

MAKING THE TWAIN MEET; APPLYING MARKETING PRINCIPLES TO LOCAL GOVERNMENT ACTIVITIES

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Abstract

This paper presents a local government marketing model developed from marketing principles. Although local government has met the general needs of corporatisation by downsizing, changing accounting practices, and adopting new human resource planning procedures, it has had difficulties in adopting marketing principles. Unlike private sector organisations, local government management has to comply to National Competition Policy guidelines, as well as delivering services in an environment where the public is increasingly seeking accountability and perceived value from their representatives. In addressing this need, the model developed in this research recognises the importance of the customer – citizen continuum as a means of coping with the psychic distance between the electors and the elected in adapting marketing principles to local government activities. Local government marketing is seen here as being different from that which might apply to other levels of government (state and federal) because of the relative closeness between local government operations and the public. Therefore accountability and service to the community and other stakeholders are seen as paramount and any strategic marketing approach must cater for constituents' needs. Most marketing literature recognises this need but fails to provide a holistic approach, as is required in this instance, instead tending to use piecemeal applications. This paper therefore, presents a local government marketing application model, which encompasses the issues raised above. This model was developed from the literature and then subjectively tested using a case study approach.

Introduction

Of the three levels of government (federal, state and local), local government is seen to be closest to its representative communities (stakeholders and constituents). This is recognised in many local government activities including employment, delivery of community services, and infrastructure provision which foster close ties between local government and the community. This closeness leads the author to the recognition that psychic distance between the governed and the government at this level (Fletcher & Bohn 1996, Inkeles & Levinson 1969) is the least of all levels of government. The community voters accordingly believe they have more control over the policies and product delivered by their local government and consequently expect more accountability from their representatives.

The application of marketing principles to local government to date has failed to address the range and complexity of goods and services offered (Latham 1991). Articles such as the series on 'selling brotherhood like soap' infer a simplistic approach to public sector marketing (Rothschild 1979; Latham 1991; Graham 1994). The complexity caused by the range of stakeholders, the different types of marketing exchange, and recognition of the customer – citizen continuum, all need to be considered in the formation of an effective marketing application model.

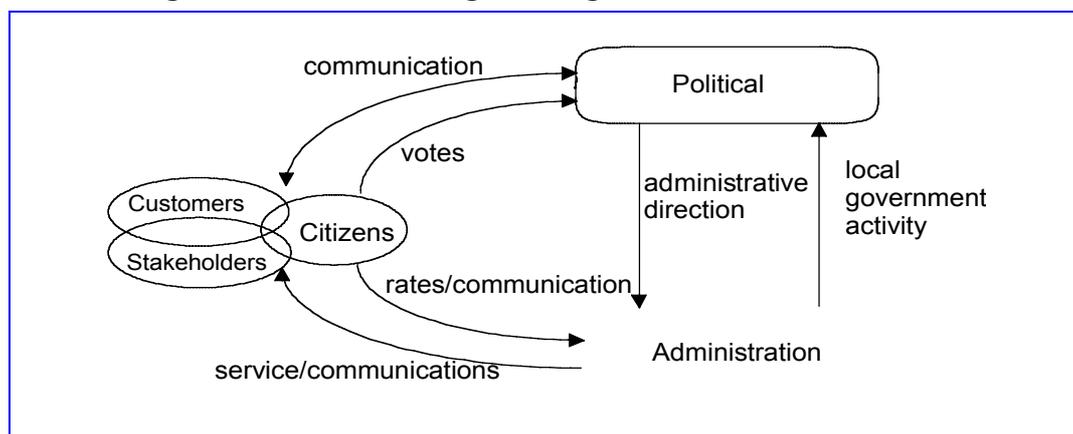
The local government marketing application model developed in this paper will allow management to apply marketing principles to all local government activities, thus addressing shortfalls in current practices. The holistic model will achieve this by applying a strategic marketing approach that recognises the many influences on the marketing management required to any given local government marketing activity.

Literature review and model development

The literature on local government marketing is limited. As identified above, one of the shortcomings of applying marketing to local government activities was an expectation that private sector principles and mindset could be wholly transferable to the public sector (Phillips & McDonnell 1992). This has been shown not to be the case in practice (Beltramini 1981; Latham 1991; Carter 1993; Graham 1994). While this paper does not dispute the marketing principles used in the private sector, it does question the application of these principles to the marketing environment in which local government operates. Discussion of the development of the model that will use marketing principles for local government begins with the marketing exchange concept.

Marketing exchange is commonly regarded as being dyadic (restricted) in nature (Bagozzi 1974). However, there are other options such as generalised exchange (being three parties) or complex exchange (more than three) (Bagozzi 1974, 1975). In these more complex exchanges, the concept of mutual satisfaction is not a condition and as such, one or more of the parties may willingly participate without insisting on mutual satisfaction. Such exchanges form the basis of public sector marketing. Therefore, a different strategic marketing approach is needed that addresses this complex exchange paradigm. Figure 1 illustrates a model representing the local government marketing exchange process.

Figure 1 - Local government marketing exchange



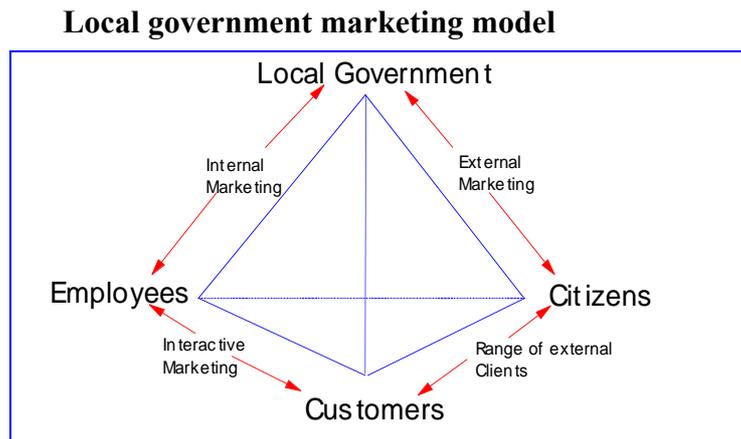
Source: Adapted from Bagozzi's social marketing model (1975)

From figure 1 it can be seen that local government marketing must address exchanges that are *restricted*, *generalised* or *complex* in nature. This recognition is one of the major restrictions limiting the adoption of private sector practices to local government marketing activities. Any such exchange must address the interactivity between employees, employers and customers in service delivery. Kotler's (1994) private sector model fails to recognise that the needs of the individual and the needs of the community can be different in context and nature.

Accordingly, this model has been modified to overcome this limitation as illustrated in figure

2. This shows the contrast between the marketing approach needed to address citizenship marketing as opposed to customer marketing, which is another fundamental difference between local government and private sector marketing.

Figure 2



Source: developed for this research from the literature based on Kotler (1994).

While this is not a new concept to public sector marketing theory (Wensley 1990; van der Hart 1990), it is the first time that the range of external clients has been recognised on a continuum from customers to citizen. The implication of this is the need for different tactics in the application of marketing for the various stakeholders positioned along such a continuum.

Another aspect of local government marketing, which has been considered in the development of this model, is that of *goal congruence* in relation to elected representatives and administrators as shown in figure 1. Although this has been addressed in the social marketing literature (Barach 1984; Petkus & Woodruff 1992), there is no evidence of it in local government literature. Goal congruence is needed in local government because of the differing goals of the body politic, with elected representatives being tenured for three years at a time, whereas administrators generally have more secure and longer tenure. Accordingly, responses to a given situation may vary due to the timing component and the goal congruence of interested parties. Having addressed the independent and moderating variables – organisation structure, activity type, position on the citizen - customer continuum and marketing exchange type, the focus of this paper now shifts to the dependent variables in the model (see figure 3). The dependent variables include the processes of applying the marketing concept, the use of Chorn's (1991) Strategic Marketing Model and customer services theory. The first of the dependent variables to be discussed is the application of the marketing concept to local government marketing.

Over the last forty years attempts to apply the marketing concept to business organisations have predominantly used three fundamental processes. These are the cost process, the societal process, and the strategic planning process (Stildsen & Schutte 1972; Worthington & De Marzio 1990). Of the three, the strategic planning process, the most recent and appealing, was developed in response to marketing practitioners' needs to be more professional, and it has a major role in the development and implementation of the business strategic plan (Worthington & De Marzio 1990). Based on this assertion the use of a strategic marketing approach was justified as the foundation of the model developed in this research. Chorn's (1991) strategic model that considers alignment within organisations has been applied as part of the dependant variable within the local government marketing application model as shown in figure 3.

This model identified four logics that assist organisations in achieving strategic alignment by ensuring the dominant logic is consistent across all activities. The four logics are integration,

development, administration and production (see table 1). Local government activities are considered in this research to fall within the integration and administration logics.

Table 1 – Chorn’s four market logic types

Logic type	Foci
integration	Empathy, understanding and relationship
development	Innovation and creative response to unique needs
administration	Reliability, predicability and consistency
production	Responsiveness in a commercial way.

Source: Adapted from Chorn (1991).

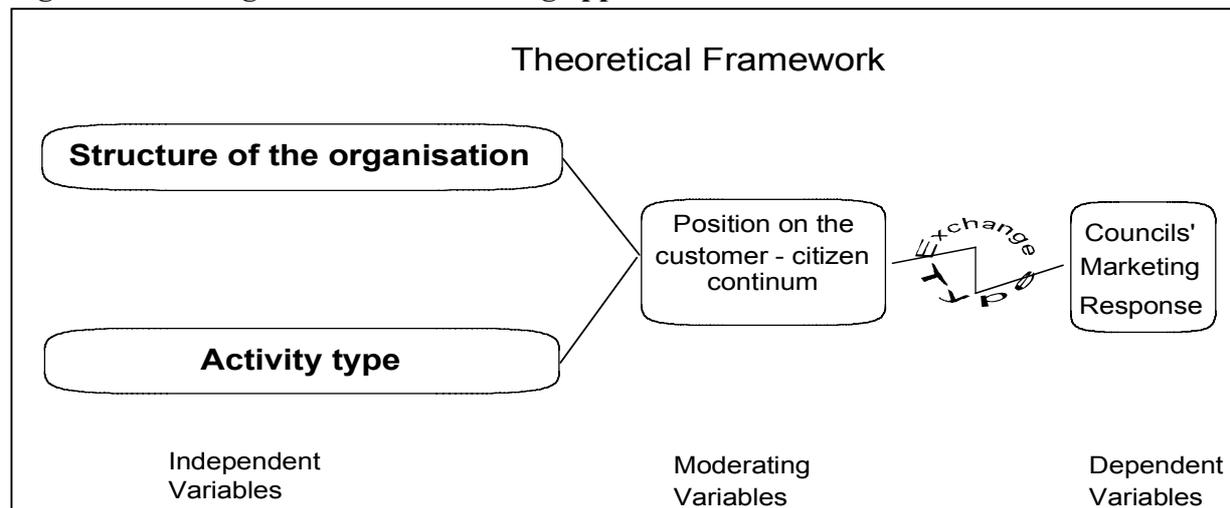
The final component of Chorn’s model is the discussion of the application of the local government activities (especially services). Customer services, whether developed from the public sector arena or from services marketing, have developed consistent service procedures and practices (James 1989; Ollenburg & Thompson 1990; Reynolds 1991). Thus, the application of services marketing principles using marketing tools is relevant and practical for local government.

From the literature, it is clear that the marketing activity needs to consider the following questions:

- Who is making the decision (can goal congruence be achieved)?
- What is the type of local government product?
- Whom does the product serve on the customer – citizen continuum?
- How many parties are there to the exchange?
- What strategic marketing logics apply?

Therefore, with respect to these questions, the local government model (figure 3) has been developed to address the needs of all parties in local government marketing exchanges.

Figure 3 – Local government marketing application model



Source: Developed for this research

Confirming the model

Case study analysis was seen as the best option for the preliminary confirmation and refinement of the local government application model developed in this research. Three local governments were selected representing three differing jurisdictions. These were a large urban council, a moderate semi rural council and a small rural district council. In-depth interviews were conducted with the mayors, CEOs and senior management in each case and were then compared to see if any differences could be attributed to the size and scale of councils.

Findings from this study showed that marketing theory is not well understood in the local government environment and is generally considered limited to advertising and public relations functions. However, regardless of the position of the interviewee, or the size of the council, there was unanimous acceptance of a need for local government marketing to recognise the customer - citizen continuum, and the need for marketing to the internal constituents of such organisations, as proposed in this model. Recognition was also given to the issue of goal congruence. Interviewees identified that decision makers at different levels may have different agendas and accordingly may wish to develop different strategies to address a similar issue. Although interviewees understood the logic of Chorn's (1991) strategic marketing model, and could recognise the division of local government products in to the two dominant logics (table 1), few indicated any willingness to take steps to implement the processes inherent in the model, which would impact on current management procedures.

Discussion and conclusions

This paper has identified from the literature; the essential elements needed to develop a model for local government strategic marketing planning. Our model will allow the application of marketing principles to all local government marketing activities in a manner that addresses the needs of relevant stakeholders in a consistent manner. The advantage of our model is that it presents a holistic approach to the application of marketing principles to local government activities by recognising that goal congruence in local government management, representatives and citizens is necessary for success. The success of our model is that it addresses the use of a customer service continuum, which encompasses the gap between citizens and customers as a key element for marketing strategy formulation. Chorn's (1991) Strategic Marketing Model and its associated marketing logics formed the basis on which this model was developed. The model provides means of developing marketing tactics for local government entities which, allows inturn, for strategically aligned marketing decision making for local governments.

Our model was then subjectively tested using three case studies, across a range of local authorities. Interviews were conducted with key personnel within the selected cases (councils). Findings from the case study showed that although there was acceptance of the logic used in developing the model, there was reluctance to apply the model. This indicates initially that local governments may still be reluctant to adopt marketing principles and that acceptance of these principles may still be some way off. Further research is required to test this preliminary conclusion.

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