influence interviewee numbers for each case (Perry 1997). In this research, it was believed crucial to interview seventeen people across the three councils in gathering this data. The selection of interviewees was based on a 'top down' principle. First, all mayors (3) and CEOs (3) were interviewed. This represented two interviews from each local authority. Also, a comprehensive review of department managers was conducted for each case, which resulted in seven managers from the large metropolitan council being interviewed, three managers from large urban, semi-rural council being interviewed, and one manager from the small rural council being interviewed. Table 3.4 summarises the selection process for the interviewees.

Table 3.4 - table showing the selection of interviewees

Divisions	Type / size	Type / size of local government				
	Large		Medium		Small	
	Politic	Admin	Politic	Admin	Politic	Admin
Mayor	X		X		X	
CEO		X		X		X
Administration		X		X		X
Finance		X				
Human Resource		X				
Works		X		X		
Water Supply		X				
Development and building		X				
Community services and Health		X		X		
	Pilot	t case		Replicat	ion cases	

Source: Developed for this research

Selection of cases for pilot and replication studies. The large metropolitan local authority (case 1) was selected for the pilot case as it offered extensive breadth and depth of local government activities and would possibly have the richest skills and experience for a local government authority when putting marketing principles into practice. The other two cases were deemed pertinent for replication of case one's findings, to get reasonable coverage of the same activities and would expand the opportunity to confirm or disconfirm the theory development from the pilot case with the comparison of responses from persons with differing experiences because of the size of the local government authority.

#### 3.5.1 Protocol and procedures

A case study protocol comprises an overview of the research, field procedures, the questions used to prompt the response and a guide for the case analysis (Yin 1989). Essentially, the case study protocol defines the process outcomes and the techniques for the data collection and analysis (Eisenhardt 1989) thereby insuring consistency in the data collection process. This action aids the researcher in planning and documenting the procedures to be adopted during data collection, and provides direction and underpins the confirmative nature of the research findings (Perry & Coote 1994; Yin 1994). These issues will be discussed by addressing the common procedures and then by looking at variations to protocol specific to the convergent or multi case type.

**Procedures.** The researcher must be skilled in asking relevant open-ended questions, listening, being able to separate the researcher's thoughts, ideologies or preconceptions from that being provided by the interviewee, and being able to

interpret the response (Easterby-Smith et al. 2002). Because of the unstructured sequence of questions and issues being probed, the researcher should be adaptive, perceptive and flexible to take on board all new or differing opinions.

In addition, the researcher must clearly understand the issues being studied, theoretically (the theoretical underpinning from chapter 2) and practically (eight years experience in local government and consulting to local government), and present an unbiased, sensitive response to contributions by the interviewee (by adhering to the Australian Market and Social Research Society's code of conduct). These principles were followed in this research.

**Data collection principles.** Using many sources of evidence aids the researcher in developing findings or conclusions. This process is further enhanced by creating a case study database, which involves the creating and tabulating of data founded on evidence from reports, articles and books, and the write up of notes during interviews, developing a rich theoretical framework from which studied phenomena can be closely reported as fact. Printed materials (for example brochures, reports and public relations excerpts) were gathered before the interviews and the probing questions incorporated the information into the theory section of the interview script.

**Protocol.** The interview protocol contains the instructions, procedures and general rules followed. Greater reliability occurs when there is control of the four phases of the interview process (Emory & Cooper 1991; Lincoln & Guba 1985). The interview protocol used in this research is provided in Appendix 1 and the four control phases of the interview process are discussed.

**Control by interviewee selection.** Selection of the interviewee was characterised by the interviewee's role in the local authority. Using a top down approach the mayor, CEO and senior managers were targeted for interview.

Control by planning for the interview. Before starting the interviews, agreement in principle was gained from the CEO before Council granted official approval. Interview times were arranged a week in advance so that managers could allocate an hour for the interview during office hours. Interviews were conducted in the managers' offices, to ensure the interviewees were at ease in their own environment, which enhanced their willingness to discuss the issues at hand.

Control of the interview process. The researcher introduced himself and the interview topic (Emory & Cooper 1991). Interviewees were then informed of their anonymity and right to stop the interview at any time (Lincoln & Guba 1985). During the interview, unclear responses or short answers were probed for further understanding to the satisfaction of the interviewer. At the conclusion of each interview, the interviewees were asked for their observations or new information they thought relevant. During the note taking (taping during the pilot was not deemed acceptable by the client organisation because of legal and political issues), the researcher noted such things as the type and scope of marketing activities undertaken and the background of the manager being interviewed (the interviewer was able to get this information from general discussion) to complement the 'multiple sources of evidence' principle.

Control of the interview. The interviewer needed to ensure the interviewees did not feel intimidated, and questions were structured in such a way that the purpose and the agenda of the interview were clear. Second, the interviewees were encouraged to respond in their own words and use jargon familiar to them and to feel confident that answers were correct (Healy 1994). The next stage was to move the interview process from general to specific questions, highlighting information not addressed by the interview in the general discussion phase, and to conclude the process by providing the respondents the opportunity to provide their own insights, thoughts and examples. Third, the interview was concluded with the researcher documenting descriptive questions, about local government marketing activities, managed by the interviewee.

Having considered the general four phases of interview control, the discussion moved to the other efforts needed for the pilot and replication cases.

**Exploratory depth interview process - pilot case**. By looking for stability (Dick 1990; Nair & Riege 1995) with each successive interview, or *snowballing* (Patton 1990), all research issues were found to converge after finishing all senior management interviews. While the general marketing activities among the managers tended to be common the variety of product types in response to the activities under the respective interviewee's control differed. The data was later reviewed for recurring themes, chains of evidence and determination if modification to the protocol was needed for the next interview (see appendix 1).

Multi-case interview process - replication cases. The interview protocol offers the researcher assurance in meeting the needs for confirmative results while ensuring all issues were covered and that the interviewee is in a state of mind that is ready and willing to discuss the topics freely. This protocol comprises the interview procedures (see appendix 1), and the research objectives with their respective interview questions (table 3.5).

Table 3.5 - a summary of research objectives and the corresponding interview questions

Research Objective	Statement
Research objective 1	To explore how local government apply marketing to their daily operations
Interview question 1 – 5	What is the intent of marketing in your department
	Compared to budgeting and strategic planning, how do you rate marketing
	Who is responsible for marketing in local government
	What percentage of time each week would you spend on marketing issues
	When you develop budgets and the 5 year plan do you consider the marketing component
Research objective 2	• To explore local government's implementation of the marketing process by considering:
Research objective 2a	To identify organisation / decision maker characteristics in local government marketing
Interview question 6 – 9	Who is responsible for communication with local government and its many publics
	Do you agree with the premise there are two decision makers.
	Are they always in agreement
Research objective 2b	To identify the various activity type practised by local government
Interview question 10 – 13	What products are offered to the market under your control
	To whom are the products offered.
	Do you offer different prices / offerings to different groups
	Do you agree with the premise that some of the local government
	product offering are provided at a loss, breakeven or profit - probe
Research objective 2c	To confirm the position on the customer / citizen continuum and its impact on the local government marketing response
Interview question 14	Does local government offer products to the community, some for the individual, and some for specific groups of the community? Probe
Research objective 2d	To identify aspects of marketing exchange that apply in a local government environment
Interview question 15 – 18	• Discuss the exchange process and probe for the parties that influence the exchange process.
	Community consultation
	What other parties need to be in this model
	Do you consider that council offers services to the customers, citizens and internally

Source: Developed for this research

Having discussed the protocol and procedures, it is fitting to discuss the reliability and validity of the data collected.

# 3.5.2 Confirmability, transferability, dependability and credibility

Case study research calls for critical review similar to tests of reliability and validity in quantitative studies. Research design quality is enhanced through auditing the research design and data gathering processes used by the researcher. So, it is apt to review case study research procedures for credibility (construct validity), transferability (internal validity), dependability (external validity) and confirmability (reliability) (Batonda 1998; Yin 1994; Lincoln & Guba 1985).

From table 3.6 (see next page) it is clear that as in quantitative research, reliability and validity are important considerations in designing and collecting data for analysis. So, the next four topics discuss the relevance of credibility, transferability, dependability and confirmability to this research.

Credibility (construct validity) is the capability of the interview process to measure the constructs of the research accurately. To realise this, several procedures were adopted in this research. First, identifying the key issues through the literature review; second, conducting multiple interviews from one case study; third, by minimising the subjectivity of case study research by selective use of respondents, a structured interview process and a structured process for recording and analysing data (Dick 1990; Lincoln & Guba 1985); and fourth, through convergent interviewing in the pilot case study and using triangulation in the confirmatory cases multiple perceptions were clarified on meaning and theoretical differences were established (Flick 1992 as cited in Batonda 1998).

Table 3.6 - research validity and reliability

Table 3.6 - research	Table 3.6 - research validity and reliability			
Corresponding design tests recommended by Lincoln & Guba (1985); Hiischman (1986); Gaberiel (1990); Robson (1993) Miles & Huberman (1994)	Case study design recommended by Eisenhardt (1989); Parke (1993); Yin (1994)	Case study technique and advices Merriam (1988); Eisenhardt (1989); Parke (1993); Miles & Huberman (1994); Yin (1994)	Where discussed in this research	
Credibility	Construct validity	do within-case analysis, then cross-case pattern matching     do explanation building     assure internal coherence of findings and concepts are systematically related     triangulation     peer debriefing     member checks     researcher's assumptions, world view, theoretical orientation     researcher self monitoring	Chapter 4  " " protocol  AMSRS code  AMSRS code	
Transferability	Internal validity	<ul> <li>use replication logic in multiple-case studies</li> <li>define scope and boundaries of reasonable generalisation for the research</li> <li>compare evidence with extant literature</li> <li>predetermine questions</li> <li>full description (develop case study data base)</li> <li>cross-case analysis</li> <li>specific procedures for coding and analysis</li> </ul>	Chapter 4 Chapter 2 and 4 Chapter 5 Chapter 4 Chapter 3 and 4 Chapter 3	
Dependability	External validity	assure congruence between research issues and features of study design     develop and refine case study protocol     use case study protocol     develop case study database     assure parallelism of findings across data sources.     dependability audit (inspect and document the inquiry)     researcher's theoretical position and biases	Chapter 3 protocol chapter 3 chapter 3 and 4 chapter 4  chapter 1 and 4	
Confirmability - corresponding to objectivity and neutrality of positivism	Reliability	<ul> <li>Use multiple sources of evidence</li> <li>Set up chain of events</li> <li>have key informants review draft case study reports</li> <li>confirmability audit (look at the data finding, interpretations and recommendations</li> </ul>	Chapter 3 and 4 Chapter 3 and 4 Using external reports	

Source: adapted from (Riege 1996) and (Riege & Nair 1996, p.2)

**Transferability** (internal validity) in quantitative research refers to finding confirmatory links by minimising ambiguity, which enriches the strong connections

in the collected data (Batonda 1998). Tactics used to comply with transferability in this research include, within-case analysis, cross-case analysis and pattern matching.

**Dependability** (external validity) is considering if the findings are valid for the world at large. With case study research, this was reached through analytical generalisations of theories (Yin 1989). Analytical generalisation was gained for case study research through replication logic in multiple case studies and analytical generalisations of real life situations.

Confirmability (reliability) is the capability of the research to be reproduced and get similar results. Given case study research's subjective nature, this might only be a goal and not guaranteed. So, the researcher must take steps to minimise discrepancies. To this end, this research developed interview protocols to help ensure consistent data collection, sound field notes and documentation (Lincoln & Guba 1989). Case study database techniques were used to help in the analysis of the collected data.

Having identified the issues needing consideration for the reliability and validity for the gathering of the data the next section reviews the analysis procedures to be adopted in this research.

#### 3.5.3 Case study analysis procedures

Data gathered from the case study research needs to be collated and analysed (Yin 1989; Eisenhardt 1989). A four-phased approach to the analysis was adopted for this research. This included: data collection; data display; data reduction; and drawing of conclusions (Miles & Huberman 1994). These phases are not discrete activities, but form an iterative process in which findings and conclusions become clear as the analysis continued.

Data reduction refers to the pattern matching of ideas and concepts developing from the scrutiny of the data findings (Miles & Huberman 1994). To realise this goal the following steps were adopted:

- putting information in different arrays;
- developing a matrix of categories and placing the evidence within each category;
- o creating data displays for reviewing the data flow charts and other devices;
- tabulating the frequency of the events;

- looking at the complexity of such tabulations and their relationships by calculating second-order numbers such as means and variances; and
- putting information in chronological order or using some form of temporal categorisation (Healy 1994).

This process works in conjunction with case description development. The case description was developed using individual case analysis and then continued to cross-case analysis (Patton 1990). Then, the data matrix was scrutinised by linking data logically, that is pattern-matching, where several pieces of information from the same case study can be linked to some theoretical proposition.

In summary, this research took iterative steps through the data collection process, data display, data reduction and conclusion. Having addressed the topic of case study analysis, the next section looks at case study research approach limitations, as highlighted in the literature.

# 3.6 Methodology limitations

Case study research is often criticised for several weaknesses. Table 3.7 summaries these criticisms.

Table 3.7 - limitations of case study research

Criticism	Strategic response	Discussion in Research
Results in excessively complex theories	Develop preceding theories and specific research questions	Chapters 1 and 2
External validity	Aim to reach local validity only	Chapter 1
Difficult to conduct	Use case study protocol	Chapter 3
No single approach is adequate for sound theory development	Treat the primary research effort as only part of theory development	Chapter 5

Source: Adapted from Parkhe (1993)

Responses to these criticisms are summarised in table 3.7 but are addressed in more detail. Specifically, case study methodology is seen to been able to provide wide coverage of a topic under study (see table 3.1) and therefore tends to develop complex solutions. This problem was addressed in this research by refining the problem to specific research questions and by developing the theory before the collection of data. External validity is also questioned in case methodology and this issue has been addressed in an earlier section (3.5.2).

Another criticism of case study research is the belief that the research would be difficult to conduct. But by adopting suitable protocol and procedures successful data collection and sourcing is ensured (as shown in section 3.5.1).

The final weakness of this methodology raised by Parkhe (1993) is that development procedures for case methodology are not robust enough to develop and confirm theory. In response to this criticism, this research's methodology was specifically designed to develop a theoretical model and in this process, confirm or disconfirm the model. It does not imply that these cases are adequate to claim new theory development but presents the model for further quantitative testing in a sampled population.

In the next section, the ethical considerations for this research strategy are discussed.

### 3.7 Ethical considerations

All members taking part in this research were considered in terms of the ethical issues and the way that they have been addressed, with special consideration on the rights of interviewees and the impacts on the data collected (Davis & Cosenza 1993; Emory & Cooper 1995), with the aim of protecting individuals and organisations from harm.

Four procedures were used to minimise ethical breaches in this research. First, interviewee consent was gained after the interviewee was aware of the interview's purpose and aware their comments would be recorded. Second, the interviewees were assured that their rights to privacy and confidentiality would be upheld (Cooper & Emory 1995; Miles & Huberman 1994) by keeping the results anonymous. Third, the researcher was obligated to behave in a professional way, respecting the rights and code of ethics practised by the respective organisations (Malhotra 1993). Fourth, as ethics cannot be applied after the event (Cooper & Emory 1993) ethical issues were considered at all stages of this research comprising research design, data collection, data analysis and reporting.

#### 3.8 Conclusion

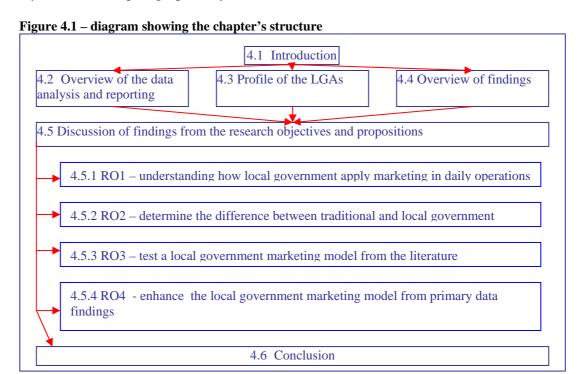
This chapter explained and justified the most relevant research paradigm, research strategy and research techniques for this research program. The rational for the selection of cases, selection of interviewees, case and interview protocol were discussed and supported through use of theory. Next, the protocol and confirmability, credibility, transferability and dependability were outlined showing the soundness of the data collection procedures. Fourth and finally, this chapter addressed case study research limitations and ethics, outlining the processes this research used to overcome and or explain these issues.

The analysis of data collected for this research will be discussed in the following chapter (chapter 4).

# Chapter 4 - Analysis of data

#### 4.1 Introduction

This chapter discusses the findings from the data collected to address the research objectives and propositions identified in chapter 1, and to confirm and modify the proposed exchange and local government marketing models. Figure 4.1 depicts the layout of the chapter graphically.



Source: developed for this research

The chapter begins with an overview of the data analysis and reporting methods used in this research (section 4.2) and moves to the profiles of the three cases (section 4.3). The next section provides an overview of the findings and introduces the matrix of data (section 4.4). Following on, section 4.5 reviews the findings from the pattern matching analysis and addresses the research objectives and propositions. These results will then be viewed in light of their impact on the models developed from the literature. Having discussed the outline of the chapter it is fitting in the next section to overview the data analysis and findings.

#### 4.2 Overview of the data analysis and reporting

Chapter 3 discussed the selection of local government authorities and interviewees to allow replication of the process and findings. To maintain the anonymity, the seventeen interviewees were coded according to their local authority membership and position (see table 4.1). Table 4.1 shows columns 2 to 4 representing the local

authorities and rows 2 to 10 representing the positions. Coding of the interviewees was established by allocating the first letter to represent the size / location of the local authority – M (metropolitan), S (semi-rural), R (rural) and the second letter represents the position or responsibilities of the person interviewed.

Next a colour code was applied to show the four key roles of local government, where white represents the CEOs and Mayors and their responsibilities, whereas the yellow represents the managers in charge of the administrative processes, green represents the managers responsible for the service roles such as health, building and development, and blue represents the managers responsible for infrastructure development and maintenance for tasks such as roads, water and sewerage management Further the degree of specialisation within each local government is represented by the graduation of the primary management responsibility colour. Generally as the specialisation increases the managers tend to become more expert in their field of specialisation. Thus as the degree of specialisation increases within a local authority there will be more cells having the same shade of colour under the three local government authorities.

Table 4.1- codes used to maintain anonymity of interviewees

	Metropolitan (Case 1)	Semi-rural (Case 2)	Rural (Case 3)
Mayor	MM	SM	RM
CEO	MCEO	SCEO	RCEO
Administration	MA	SA	RA
Finance	MF		
Human resources	MHR		
Health and community services	MH&CS	SH&CS	
Building and development	MB&D		
Works	MW	SW	
Water supply and sewerage	MW&S		

Source: Developed for this research

The data was gathered as outlined in section 3.4 where all Mayors, Chief Executive Officers (CEOs) and senior management were selected from three local government authorities.<sup>2</sup>

<sup>&</sup>lt;sup>2</sup> However, due to the convergent nature of the first case not all interviewees in case one were asked all questions from the instrument developed for this stage of the research.

Later, the data was scrutinised by pattern matching. Figure 4.2 diagrammatically represents the stages of analysis adopted for each research phase including testing of the models developed from the literature.

Figure 4.2 - stages of research analysis

		Stage One: Summary and compariso analysis	V V	<u> </u>	<b>↓</b>
			Case 1	Case 2	Case 3
			Metropolitan	Semi-rural	Rural
	$\rightarrow$	Mayor	X	X	Χ
	$\rightarrow$	CEO	X	X	Χ
Stage two: Summary and	$\rightarrow$	Administrative	X	X	Χ
comparison of	$\rightarrow$	Finance	X		
activity analysis	<b>—</b>	Human resources	X		
	<b>→</b>	Health and community services	X	X	
	$\rightarrow$	Building and development	X		
	11111111	Water supply and sewerage	Х	Х	
		Works	Х		

**Source:** Developed for this research

Reporting of the findings from the matrix was reproduced by tables to summarise the information for each of the research issues and relevant interview questions. In the table, an 'X' shows data representing the interviewees' response (See Table 4.2). From these tables the patterns in the matrix are discussed.

In the end, the data was analysed in response to each of the research objectives and subsequent research propositions, by comparisons within each local government case and then across the cases by managerial activity. Also, consideration was given to the developing local government marketing exchange and the local government marketing models derived from the literature.

The chapter continues with a discussion on the case profiles; the research objectives and propositions, other findings including the proposed models; the acceptance and identification of model refinement issues; and concludes with a summary of the chapter findings.

In the next section, a profile is presented for each of the three local government authorities, investigated in this research.

#### 4.3 Profile of cases

The three selected cases provide logical coverage of the types of local government authority activities, by addressing the dimensions of size (large, medium and small) and economic base (metropolitan, semi-rural and rural).

The *metropolitan* local government authority (LGA), manages the local infrastructure for over 1.2 million people (ABS cat. no. 3218.0) in an area of roughly 40 sq km. The resource base for this organisation is much larger than other local government organisations in Australia, and it has financial obligations the same as the state of Tasmania. But, even though it is a major city there is practically no primary industry base and the authority relies heavily on value added services, business-to-business organisations, tourism, government and financial sectors, and general commercial trade for its revenue base. To meet the requirements of the citizens and to comply with relevant state and federal statutes, this organisation employs over 1200 people leading to specialisation of duties and responsibilities of the employees. Their skills and experience provide the common services and facilities provided by an LGA, as well as other services needed by the community and to support other LGAs in the state.

The *semi-rural* LGA (population 16147, ABS cat. no. 3218.0) covers several small townships ranging in size from 40,000 to several hundred residents. Moreover, there are many rural areas included in this authority area including farming properties, and a range of other primary industries such as mining, sawmilling and cattle. Specialisation by staff is not as sophisticated as in the metropolitan local government area, nor does this LGA have the same types of funding or access to diverse specialised resources. The Mayor and councillors are not full-time, nor do they get funding to work with their constituents on a full-time basis.

The *rural* LGA (population 2488, ABS cat. no. 3218.0) has responsibility for two townships and many people in the farming community. The farming community chiefly focuses on pig, grain, and cattle production. Situated close to a large regional city this local government area suffers from a dwindling population (by about five percent each year), due in part to the urban drift and constricting government services from this regional area to the larger rural cities and larger regional towns. The major redeeming feature for this local government area is that new people are beginning to move into the district because of lifestyle desires, cheap cost of living, and because of access to some facilities such as schooling opportunities.

Having presented a profile of each case it is fitting to consider an overview of the findings and these are discussed in the next section.

#### 4.4 Overview of finding

This section summarises the key findings and sets the scene for the subsequent detailed data analysis (section 4.5).

Findings from each case, confirms their uniqueness and justifies their selection. Key differences include job specialisation, product offerings, and the approach to the marketing effort. Furthermore, respective respondents interviewed across the cases also had similar perspectives on marketing, justifying the need for both across case and within case analysis. Thus, if the local government marketing model is accepted, (or has similar needs for modification), across the three cases, then the final model will be considered robust enough as a workable local government marketing model that could be tested in subsequent quantitative studies. This proposition will be considered after this analysis and addressed in chapter 5.

To review the model it was necessary to explore the managers understanding of marketing and its role in local government. Thus the remainder of this chapter firstly provides an overview of the findings and then explores the research objectives and propositions in turn.

Focusing on more specific findings, the mayors saw their *target markets* as the ratepayers and people in the LGA. Managers as a general rule, agreed with this interpretation but specifically defined their main target markets as users of the products under their jurisdiction. The rural LGA also included those who contract work from the state and federal government agencies as other key groups in their stakeholder set.

Customer service was not well understood by all local government managers. Further, managers in different areas of responsibility had differing opinions on the relevance of customer service to their operation. Whilst all managers considered customer service to be relevant, there was little consistency in understanding what exactly customer service was and how it applied to their activities specifically or to the LGA in more general terms. The common response to questions about what was customer service was that, 'it is serving the customer'. It was only the operational managers and the MCEO who were able to clearly explain the meaning and application of customer service.

**Community consultation** was recognised as an important element for LGAs in their planning activities. All LGAs recognised several forms of community consultation

were needed including the interface between the residents and councillors and between users of services and the council officers in their day-to-day activities. However, as the size of the local government authority organisation increased so too did the use and understanding of formal community consultation. For the rural LGA, formal community consultation was an activity that was currently being explored. For the metropolitan LGA, community consultation was undertaken in the form of surveys, formal community consultation groups, community working groups, and expressions of interest; and these activities became an integral component of the planning process. From a managerial activity perspective, councillors suggested that community consultation was talking to the constituents, while the CEOs tended to refer to it as a formal process.

When asked about their understanding of marketing, most saw it as *promotion or selling* except where training had been provided to managers (as was the case with the metropolitan LGA). All mayors consistently saw marketing as a facilitation mechanism based on communication processes. Further, the mayors and the RCEO and SCEO recognised that the intent of marketing was to 'get the message to the ratepayers', while the MCEO saw marketing as, 'a management tool to ensure delivery of the right product to the right people'. The administration managers SA and RA and the metropolitan internal managers MA, MF, and MHR believed that the intent of marketing was, 'essentially about communication' whilst the internal service delivery managers, considered marketing as, 'not relevant'. The operational managers saw the intent of marketing as, 'needing to understand the needs of the customers and their product attributes and to inform the customers of the services provided for them by the LGA'.

So marketing was recognised predominately as a *communication process* that helps to keep the target markets happy. Yet, marketing was also seen to be of lesser importance in the rural and semi-rural LGAs than in the metropolitan LGA. The metropolitan LGA did consider marketing to be an integral component of the planning and budgeting process, whereas the two smaller LGAs saw marketing more as a cost item (consistent with the belief that marketing is about the promotional rudiments of advertising and selling).

Members of the rural and semi-rural LGA did not understand or clearly delineate responsibility for the *marketing effort*. All CEOs and most managers claimed

ultimate responsibility for this activity, but did not provide effort to the marketing management activities. The metropolitan LGA had clearly delineated responsibilities in relation to marketing with two areas identified; ultimate responsibility and the day-to-day activities. Further, marketing's importance was not given any consideration by the rural LGA, and little consideration by the semi-rural LGA. Finally, where marketing was given some recognition in these smaller LGAs it was couched as a 'budgetary item' in the medium term planning process. As a general trend, one could speculate that management roles became more specialised as the size of the LGA organisation grew, and the time and effort allocated to marketing effort also improved in correlation with local government authority size in terms of employee numbers. In spite of this, none of the managers indicated that they spent more than five percent of their time on the marketing effort.

Marketing was considered of lesser importance by the administrative managers, mayors, the semi-rural and rural CEOs and operational managers than *budgeting and strategic planning*. The MCEO and metropolitan operational managers saw marketing as an integral component of, and of equal importance to, budgeting and strategic planning. All considered that they should (but do not) give marketing more than ten percent of their time on the marketing effort.

The *pricing* of products was recognised as being different across the markets according to the social and moral obligations council deemed necessary. Most respondents preferred the term 'costing' rather than 'pricing'. Nevertheless, the price of the product offered depended on the reason for the product offering not the cost of the product. For example, subsidised housing offered to the semi-rural residents was priced on a cost recovery basis and not on market prices or in relation to social value/benefits.

On the issue of differing pricing for similar activities to different target markets, all respondents answered similarly<sup>3</sup>. All respondents thought there was no discrimination in pricing as all pricing was stipulated in the budgetary documents. Yet, all agreed that some form of subsidisation did occur for some product offerings.

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<sup>&</sup>lt;sup>3</sup> Due to the response to this question's wording and perhaps due to the political and legal climate at the time interview, most respondents addressed this question from an ethical and legal standpoint.

This subsidisation could include cross subsidisation of products from other government agencies funding that program. Further, where products were provided over and above the provision of the basic infrastructure requirements, it was recognised that they were provided because of some moral or social responsibility placed on the LGA and they were priced accordingly.

Most respondents recognised that there were *two types of internal marketing decision makers* (the body politic and the day-to-day implementers) who may not always be in agreement, which often lead to conflict within the organisation.

The *local government marketing exchange model* (see figure 4.3, page 102) was shown to respondents who were then asked to comment on how appropriate this model depicts the marketing exchange process within local government marketing activities. In discussion, the elected representatives suggested that greater importance needed to be given to the election component whilst the operational and service managers were more interested in the flow between stakeholders. Administrators all agreed that the stakeholder group should be expanded to include government agencies. The administrative managers from the rural and semi-rural LGA (RA and SA) concurred with their CEOs suggesting that there was too much emphasis in the proposed model on the administration and the council. Finally, the mayors also wanted to see recognition of the link between votes, performance ratings, communication and rates and charges in the model.

The respondents were also asked to comment about the *exchange process* that was engaged in by their particular LGA. It is clear that the mayoral respondents recognised that the *residents' votes were a significant key in the exchange process*. Most of the management level staff identified exchange elements as being: paying for the cost of the product; communication; delivery of the product; and interaction with council and all other government agencies in response to the provision of their products. Thus the model is robust but perceptual differences occurred with the emphasis placed on the components and relationship between the components of the model.

When shown the *local government marketing model* (see figures 4.4 and 4.5, pages 105 and 106) some criticised it for several reasons. The first from the mayors and the metropolitan and rural managers suggested the model was too simplistic.

However, in contrast the Semi-rural CEOs considered the model to be overly complex. Other criticisms related to the fact that the model did not recognise organisational culture; and did not clearly show the role and influence of state and federal governments and LGA consortiums. The operational managers wanted to see the impact of legislation recognised in the process and that a third decision maker be included being government agencies and consortiums. Over all, the intent and direction of the model was accepted, but the simplicity left a lot of issues unexplored and relationships unrecognised, thus a more detailed model was developed to embrace the highlighted issues, and tries to simplify the diagram.

Table 4.2 across the next four pages, presents the summary findings, which are expressed above and will be further explored with the research objectives and propositions discussion, including comments on the models developed in the literature. These findings will be discussed further in the next section.

Table 4.2 - summary of findings from the interview with respondents

Topic	Metropolitan	Semi-rural	Rural
Product	Senior management see the product offering from a holistic perspective	<ul> <li>The management and mayor recognised they serve the people in the LGA area.</li> <li>products offered were recognised as offering to special groups and sometime the whole community.</li> </ul>	The management and mayor recognised they serve ratepayers and people within the LGA area.
Skills	Skills required by a marketer: services managers see communication and creativity as important skills while the infrastructural managers see research and planning skills as essential	•	•
Customer service	<ul> <li>Customer service was deemed not needed by the internal services</li> <li>the mayor and CEO saw it as satisfying community needs in a pleasant and responsive manner complementary to the business of local government</li> <li>the infrastructural managers saw it as a management process to communicate with the publics</li> <li>another group saw it as a service that is met once all other aspects and resources for the product are satisfied.</li> </ul>	<ul> <li>Customer service was recognised as managing public perception by the Mayor</li> <li>the managers saw it as serving the needs of customers.</li> </ul>	Customer service was recognised as meeting the needs of customers.
Intent of marketing	<ul> <li>seen as a communication mechanism by CEO and Mayor</li> <li>Internal service providers saw it as unnecessary.</li> <li>External service managers saw it as keeping the customers happy by meeting their needs</li> <li>infrastructural managers saw it as keeping customers happy via research and planning and finally one group saw it as keeping customers happy after meeting all other costs in the product delivery.</li> </ul>	Community consultation by the mayor who saw its intent to explain the LGA's decision     marketing was seen as a communication mechanism by managers with the intent of ensuring rates payer saw they were receiving value for money.	The mayor recognised marketing as a promotional activity  CEO and manager saw it as a mechanism to attract people to the area and the use of the services provided.  marketing's intent was to promote the LGA to outsiders as observed by the Mayor  the CEO considered the marketing intent as also promoting to outsiders but of the LGA not the region and saw marketing as the implementation of community consultation product management and interface with other government agencies

			the manager saw marketing as a process of serving the ratepayers and councillors.
Importance of marketing	<ul> <li>the mayor, internal services managers and those external service managers restricted by legislation saw marketing when compared to budgeting corporate planning as less important.</li> <li>Other external managers saw marketing an integral component of budgeting and strategic planning,</li> <li>the CEO and infrastructural managers saw it as important.</li> </ul>	•	•
Responsibility for marketing	<ul> <li>recognised as the responsibility of the mayor CEO and council,</li> <li>the day-to-day activities are managed by the administration.</li> </ul>	<ul> <li>The managers saw communication and marketing as the responsibility of councillors and CEO while the mayor only recognised the councillors.</li> <li>The staff were recognised as the deliveries of the marketing effort by management</li> <li>The mayor considered staff and councillors as the deliverer of the marketing effort.</li> </ul>	<ul> <li>The mayor recognised marketing as his responsibility as unhappy ratepayers would complain to him</li> <li>the CEO believed it his responsibility</li> <li>the manager believed it to be the councillors and LGA management.</li> </ul>
Time spent on marketing activities	• less than 5% of weekly activities would be spent on marketing tasks.	Little or no time would be allocated to the marketing effort in normal course of business or in the planning development for the LGA	Little or no time would be allocated to the marketing effort in normal course of business or in the planning development for the LGA
Marketing's importance in a 5-year plan	Marketing's was seen as a budget expense.	Marketing was not seen as important as budgeting or strategic planning	Marketing was not seen as important as budgeting or strategic planning.
The proposal that there were two decision makers the body politic and the administration was tested with varying responses	<ul> <li>General top of mind response was that there was only the council that made decision for the LGA.</li> <li>On further probing the conclusion was that there were implementers of policy and procedure and developers of policy and procedure. Further and interestingly some managers considered external government agencies that set legislation also as decision makers.</li> </ul>	<ul> <li>Two decision makers were recognised by the mayor</li> <li>CEO and administrative manager believed that the staff were trained only to implement the decisions of council</li> <li>operational managers see council setting the direction. Their role is to implement and modify direction to comply with practicalities and legislation.</li> </ul>	The mayor recognised two decision makers     CEO believed the councillors accepted the recommendations of the administration therefore only one decision maker     manager believed the council set the direction and it was administered my management.

Agreement between these decision making bodies	<ul> <li>the mayor believed that the implementation of policy, procedures and legislation set by the council of external legislative body would be adhered to.</li> <li>the managers recognised that the councillors and administration did not always agree on policy and procedure implementation</li> <li>some times legislation, the intent and the practice had different outcomes and needed flexibility in interpretation and application.</li> </ul>	Consistency of decision making was seen as the goal and if there were discrepancies they were quickly resolved.	Consistency of decision making was seen as the goal although this was not always the case.
Managers identified their target markets.	<ul> <li>the Mayor, CEO and service managers identified their market as the people in the LGA area</li> <li>infrastructural managers saw their target market as part of an integrated larger system and they identified their market as those that use their product offerings.</li> </ul>	<ul> <li>The mayor recognised the target market as the ratepayer</li> <li>management saw the target markets as ratepayer, residents and users of the services.</li> </ul>	<ul> <li>The mayor recognised the target market as the ratepayer and voters</li> <li>management saw the target markets as ratepayer, users of the services and the servicing of state and federal government contracts.</li> </ul>
Pricing	<ul> <li>recognised more as a costing exercise</li> <li>some product were subsidised as part of the LGA's moral and social commitments</li> <li>different groups could receive different charge level for the same product.</li> </ul>	The mayor believed that there were no price discrimination mechanisms  managers recognised there were price discriminations but as it was identified in the budget document, it was the same as no discrimination  all recognised some groups of activities were subsidised and some were at commercial rate, but no one accepted the concept of making profit from the product.	<ul> <li>The management believed that there were no price discrimination mechanisms</li> <li>the mayor considered all prices were identified for all in the budget</li> <li>general consensus was that with a limited budget all basic services were provided for all, but additional services raised revenue for the delivery of other socially responsible services.</li> </ul>
Community consultation	<ul> <li>to express policy and procedure to the LGA's many publics was seen as the responsibility of the Mayor and councillors</li> <li>seen as a mechanism to capture information from the public (formally by meeting, and directly or indirectly, by councillors and LGA staff.</li> </ul>	All interviewees referred the marketing communication to the responsible officer.	All interviewee saw the communication responsibility as being theirs.
Community consultation as an exchange element	The mayor saw the issues of councillors talking to the constituents, formal community consultation and market research	The mayor, CEO and administrative manger recognised community consultation as the formal consultation process together with the councillors'	<ul> <li>The mayor recognised community consultation as talking to the people in the street</li> <li>the CEO saw it as a mechanism to explain council</li> </ul>

Exchange	<ul> <li>The administration looked at performance indicators, the use of formal market research and expressions of interest</li> <li>complaints were not specifically discussed or identified.</li> <li>Exchange from the mayor's perspective was the issue of votes with good management,</li> <li>where as the administration saw exchange as between the councillors, staff, adherence to legislation and the people being served.</li> </ul>	<ul> <li>interaction with their constituents,</li> <li>operational managers considered workers perception of reality from face-to-face discussions and far more relevant than a formal community consultation process.</li> </ul>	decisions.  The manger saw community consultation as a complaints process, election process and implementation of a communication strategy.
Review of the local government exchange model	<ul> <li>the mayor was happy with the constituents but not the layout of the model</li> <li>The CEO believed the model was academic but happy with the content but unsure of the emphasis between the political and administrative arms of the model</li> <li>The managers only other comment was the need to highlight the state and federal government agencies in terms of legislation and funding via grants.</li> </ul>	<ul> <li>Exchange model comments highlighted the needs of rating the councillors' performance versus the rates charged and services delivered</li> <li>The administrative manager and the CEO commented on the relevance of segregating the political from the administration</li> <li>the operational managers wanted to see more segregation in the stakeholder groups.</li> <li>Additional groups of consortium LGAs needed to be recognised.</li> </ul>	The exchange process parties included ratepayers, government agencies and industries that could be attracted to the area.
Customers, citizens and internal clients.	• Interviewees converged quickly to confirm that the LGA serves customers, citizens and internal clients.	•	•
Review of the local government marketing model.	<ul> <li>The draft local government marketing model was accepted but concern rose about the organisational culture and customer service levels not explicitly taken into consideration, nor the legislative or legal influence on the day- to-day operations.</li> </ul>	The local government marketing model was considered too simplistic as it did not show adequate detail of the processes nor how to implement.	The local government marketing model was deemed okay but did not recognise the consortium of other local government authorities and the segregation between council and the administration was over emphasised.
Professional qualifications	<ul> <li>All members of the interviewee panel had postgraduate qualifications and vast experience in their specialised areas.</li> </ul>	Both of the operational managers had MBA the other interviewees had many years experience in their respected areas of local government.	All interviewees had many years experience in their respected areas of local government.

# 4.5 Addressing the research objectives

Identifying and studying the LGAs', mayoral and managers' actions and responses regarding marketing, allows the researcher the opportunity to investigate the understanding and implementation of marketing theory for the various LGAs. Further, it provides the opportunity to receive comment on the various models developed from the literature. In the remainder of this section, the discussion will focus on the research objectives and subsequent research propositions highlighted in table 4.3 below. To present the findings, the information commences with the first objective and related propositions and then moves to the second objective and related propositions before finalising with the remaining objective identified in the process of pattern matching.

Table 4.3 - research objectives and associated propositions.

Table 4.3 - research objectives and associated pro	Ĺ
Objectives	Propositions
<b>RO1.</b> to understand how local government applies marketing principles to their daily operations.	RP1. senior management do not appreciate marketing's breadth and depth RP2. senior management see marketing as a less important activity compared to budgeting and strategic planning RP3. customer service is not understood in its application and impact. RP4. identification of target markets is not consistent across the LGAs
RO2. to determine the difference between traditional and local government marketing	RP5. the role and responsibility of <b>decision</b> makers and organisational structure impact the application of marketing to local government concepts  RP6. the type of local government activity affects the application of marketing specifically in relation to;  o community good elegal obligation political whim social demand  RP7. the target market will influence the marketing mix effort and the exchange
PO2 to develop a local consumer to reducing	features applicable for local government marketing principles  RP8. the <b>type of exchange</b> will moderate the application of marketing concepts
RO3. to develop a local government marketing model based on the literature and tested	
through primary data collection	
unough primary data concetion	

Source: developed for this research in chapter 1

Each research objective and proposition will be discussed by comparing between cases.

**4.5.1** RO1 - understand how local governments apply marketing in daily operations. This objective seeks to establish the current understanding and application of marketing in the local government authority under review by the respondents across the three cases.

# RP1 - senior management do not appreciate marketing's breadth and depth.

It is clear, from the summary of findings (see table 4.2) that the level and understanding of local government marketing varied from LGA to LGA and manager to manager. Education and training improved the awareness of marketing but did not guarantee successful implementation as marketing application still tended to be piece meal and focused on individual marketing management processes. Further, it was seen that there tended to be a weakening in the level of understanding and use of marketing as the organisation reduced in size, in resources and with decreased specialisation of management skills.

In the *metropolitan* LGA, the managers had undertaken several training courses relating to marketing. This training had provided them with knowledge of the definitions of marketing and an understanding of its basic principles. But, it is clear from their comments that there was an inconsistent appreciation of what marketing can do. Further, these managers appeared to adopt those aspects of marketing that they found most relevant to their product and management style and they neglected other more difficult components. So, these managers are tending to use marketing in a piecemeal approach without gaining the full potential that adopting a total marketing framework would provide.

The *semi-rural* LGA have operational managers who understood the meaning of marketing from their postgraduate education. These managers tended to relate marketing to their own experience and understanding as to the application of marketing for a commercial operation. However, when they encountered components or issue that do not fit within their understanding or experience of marketing, they tended to reject issues or experience as not being applicable in terms of marketing effort. Further, the administrative manager who was nominated by all within the LGA, to be responsible for the marketing effort, clearly did not understand what marketing is and should be a management and practice and not just a promotion and communication plan; he stated, "Our marketing budget this year addresses a review of the brochures and information packs, and we are also reviewing our logo".

The administrative managers, like the CEO and the Mayor, believed that marketing effort was about promoting and communicating the local government authority activities to the residents of the area.

The understanding and appreciation for the marketing management process by the *rural* LGA representatives was even more naive than that of the semi-rural LGA members. Here management saw marketing as a communication mechanism and as a way of selling the LGA to other government agencies and the private sector. An understanding or appreciation, that marketing would help manage the interface between the LGA and its ratepayers and users of its services, was clearly missed by all in this LGA.

# RP2 - senior management see marketing as a less important activity compared to budgeting and strategic planning

All respondents were asked how important the marketing effort was compared with budgeting and strategic planning. Further, they were asked to quantify how much time they would spend in a week on the marketing effort.

In the *metropolitan local government authority*, it was clear that the responsibilities of the managers influenced their view of the importance of marketing in relation to their day-to-day activities. The operational managers, especially the infrastructural development managers and the CEO, believed that the marketing effort was an integral component of strategic planning and that this component was funded through the budgeting process.

However, in spite of this there was a difference in the understanding of the meaning of marketing practice between the operational managers and the CEO. The CEOs also recognised that marketing was a management tool and potential management process. However, when questioned about the application and relevance of marketing, they rated it much lower in importance than either budgeting or strategic planning processes.

The internal services managers believed marketing to be of little or no importance in their activities, and this included a view of marketing as simply communication and promotion. One manager went as far as saying, "marketing has no relevance to the services provided by us [the department]". These managers did not think marketing was important at all in comparison with strategic planning or budgeting. They said, 'marketing was only a cost centre in the budget process'. They did not recognise

marketing as anything more than a communication or selling process with the external stakeholders to the organisation.

The operational managers at the *semi-rural local government authority* recognised the importance of marketing as a mechanism to communicate and relate to the customers that they served. They claimed that marketing was important, but not important enough to be given special attention, except in recognition as the communication process with their customers. In addition marketing was seen to represent the promotional aspect of services that are provided by the LGA that are not normally recognised by the average person. Consequently, these managers, like their colleagues in this LGA, did not think marketing was as important as budgeting or strategic planning. The remaining manager, CEO and Mayor saw marketing as essentially being the promotion and selling function of the LGA, and therefore believed marketing to be a practice that is put in place once the strategic planning and budgeting have been established.

In contrast the *rural local government authority*, the CEO and Mayor clearly did not believe that marketing was either a promotional or a selling process. Like their semi-rural counterparts they believed that marketing was an activity that is put in place once the budgeting and strategic planning mechanisms have been finalised.

Comparisons across cases identified that regardless of how the managers, Mayors or CEOs saw the role and importance of marketing, no one believed that they would spend more than 5 percent of their time on the marketing effort. There were some exceptions to this finding, which included the metropolitan LGA internal services managers and the rural LGA CEO who indicated that they would not spend *any* time on the marketing effort. Equally, the MCEO, who was the most knowledgeable and the best practitioner of the marketing effort, concurred that no more than 10 percent of his time would be spent on the marketing effort. However, he considered this amount was adequate although more time could be spent on the marketing effort for the organisation to be more effective in its product delivery.

On reviewing the findings from the role of respondents, the *mayors* did not consider marketing to be as important as budgeting and strategic planning and they acknowledged that they spent little time on the marketing effort. However, they did appreciate the need for a positive image, and good communications with their

electorate. A similar perspective of marketing was evident with the *administrative* and *internal services managers*, even though the administrative managers for the rural and semi-rural LGAs were responsible for the communication and marketing of the organisation.

The understanding and appreciation of marketing divided the CEOs. The MCEO had a clear understanding of what marketing was and its role within the budget and strategic planning processes, although he agreed that little time was spent on the marketing effort. The CEOs from the rural and semi-rural LGAs did not recognise marketing to be anything other than a communication mechanism and possible selling tool for the region in relation to tourism or for attracting business to the area.

The *operational managers* could be divided into two main groups, those who were service providers and those who were responsible for infrastructure programs. The *services managers* stated that they were focusing on the community at large, and that marketing provided them with the ability to capture information about the product needs and characteristics of their users. Further, marketing for them provided a sound platform for the development of different communication strategies for the product offering. These communication strategies ranged from pleading for assistance (e.g. mosquito management), to a call to action (e.g. immunisation), to demands (adherence to legislation). The *infrastructure managers* in contrast tended to believe that marketing was an awareness creation tool and that it should be used to identify the needs of the users to develop better communication mechanisms with the community. Thus, these operational managers overall considered marketing to be more important than their *administrative manager* counterparts, but they did not believe it to be as important as the strategic planning or budgeting processes.

#### RP3 - customer service is not understood in terms of its application and impact

As discussed in the literature, customer service in local government is not the same management process as that adopted in the private sector. When the respondents were asked to explain their understanding of customer service most resorted to saying that customer service is, "servicing the customer". When pressed to explain what this meant, most managers could not explain how customer service is managed or how it is a component of the management process.

Although the managers from the *metropolitan* LGA were able to provide a sound definition of customer service, they were not able to explain how it is integrated with

their area management practice nor were they therefore applying as principles. The only other management group that had some perception of what was customer service were the *semi-rural* LGA operational managers. These managers recognised that customer service for a local government authority should be similar to customer service that is delivered by small business in the region. In this case, the managers could not explain customer service but they recognised it as an activity that should be adopted as standard practice. One manager said, "...customer service is the service provided by businesses; they are interested in meeting your needs and strive to meet them, to encourage repeat business".

The Mayor and CEO of the *metropolitan* LGA recognised that customer service was a mechanism of facilitating the product by offering pleasant and efficient service to the customer experience. One section of the metropolitan local government authority had gone on to adopt the Disney program<sup>4</sup> of customer service. Interestingly, this program failed after six months and was later tagged as the, 'smile training program'.

As a group the *mayors* were able to articulate the meaning of 'customer service'. MM recognised that customer service provided a mechanism of facilitating the product by offering pleasant and efficient service to the customer experience. The other two mayors had similar views and this was likely to be as a result of the fact that both had previously run successful commercial businesses.

Once again, the MCEO was able to define customer service and comment on its importance to the product delivery of his LGA. However, the rural and semi-rural CEOs and their managers, although able to define good customer service, were not able to discuss how it might apply it to their operations nor did they see a need to apply it to their operations.

Clearly, the understanding and the application of customer service as it relates to local government is not well understood by these respondents, nor was it applied in a manner that provides benefit to these organisations.

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<sup>&</sup>lt;sup>4</sup> During the 1980s, the Disney organisation was engaged as consultants to develop a customer service culture and training program within this section.

# RP4 - identification of target markets is not consistent across the LGA

One of the key components of good marketing is identifying target markets for the various product offerings. While it is understandable for the LGAs to have variations in their definitions of target markets, and further it is understandable that operational managers will have different target market groupings compared to internal services managers or administrative managers, it is unclear why Mayors and CEOs would nominate different target markets to these managers, in and across the one local government authority.

Those interviewed in the *rural local government authority* had a more consistent view of who their target markets were. They recognised their target markets as being the residents of the region, the state and federal government agencies with whom they have major work contracts and current and potential industry groups in the region. This group of respondents were least marketing savvy and yet were most consistent in their definition of their target markets when compared to the other two LGAs is in this study.

The *semi-rural local government authority* has an operational structure that allows the operational managers to work outside of the LGA boundaries. Their definition of their target markets tended to focus on the ratepayers of the LGA, and people who use the services provided by their products. This definition of their target markets is consistent with their product offering, once again showing that those managers with postgraduate qualifications had a better appreciation of what marketing is and a better appreciation of who their target markets were. The administrative manager, CEO and Mayor tended to use a definition of target markets that required no clear delineation of the needs and wants of the product users. The Mayor's words were, "... [our target markets are] all ratepayers and visitors to the area who use our services." They tended to say that ratepayers, or people who use the products in the boundaries of the LGA, were the target consumers. The administrative manager also identified tourists as a target market.

The respondents for the *metropolitan local government authority* had many different definitions of who their target markets were. The Mayor recognised that the target market were people within the boundaries of the LGA. The CEO recognised that his primary target market was council, but also recognised that the residents and users of services provided by the LGA could also be his target markets.

One of the internal managers, who did not believe he offered marketing with his products, still identified that his target market was people who used his products, although he couldn't specifically describe their characteristics. Another of the internal managers described his target markets as being the employees within the LGA.

The operational managers tended to identify their target markets as people who need the products that were being provided by their respective departments. Specifically, the service managers defined their target markets as people within the bounds of the LGA, whereas, the infrastructural managers described their target markets as being the community within the LGA and also the other authorities with whom their products must integrate to provide a regional product offering, for example water supply.

Of the four groups, (mayors, CEOs, administration managers and operational managers) the *operational managers* were best able to articulate who their target markets really were and were also more aware of their diversity and complexity. The *mayors and CEOs* rightfully claimed that they had responsibility for all products and therefore, they tended to provide a more generic and broad categorisation of who their target markets were. Interestingly, it was only the MCEO who recognised that the Council itself was one of his key target markets.

Clearly, there is ambiguity in relation to the definition and understanding of the various target markets within these LGAs. This was to be expected, given the specialisation of the tasks of the managers in the LGA however; it is interesting that the Mayors and CEOs responses within particular LGAs varied so much in relation to defining their target markets.

#### Conclusion

Research objective one was designed to understand how local government apply marketing in daily operations. Through this case analysis managers and politicians were identified having little sound understanding of the depth and breadth of marketing. The managers tended to manage the products under their authority and use marketing activities without understanding them or even in some cases acknowledging them as marketing activities. Further the degree of specialisation and size of the organisation impacted on the ability of the manager to develop marketing management tools to aid in the management of the product offering. Specifically, the

smaller the organisation had less the product range and line and tended to only provide the basic local government goods and services.

Within the organisation marketing was seen as a communication and awareness activity, and when compared to other management activities (such as strategic planning and budgeting), marketing was seen as being less important. In the smaller organisations marketing was seen to be mostly a cost function. On average, less then five percent of time was allocated by management to marketing activities in these LGAs.

Customer service as a key function of local government was not understood or even defined clearly and consistently across or within the LGAs in this research. However the disparity was more pronounced as the organisation's size increased and specialisations of job role developed. In these larger LGAs, customer service activities were not managed effectively nor were the components of service monitored.

The role and purpose of targeting markets or customers was not generally well understood by the respondents. While they could identify stakeholder groups at the broad level there was inconsistency in the understanding of how this activity might subsequently impact on the product offering and how the LGA should respond to the needs of these groups. It also appeared that within each organisation, respondents tended to define their same markets also quite differently. When managers were pressed to define the target markets they tended to focus on current and not potential users. This approach has the potential to cause problems when there are shifts in demand. As the size of the organisation increases and the specialisation of management roles also increases, managers failed to appreciate the total product offering of their LGA.

Thus it can be concluded that the understanding of marketing by these LGA managers is not as sophisticated as first believed and that the marketing activities conducted by the LGAs appear to be inconsistent and haphazard depending on the management's understanding of the current environment, the product offerings and of marketing theory in general. Further, no structured review or planning of the marketing activities took place in any of these LGAs, although consideration was given to some form of measurement of the effectiveness of communication and the

promotion of awareness of product offerings to the stakeholders. The effectiveness of marketing due to these activities is then most likely questioned by these managers as they are often sending confusing messages to the market and then questioning why their efforts were not successful.

# 4.5.2 RO2 - determine the difference between traditional and local government marketing

In order to determine the difference between traditional and local government marketing respondents from the three LGAs were questioned about their product offering, pricing practices, exchange processes, customer consultation practices and communication activities. These issues are explored in the research propositions 5 to 8.

# RP5 - the role and responsibility of decision makers and organisational structure impact on the application of marketing

As would be expected, the Mayor and CEO of all three LGAs considered their responsibilities to include all activities delivered and managed by the LGA. Equally, the managers recognised their responsibilities were to the products that they delivered to the marketplace, to the council and to the CEO.

Divergences of findings between the three LGAs occurred when the scope of management responsibilities was further investigated. For example, the managers for the *metropolitan local government authority* specialised in their respective areas and accordingly had a myopic view of how things should be done. The manager for the *rural local government authority* was responsible for all activities in the day-to-day management and thus viewed his responsibilities in a similar light to the Mayor and CEO for this LGA.

However, the *semi-rural* LGA recognised that the administration makes recommendations to council and that these were usually accepted. Thus, raising the question of whether or not Council is the ultimate decision maker or whether it is more a representative group that formalises an organisational decision? Equally, these two administrative managers believed that the LGA officers were so well trained that regardless of Council decisions, they were able to implement their wishes and there was rarely any dispute. All other respondents suggested that the Council set the direction and made decisions but that the LGA manager managed the implementation of the decisions. They also agreed that at time there were disagreements between the Council and management.

Reviewing the findings from the perspective of the respondents' role, the *administrative managers* and *CEOs* believed there to be one decision maker and this was the Council, but conceded that the implementation of the Council's directions at times was given liberal interpretation. The *operational managers* appeared to be in agreement about who makes decisions in the LGA but this was mainly in the areas of legislative jurisdiction rather than in relation to strategic direction set by Council. Therefore, all respondents recognised that there were two levels of decision making in LGAs, however, the less resourced LGAs were most vocal about recognising a third decision maker, which was government agencies such as the state and federal governments and consortiums of local LGAs.

Accordingly, the trend of these findings was that as the level of management tended toward specialisation, the framework on which these managers made their decisions became more focused, resulting in greater disparity between the generalists and the specialists. Thus in the smaller LGA there was a closer relationship between the decision makers and decision outcomes than in larger organisations. However, all managers recognised that at times there would be discrepancies between the implementation process and the direction intended by councillors.

All senior management from the three LGAs confirmed that where discrepancies occurred in the marketing decision-making process, negotiations would take place and the matters were resolved. The *semi rural* and *rural* LGA tended to take the line that the councillors and Council decisions were the correct ones. In the *metropolitan* LGA the focus was on a common understanding of the issues by both parties and given the specialisation of the manager it was a case of identifying the best action given the wishes of council and councillors, and the ability and legality of the manager to meet such a request. Thus, the specialisation of the managers' activities within the metropolitan LGA had placed a role of 'expert' in the decision-making framework.

Thus it can be concluded that the role and responsibility of decision makers and organisational structure impact on the application of marketing. Specifically, the decision making process in LGAs differs by their size and the degree of specialisation of the managers. Further, unless the conflict in the decisions made are raised (internally or externally), it is likely that different decision makers will make different marketing decisions base on their goals and background.

# RP6 - the type of local government activity affects the application of marketing

Local government authorities have responsibility to meet the common need of the members within the LGA. In addition, the literature highlights that local governments usually take on product offerings that are either not viable or have some social or moral responsibility placed upon them by the community. This section investigates if the product offering influences the way that marketing was thought about and applied in these LGAs.

Within the *metropolitan* LGA there was a diversity of responses to the identification of the target markets. The responses tended to vary according to the specific activities controlled by the manager. However in the smaller *semi-rural* and *rural* LGAs a more holistic view of the target markets was adopted. The only divergence in the smaller LGAs was the inclusion of government agencies as a target market by the *rural* LGA. Similarly, the understanding of the product offering in the LGAs tended to be recognised as all products offered by the LGA in the *rural* and *semi-rural* LGAs, while the managers from the *metropolitan* LGA tended to consider products offered as only those products within their department or division.

With interrogation, all managers were able to identify products that were offered to the community at large and to identify their target markets. They were able to distinguish between components of the product offering such as pricing, communication, and delivery. However, divergence occurred when exact details of the pricing and communication of the individual products was further explored. The *metropolitan* LGA managers had a strong understanding of their own products but not of those offered by other departments or divisions, whereas managers in the smaller LGAs were better informed of the total good/service offering, but this understanding was far from comprehensive.

Although the *metropolitan* managers could describe the components of marketing, their marketing effort was not planned nor managed as would be expected in the private sector. For example the process of metropolitan product pricing was still based in the budgetary process and thus focused on 'just within the department' while for the smaller LGAs the focus was on the overall budget which generally allowed for a review of the total revenue streams and how surpluses in some areas may subsidise other areas.

The *metropolitan* managers however were not as in touch with the detail of the various product offerings under their control compared to the smaller LGAs. It was noted that the *semi-rural* managers had a better grasp of the respective product offering compared to the *rural* LGA. This finding is most likely due to the rural LGA managers being in charge of almost all product offerings and not having as specialised roles as was noted for the *semi-rural* LGA managers.

Clearly the degree of specialisation has led to a detailed understanding of the product and market but as the size of the LGA decreases the generalisation increases and in the smallest LGA, coverage of the whole product offering made it impossible for the manager to be on top of all marketing effort for all products.

From a role perspective the *mayors* recognised that the different product type (community good, legal obligation, political whim and social demand) and target markets influenced the way the product or activity was managed. For example, products such as reticulated water are something that residents in cities, towns and properties just expect. They go to the tap and the water is there. These services are funded via the rates system and regardless of the usage, each property is levied. Thus, these types of products are required by the community as standard offerings and there is an expectation of a minimum quality and availability.

Equally, some products have a very specific use such as child immunisation, or libraries. Not all use these services and some of these services may be funded or subsidised by other government agencies and again are provided for the community's wellbeing. The *CEOs* all considered the mayors' position to be the key decision maker, but considered that they also had the responsibility for the administration and application of mayoral decisions. Consequently they believe the required a range of services to be provided to the public through the administration. To manage this range of services, a process of legislation, protocol and procedure are generally adopted to ensure transparency and open management. Further, the CEOs tended to be more aware of the day-to-day activities of the LGA as often Mayors only have a part-time role.

From the experience of the three case studies it is clear that the *administrative* managers are the core of the management processes in LGAs as all LGAs had administrative managers regardless of the size of the organisation. However, as the

size of the LGA increases more resources become available and this job divides into specialisation areas. Within the semi-rural and metropolitan management structure, the internal administration had specialist management ensuring that the necessary systems were in place and managed to be efficient (usually financial and other resource components). This level of management usually had responsibility for the marketing effort and this usually was represented via promotional management. As such, they were the managers responsible for submissions to council and the ones who managed the council by-laws.

Equally, as the resources of the LGA increased the trend for specialisation of management also occurred with the *operational managers*. For example, the rural operational manager was also the administrative manager; while in the metropolitan LGA there were several operational managers and a couple of administrative managers). That is in the **rural** LGA one manager was responsible for all activities and this manager used shared specialists. In the semi-rural LGA, two managers shared the responsibilities of the operational management and they divided these tasks into the infrastructure and service provider. These managers identified their product and markets differently to the other participants in the interview panel. They considered their products and defined their markets in terms of the users of the products. As such their adherence to state and federal legislation was high, their provision of products to the community and to customers tended to have equal focus and these managers recognised that there was a broader scope of responsibility than just to Council. For these managers other government agencies were also important target groups. This pattern of thinking and behaviour confirmed the findings from the metropolitan operational managers.

It was common for these operational managers to have postgraduate business or specialist degrees and for them to understand the components of marketing that influence their product offerings. However, their ability to translate this understanding into practice within the local government environment was not always successful.

It was clear the infrastructure managers believed that the marketing effort focuses on informing the public of the product offerings more than identifying the needs of the customers. It was also clear that before a new product is put into the suite of LGA product offerings, a feasibility study should be conducted as once a new product has

been included it normally remains in the product offering until the constituents no longer require it.

For some LGAs administration of other government agents' legislation is required. In these cases marketing is seen as nothing more than providing information to the community and penalising those who breach the legislation. For example, immunisation programs for infants. This practice leads to confusion in the market as the promoter and the deliverer of the product are two different organisations with their own marketing strategies and culture.

Equally other managers point out that the LGAs manage products that are provided for the social or moral obligations on behalf of the community. Activities such as providing blue lights in public toilets to minimise intravenous drug taking in the metropolitan LGA, subsidised housing in the semi-rural LGA, and provision of be public swimming pool in the rural LGA. When there are social products being provided to the community there will always be sections of the community for and against the products, requiring LGAs to spend additional marketing effort to promote and to placate sections of the community at the same time.

Clearly, the LGAs marketing responsibility and practices must be diverse and yet consistent with the overall marketing delivery to the community. The ability of LGAs to manage and market the products under their jurisdiction is influenced by many factors including the scope and range of the product offerings, the type of market or markets being served simultaneously, and the degree of strategic marketing direction and resources under their control. The next section reviews the next research proposition and focuses on the customer citizen continuum.

### RP7 - the type of target market influences the marketing mix effort and exchange features

All managers for the three LGAs were able to identify different target markets, and acknowledge that some markets were everyone (citizenship) and others were more specific groups (customers) within the community. Additionally, the managers recognised that customers need to be treated differently in terms of communication effort and pricing even within different sections of the same LGA. For example, all LGAs offer public swimming pools and although they are offered to all, only some members of the community use the pools. Thereby a set fee and conditions are determined in the budget for this service. However, the LGAs also promote the use

of the pools to special subgroups within the target markets like schools and children, where different fees and conditions are applied. Conversely, if consideration was given to a community good such as roads or rubbish removal where the service is offered to all residents or households, this is not promoted and all pay for these services even if the individual does not use the product.

Generally the LGA managers do not consciously think about the marketing mix elements, target market profiles, or the exchange process in their day-to-day management and marketing activities. It was clear that these managers were able to identify the products under their control; however, earlier information makes it clear that they spend little if any time on the marketing effort. What time they do spend on the marketing effort is usually focused on the communication aspects of marketing.

The managers may not consciously recognise that some of their behaviour and activities are marketing effort. For the community products, managers are conscious of the need to deliver good service and offer sound communication interface. Equally, for the customer groups, the managers identified that the users of some goods and services have a different needs to others in the community.

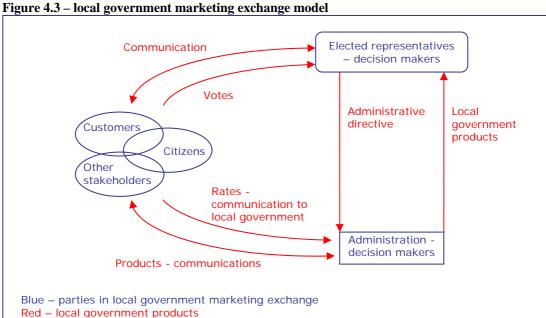
As alluded to earlier, the three LGAs are different in relation to the number of product offerings they present to the community and the need and ability to segment the market for the products offered. The *rural* LGA, with limited resources, funds community products and offers only one or two customer products. The *metropolitan* LGA, in contrast, has many customer target markets with some markets overlapping within the product offering. For example, swimming pools use that satisfies the general public and well as specialist users such as swimming clubs. Thus, these respondents recognised that some products are offered to the community and others are offered to specific groups or to individuals and some products are offered to both. What is also recognised is that the product offering is sometimes different for different groups. Thus, it was acknowledged by all, that the type of customer does influence the characteristics of the product and its management and that the type of target market does influence the marketing mix and the exchange process.

### RP8 - the type of exchange moderates the application of marketing

Exchange within an LGA comes in many forms from voting and councillor promises, to the paying and receiving of rates, and buying of information. All of these

exchanges occur and influence the behaviour of the LGA. The issue here is to identify the types of exchanges and the LGAs' responses to these to determine if the exchange type moderates the marketing effort.

The respondents were asked to think of their products and to discuss the exchange process in relation to the model in figure 4.3.



Source: developed for this research

The issue for most managers was that the product they offered to the LGA community was at the direction of Council and although there was a direct link between the administration and all stakeholders, there were simultaneously exchanges between the administration and the councillors, and between councillors and all stakeholders. However, some products, such as private drainage work offered by the *metropolitan* LGA, were examples of an exchange between the customer and the administration.

The *metropolitan* LGA viewed a simple model of the exchange process (see figure 2.3 taken from the literature) and commented that the model was too simplistic and did not take on board the culture of the organisation, nor did it address the legislative and legal influences inherent in their exchanges. Further, in general was too academic. The model was then modified in light of these comments to make the exchange model shown in figure 4.3. This model was then presented to the managers and mayors at the other two LGAs.

It was clear from the two smaller LGA managers' body language that they understood the model presented to them and could see the linkages. Further, the managers indicated that the model needed additional linkages in that the stakeholder group should be segregated to identify government agencies. Additionally, the members from both the *rural* and *semi-rural* LGAs wanted to see another decision maker group included namely other government agencies.

The *mayors* tended to view the exchange process in terms of; a commentary on their performance; performance of the administration, and in return the publics' interaction in terms of their votes and limited disquiet in regards to rates payments. As such, for them a major difference between private sector and local government marketing is that the users of the product are also the shareholders if a private sector analogy is used.

From the *CEOs* perspective exchange is recognised as the interaction of the LGAs product offerings with the payment of rates, fees and charges. However, they also acknowledged that their role as a conduit between the council and the administration management was an important exchange element that should be included.

The *administrative managers* viewed exchange from the perspective of councillors, council, users of the product and the administration, but that the exchange items they noted as important were communication, product, goodwill and resources including the fees and charges. The operational managers also held this view but they suggested that an additional party be included - other government agencies and their influence on the exchange process.

Finally, the operational managers suggested that the type of exchange did determine the type of marketing effort. However, the combination of product offering and target market, determined the type of exchange in most cases. Exceptions to this outcome occurred when the decision maker changed from being an administrator to being the political or other government agencies. This finding was consistent across all LGAs, but the frequency of products for customers increased as the resources of the LGA increased.

#### Conclusion

The second research objective focuses on determining the difference between traditional and local government marketing. In the first objective the role of the respondent was shown to impact on their capability to manage the marketing effort, which was consistent with literature for other non-traditional marketing management organisations.

The role of the manager or politician and their responsibilities as decision makers within the organisation also influenced how the marketing was perceived and any application of it. Further, as the role of the managers became more specialised, the managers' response to the product offering became more myopic. Managers in smaller LGAs were more aware of a larger range of products and were therefore able to provide a more consistent marketing response across the organisation than those in larger LGAs.

Dispute within the organisation between decision makers, in matters regarding the product delivery, is more predominant between operational managers and the body politic than between any other groups. This is due to the operational managers and body politic having different goals and timeframes. This finding is couched in the specialisation where expertise becomes more focused and challenges the body politic decision making in terms of efficiencies and long-term development of the government area.

On top of this disparity between managers and the body politic a new decision maker was identified – other government agencies. This group of decision makers are commonly outside the organisation (other government bodies and regional consortiums) and are not evident with traditional marketing models.

The concept of service offering is unclear in these LGAs and is inconsistently managed and delivered across the product offering and target markets. However, managers with post-graduate studies and marketing training tended to have better knowledge of marketing and were able to discuss its integration to their operations in a more informed manner. Most Mayors did not consciously think about marketing.

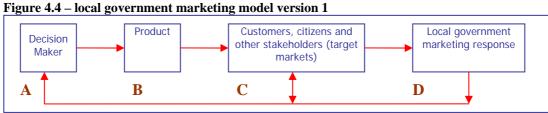
Although managers could identify their target markets, their products, and their communication and pricing activities, the exact details of pricing and communication were unclear as these aspects were often controlled by other parties in the organisation. Further, as the organisation and degree of specialisation grew, this issue was exacerbated.

Mayors recognised the different product types and markets and their influence on the way the products were offered to the various target markets with their respective local government authorities. Another influence noted was the scope and range of product offering under the control of the manager. However, the product offerings tended to diminish with the size and resources of the organisation.

On viewing a simple exchange model the respondents indicated that there was a need to account for all stakeholders (including external party decision makers) and to consider the culture of the organisation. The enhanced exchange model was better accepted. Respondents with differing roles could see the various product offerings that were made to the target markets by the organisation but they would describe these markets differently. This seemed most evident for the body politic and administration versus the operational managers. As a final item it was noted that it was important to recognise the body politic as a unique stakeholder to the exchange dimension for the administration.

## 4.5.3 RO3 - develop a local government marketing model based on the literature and tested through primary data collection

A proposed local government marketing model (see figure 4.4) was developed from the literature and presented to the primary case (metropolitan local government authority case). The respondents from the metropolitan LGA suggested that the preliminary model was too simplistic and expressed suggestions for changes, which were incorporated in the development of the local government marketing model (see figure 4.5). This model was presented to the respondents in cases two and three (semi-rural and rural local government authorities for their comment).

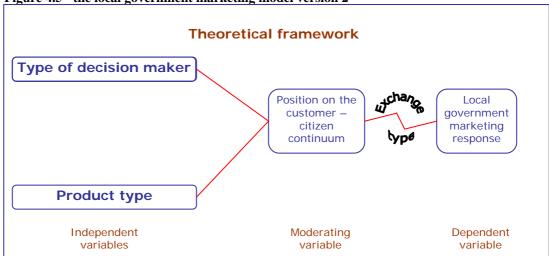


Source: developed form the literature

Thus, discussion of the model in the following sections from the metropolitan LGA relates to the simpler model while comments related to the semi-rural and rural LGAs related to the more complex model. Regardless of the model structure and appearance, it was clear that all respondents agreed that the components of the model

were accurate. In response to these findings, a comprehensive model expanding all the components maybe necessary and this will be discussed in subsequent sections.

Figure 4.5 - the local government marketing model version 2



Source: developed for this thesis

## 4.5.4 RO4 - enhance the local government marketing model from primary data findings

The analysis highlights that the managers of different activities are more alike across the local government authorities than managers within one LGA, in terms of their understanding and use of marketing. The degree of specialisation increases as the available resources to the LGA also increase.

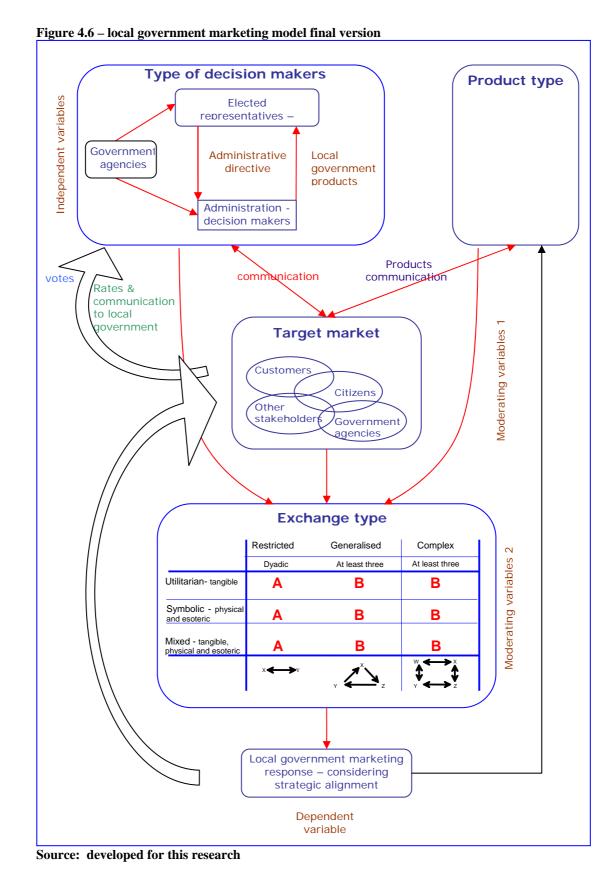
The mayors and CEOs for the smaller LGAs are far less sophisticated and aware of marketing and its relevance to local government management. Further, the majority of local government service managers still consider marketing to be a communication, promotion and selling activity.

However, when the interrogation moved to specific activities it became clear that most respondents used components of marketing management in their management practices. Implications for this study were that although the respondents could identify their product responsibilities and generally identify their target markets; they could not answer detailed questions relating to the implications of the exchange process on these activities as this was beyond their capabilities. However, they were able to comment on the local government marketing exchange model from figure 4.5 and did provide input on the decision maker impact, as highlighted in the literature.

Findings on these two topics clearly recognised three decision maker groups. The initial two groups were Council - for the strategic direction, and the administration

officers - for the day-to-day implementation. However, there was a consistent demand for the government agency decision maker to be included that influenced the strategic direction and the day-to day activities. There was also some suggestion that the administration provided the information to Council with recommendations and therefore they were responsible for the strategic direction but this was not consistent across the LGAs or within the LGA concerned. Concerning the stakeholder group, there was general consensus as to the parties making up this group, except for the need to include a government agency component.

Given the lack of understanding of marketing, little additional information was available in relation to the implementation of marketing practice. Accordingly, the local government marketing model needed to be modified in relation to these findings. As such, a new model is presented (figure 4.6) that is more comprehensive than earlier editions and complies with the request for additional elements to the exchange component of the model.



### 4.6 Conclusion

This data analysis goes a long way to addressing the research objectives discussed in Chapter 1. In particular, the findings have shown that the application of marketing in local government by senior management is predominately in the areas of communication, promotion and selling. Recognition of the importance of marketing in the day-to-day activities (products) under the respondent's (managers) control is commonly not recognised. Further, if they do recognise the practice as marketing they only utilise small aspects of marketing theory and practice to expedite some problem or issue the manager was currently experiencing. Of the respondents, only three considered marketing as an integral part of the strategic operation and budgeting process and of these three, two believed this to be the case as research was used to identify the needs of their products' users.

Community consultation is seen as a mechanism to communicate with the customers and citizens for the LGAs various products. However, the mayors have a different perception of it in that they see the community is the voters and residents of the LGA. These two groups are not always the same target market.

Customer service was not clearly understood by the respondents as a managerial practice. Rather, it was considered to be more of an element of the product delivery that did not require managerial input or special emphasis by those delivering the product. However, two managers from the semi rural LGA recognise customer service to be the same as that delivered by business. Once again, this is not consistent with theory developed in the literature.

For the implementation of marketing, most respondents deferred the marketing responsibility to someone else. Only the mayors and CEOs claimed responsibility for marketing but this was as part of their responsibilities to the LGA, they did not seem to embrace marketing or make a concerted effort to invest time in the marketing of the products and the LGA.

The respondents viewed pricing as a cost element of the product rather than adopting a pricing strategy, or applying pricing theory to the product offering. Fundamentally the product's pricing was considered only as part of the budgeting process.

Clearly, the organisation has a consistent belief that the council was responsible for the directional and final decisions for the organisation. However, when interrogated further all respondents recognised that the council decision and the day-to-day operation do not always operate consistently. This can be due to misinterpretation of the intent of the decision, the decision not being operationally possible, the decision being inconsistent with legislation, by-laws or current practice. Thus, it has been confirmed that the two decision makers and that the processes for the decision can be different. However, it must be stated that the respondents believe that where divergence occurs the issues were quickly resolved to develop a consistent approach for the organisation.

Discussion of the target markets made interesting research in that there was not a consistent definition of target markets offered by the respondents. The mayors and CEOs tended to focus on the residents of the LGAs, while the operational managers focus on the users of the products. The impact of this did influence the types of decisions and the marketing effort and practice adopted by management.

Interestingly, only the political respondents recognised the voters as having influencing exchange process. However, the recognition of the decision making authority of council means that all respondents were indirectly affected, thus providing further evidence that local government exchange is of a non-dyadic, non-mutually satisfying exchange nature. Clearly, the respondents were happy with the presented exchange model and its components, except for the need to include other government agencies as a unique element. Equally, the presented local government marketing model was accepted in principle, except for the need to provide additional depth to the model to aid in the explanation and implementation of marketing in local government.

The next chapter integrates these findings and those from the literature review to develop the implications for theory and practice.

### Chapter 5 - Conclusions and implications

### 5.1 Introduction

This research was conducted to address the research problem "How can marketing be applied to local government activities?" and to address a range of research objectives.

In chapter one, discussion focused on the justification and need for the study on local government marketing in Australia. Consideration was given to the industry sector and recognition that local government marketing literature relevant to the Australian market was meagre. What literature there was focused on specific components of marketing rather than taking a holistic view of marketing and its application.

Chapter two addressed the literature and reviewed the fundamental principles and tenants of marketing in order to determine whether or not marketing could be applied to local government activities. It then reviewed the public sector, not-for-profit and social marketing literature in an attempt to determine those elements of these derivatives that could inform and improve a model of marketing for local government. As part of this review, the discussion also considered the areas and relevance of customer service and strategic alignment.

Chapter three recognised that the knowledge about this topic was minimal and that no specific model existed. So this chapter explored and justified the most appropriate research strategy for this research. The chapter commenced by justifying the selection of the research paradigm (realism), the research method (case study), and the data collection method (depth interviews) and then predetermined the protocols and administrative controls to be adopted. These steps were needed to ensure confirmability, transferability, dependability and credibility of the primary data findings. Finally, ethical considerations were addressed. From this base the data were collected and the findings from the analysis expressed in chapter four.

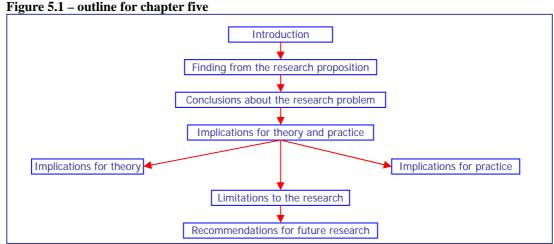
Chapter four presented the primary data findings from the case analysis in response to the four research objectives and eight research propositions. Principally, the findings confirmed that management do not have a holistic understanding of the principles of marketing, rather they tended to focus on specific components or elements of marketing. Specifically this tended to be the communication and selling

attributes and as a result, they adopted piecemeal practices to achieve their managerial goals.

It was found the concept of customer service is also not well understood and no effort was made to manage these activities (Healy 1988, Roche 1990, Harrison & Stamp 1991 and Mark 1993). Accordingly, most managers defer the marketing activities and decisions to someone else in the organisation. Marketing was considered to be a cost to the organisation and the products offered were not addressed in terms of pricing strategy but rather as a cost based item.

It was confirmed that there are two internal decision makers (elected representatives and administrative management) in LGAs (Sethi 1981) and on most occasions the decisions that they make are consistent. Occasionally there were differences in the reasoning or goal drivers for the decision making (Lynch 1996) although generally the outcomes are the same. Equally, it was confirmed that the dyadic exchange model did not address the complexity or the scope of LGA activities and the local government marketing model needed more detail (Bagozzi 1974, 1975) and this was presented as the final model in chapter four.

In this final chapter, conclusions about each of the research propositions are presented and contributions of this research are identified by comparing the findings from chapter 4 to the extant literature in chapter 2. Following on, conclusions from the research problem are presented and implications for theory and practice are detailed. The chapter concludes with a discussion of the limitations of the study and identifying areas for further research. An outline of chapter 5 is presented in figure 5.1.



Source: developed for this research

### 5.2 Finding from the research propositions

In chapter four the findings from the propositions found that:

- the mayors and managers do not have a sound understanding of the depth and breadth of marketing;
- marketing is considered to be mainly a promotional activity;
- marketing is not recognised as important compared to budgeting and strategic planning;
- marketing is not seen as an integral part of the strategic planning process;
- marketing activities are used in a piecemeal approach to resolve problems in product delivery;
- environmental conditions such as the size of the organisation and the degree of specialisation by management impacts on the marketing effort;
- target markets are poorly and inconsistently defined within the organisations and inappropriately used;
- the organisation has two key decision makers who make their decisions based on differing goal and objectives. In most cases the decision making is consistent but with increased specialisation more conflict arises;
- a third decision maker was identified as being a party to the exchange in local government and this group was external to the organisation and included organisations such as government bodies and consortiums;
- the local government marketing exchange as espoused in the literature was adapted with comments from case one leading to a second model that gained approval; and
- the local government marketing model as proposed from the literature, needed considerable refining to encompass the complexities of local government transactions.

Having discussed the summary of findings from the research propositions it is appropriate to summarise the research objectives and this is presented in the next section.

### 5.3 Findings from the research objectives

This section explicitly addresses the research objectives.

RO1 - to understand how local governments apply marketing in their daily operations.

Consistent with the literature from the other non-traditional marketing derivatives LGAs were found to have similar traits in that the marketing effort was piecemeal, the managers did not understand marketing and they made decisions without this knowledge (Octon 1983, Whyte 1985, Capon & Cooper-Martin 1990). In addition the decision makers used elements of marketing to address problems such as communication and awareness but did not consider other elements (Flemming 1985). Marketing was recognised as a cost to the organisation and in some cases the respondents suggested marketing had no role in the development of products, the markets, the pricing strategy or the delivery decisions. To develop a marketing process for an LGA more emphasis needs to be placed on the decision process, the environment, customer services and most importantly on the strategic alignment of the goals and markets being served.

## RO2 - to determine the difference between traditional and local government marketing

In this study, five key themes were identified as setting local government marketing apart from traditional marketing. First, the role of the decision maker who influences the marketing decision and application process was considered (Roche 1990, Graham 1994, Levine 1999). This process becomes more predominant as the size of the organisation and resources available to it, increased.

Second, dispute amongst the decision markers (Smith & Saunders 1990, Lynch 1996) is most pronounced between the operational managers and the political representatives. These disputes are predominantly due to differing goals and timeframes. A newly identified decision making group for LGAs were other government agencies and consortiums. This class of decision maker can influence the use of resources and the product offerings. However, the goals of this class of decision maker (Lynch 1996) is different in that the goals tend to be focused on addressing the needs of a larger section of the population that addressed by LGAs.

Third, customer service offering is misunderstood in LGAs and thus is inconsistently managed (if at all) and delivered across the product offerings and target markets (Hambleton & Hoggett 1990, Latham 1991). Fourth, pricing is not recognised as a strategic activity but rather it is seen as an organisational cost that needs to be recouped (Kotler & Zaltman 1971, Lingberry & Welch 1974, Bloom & Novelli 1981). Equally, communication is deferred to another officer within the organisation where possible. Fifth and finally, target markets are not really understood hence were not planned nor managed.

### RO3 - to develop a local government marketing model based on literature

From the literature two models of local government marketing were developed. One for the local government marketing exchange model based on Kotler's and Bagozzi's work (Kotler 1994, Latham 1991, Bagozzi 1994) and the second was a local government marketing model based on the literature in relation to three non-traditional marketing derivatives – public sector marketing, not-for-profit marketing and social marketing.

The very basic exchange model was deemed too naive by the first case study respondents and based on those findings the more sophisticated second model was presented for the other cases, and was deemed a more acceptable model.

Concurrently, the local government marketing model was also presented and again the model, as developed from the literature, was deemed to be too simple. Thus, an adapted model was presented to the subsequent two case respondents. This adapted model met with approval as a good representation of the local government environment and processes but again it was suggested that some modification occurred, specifically modification to the target markets to include government agencies, an expansion of the types of decision makers and the expansion of the exchange type as depicted in figure 4.6.

## RO4 - to develop a local government marketing model based on primary data findings

The final model presented in the findings shows the integration of the local government marketing model and the exchange model to depict the complexity of local government marketing. This model has not been further tested as it is beyond

the scope of this research, which was to investigate how marketing can be applied to local government.

Having summarised the objectives it is fitting to address the research problem in the next section.

### 5.4 Conclusions about the research problem

To address the research problem "How can marketing be applied to local government activities?" this research commenced with a journey to understand the local government organisations and to determine how marketing can be applied to these organisations. The commencement of this journey began with literature to determine first if marketing could be applied to local government and second if marketing could be applied how it could be applied. This was achieved by looking at other non-traditional marketing derivatives such as public sector marketing, social marketing and not-for-profit marketing.

The literature identified that the foundations of marketing namely the 4Ps, the marketing concept and the marketing exchange can be applied to all non-traditional marketing derivatives, including local government marketing. Indeed, the literature identified that an expanded appreciation of the marketing exchange model encapsulated all exchanges for all marketing derivatives.

From the investigation of non-traditional marketing derivatives it was clear that the environmental conditions (Ritchie & La Bieque 1975, Enis 1981, Walsh 1994), the level of the managers' marketing knowledge and their ability and willingness to implement marketing (Latham 1991, Graham 1993, Marks 1994, Dann et. al. 2000) were key drivers to the application of marketing in the organisation. Findings from the literature also included that in non-traditional marketing organisations there is often more than one key decision maker and that at times these decision makers can be in conflict. Further it was noted that target markets were identifiable but little if any management of those markets occurred. In relation to marketing application it was noted that generally LGAs considered marketing to be mainly about issues of promotion only embracing communication and awareness objectives.

These literature key findings were explored in the case analysis. The initial case was a large metropolitan LGA where the managers were specialists in their respective fields and had some in-house marketing training. The subsequent cases were with

smaller organisations allowing for confidence that the findings were consistent across organisational size, location and spheres of responsibility.

The case analysis confirmed that managers do not consider marketing as a managerial activity except for the issue of promotion, which was embraced in terms of general communication and creating awareness of LGA activities and products. Pricing as a strategic decision process was not recognised nor used in this way, rather pricing was seen as a cost recovery exercise. Managers did not consciously acknowledge nor develop costing based on strategic need or consideration of the target markets' equity. Most respondents considered marketing to be a cost to the organisation rather than as part of the strategic management of the organisation.

In relation to the various models of local government marketing reviewed in this research it was evident that the exchange process and local government marketing models presented for consideration were too academic and too simplistic. Subsequent development and presentation to the confirmatory cases supported the changes as being realistic and appropriate for the industry. The final model developed from the literature and case analysis findings has not been tested but does address the concerns of the case model and the theory.

An unexpected finding was the identification of an additional decision maker with unique and diverse agenda to the internal decision makers. They can influence key services and capabilities of the local government and their delivery in the marketplace. This decision maker was the consortium of government agencies, the other government bodies at higher levels of such as state and federal governments.

In response to the research question, this research found that marketing can be applied to local government as with any organisation. The key is in the application, which is reliant upon understanding the differences in local government activity and exchange that makes elements of the implementation different from traditional organisations. Thus to apply marketing to local government it is necessary to first understand the elements of the local government marketing model (the product type, the type of decision maker, the target market, the exchange type and the LGA's response to strategic alignment for the product and market see figure 4.6) and how those components interact with the delivery of product to the markets while meeting the needs of the organisation and stakeholders. Clearly the key is not to look at each

product in isolation but to develop a plan for each product in each market and ensure that the plan is consistent with the strategic fit of the organisations goals and mission.

### 5.5 Implications for local government theory and practice

From this research, many items from the literature were confirmed and others modified. Equally, from the case analysis key factors for the future application of marketing by local government authorities were determined. Thirdly, a model for consideration of local government marketing activities was developed for further interrogation with quantitative techniques in future studies. A summary and discussion of these finding are presented next.

### 5.5.1 Local government theory

In the literature, certain traits were identified as relevant for non-traditional marketing organisations and practices (see section 2.2.6) (Lamb 1987, Donovan et. al. 1997, Yudelson 1988, Bloom et. al. 1981, Edwards et. al 1991, Galston 1991, Capon et. al. 1990, Phillips et. al. 1992). Key areas of importance to the delivery of local government marketing were also noted as being customer service and strategic alignment (Latham 1991, Chorn 1991). The findings from the case analysis confirmed that the marketing concept and enhanced exchange model is relevant to local government activity. Further, the factors of product characteristics and target markets found as discriminate in the literature were confirmed as drivers of the marketing effort with the case study research. This suggests that although marketing may not be holistically applied in local government, managers were using the characteristics of the product and related them to the various target markets they identified.

Divergence from the literature occurred with the development of the two models: the local government marketing exchange model; and the local government marketing model. In both cases, the models developed from the literature were found to be naive and in hindsight were overly simplistic. The literature recognising environmental factors as a key element in many non-traditional marketing organisations has assisted in the redevelopment of the model. Accordingly, the literature models were enhanced using the case study research to depict realistic models representing the local government marketing environment.

### 5.5.2 Local government practice

The practice of local government marketing was also found to be consistent with the literature. Local government managers at all levels made decisions in relation to products with little or no knowledge of marketing. Accordingly, goals for these organisations were sometimes confusing and inconsistent in terms of interaction with the marketplace. This was further compounded with the confirmation that there are three decision makers in the local government exchange and they often have different agendas, expectations, goals and timeframes.

While the developed local government marketing model has not been empirically tested, it did provide a sound foundation for the identification of all elements and transactions that occur in the local government environment. Further the literature highlighted the need for organisational strategic alignment in such a model and this process will ensure that similar activities are clustered together and thereby provide an opportunity to present consistency to the market place by each strategic business unit. Unfortunately the respondents were not sophisticated enough in their understanding of either marketing theory or management theory to comment on this last point and this will need further confirmation through an additional study.

Having considered the theoretical and practical implications from this research consideration now focuses on the final limitation considerations. This is the topic of the next section.

### 5.6 Limitations of the research

The delimitations of scope for this research were stated in section 1.7 of this thesis. Further, some limitations caused by the methodology selection were identified and discussed in section 3.7. New constraints arose during the collection of the primary data. During the preliminary study the Mayor, CEO and other respondents were well versed in the understanding of marketing and how some activities are used in the organisation. Of the eight respondents only one showed lack of knowledge in applying marketing. This knowledge and understanding was not apparent in the subsequent two cases. So, expecting the respondents to address issues beyond their experience or capabilities was inappropriate. This resulted in the interrogation of respondents on some issues not being as rigorous was originally intended. This did affect the results in that the discussions about theoretical concepts were conducted at a preliminary level and not in depth as was hoped. This meant that the models were

studied at a practitioner and user level rather than a theoretical and practitioner level. It did not influence the outcome of the research propositions in that the models were last item for discussion in the interview protocol.

While these additional limitations restricted the scope of theoretical understanding by the respondents and required modification of the language used, it did not prevent the discussion of theoretical issues in layman terms. Accordingly, the theoretical discussion was not as in-depth. However, the principle of the theory was discussed and as such the integrity of the findings and the intent remain and were adequately addressed. Hence it is considered that these limitations while important to note do not impact on the integrity of the findings.

### 5.7 Recommendations for future research

The methodology adopted for this research focused on theory building. So, the research has developed a model to explain a holistic approach to integrating marketing into local government management. Thus, one area for future research would be to empirically test the model, in particular, researching across all LGAs in Australia as to the acceptance and completeness of the model's elements; to confirm the linkages of the model's components; and to test overall acceptance of the model. To collect the required measurable type of data would require the use of techniques such a questionnaire. A further approach would be to implement the model is a small LGA and audit the process and outcome using research designs such as action research or ethnography.

Further, from the primary data findings, the final local government marketing model was developed with respondent's input regarding the structure and appearance of the preliminary local government marketing model. Additional research could consider acceptance of the model by others in this industry sector.

### 5.8 Conclusion

This final chapter of the thesis started with a discussion on the findings from the literature and case studies in response to the research problem and with implications to the theory and practice. Next, a brief discussion outlined and revisited the delimitations in chapter 1, the limitations in methodology on chapter 3 and highlighted limitations that occurred during the primary data collection stage. Following on, the final section addressed the areas suitable for future research.

In summary, this research presents a model for the development and use of marketing by local government from a holistic standpoint. Discussions were presented on putting into effect the model developed from literature and primary data.

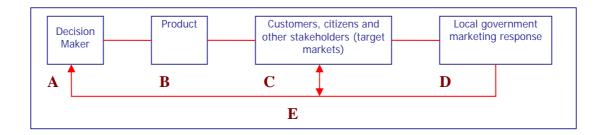
# Appendix 1 - Depth interview protocol

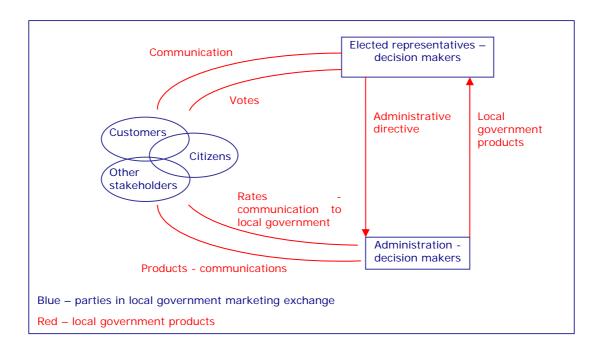
- What business are you in?
- What business is council in?
- What is marketing?
- What do you understand to be the intent of marketing?
- What do you understand to be the marketing process?
- What do you understand to the skills required for marketing?
- How does marketing fit in with the corporate strategic plans developed for the council and its various departments?
- How important is marketing to the business you are in?
- Who are involved in marketing in your department/ section?
- What percentage of your budget would be allocated to marketing
- How has marketing changed in Council over the past few years?
- What are department's responsibilities to the internal and external components?
- To whom do you provide a service?
- What do understand by the term marketing?
- What is the intent of marketing?
- © Compare to budgeting and strategic planning how do you rate marketing?
- Who is responsible for marketing of Council?
- When you develop budgets and the 5 year plan do you consider the marketing component?
- Who is responsible for communication with councils many publics?
- What percentage of time per week would you spend on marketing issues?
- What is the role of the Public Relations Branch?
- What does the Public Relations Branch actually do?

- Do you think marketing of Council can be improved by
  - o internal attitude
  - o better coordination
  - o better funding
  - o better staffing
  - o are there any other ways.
- § I would now like you to consider the activities of the Rural Shire Council. A
  friend comes to you who knows nothing about local government and asks you
  what business Rural shire council is in? How would you respond?
- Now consider your role with the council. What would you tell your friend is the business you are in?
- Marketing as a discipline is relatively new to business studies and people have different understandings of the marketing activity. What do you understand marketing to be?
- What role does marketing have with respect to the Rural Shire Council?
  - o planning corporate / strategic
  - o budget
  - o annual / operational
  - o community communication
  - o product (good and services) management
  - o changing the activities of council



Who is responsible for community consultation and communication in XXX Shire?





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