



Marketing in the Public Sector: The Final Frontier

by Philip Kotler and Nancy R. Lee

Government agencies can use the four Ps—product, price, place, and promotion—and other marketing techniques to transform their communication with the public and improve their performance.

Government agencies and their administrators are under increasing pressure to improve performance and demonstrate a positive return on investment of resources and taxpayer dollars. One discipline that can help (but that has been mostly overlooked and misunderstood by public-sector managers) is marketing. Strategic marketing planning is an essential management tool, one that depends on a citizen-centered approach and employs a custom blend of the marketer's methods, which the private and nonprofit sectors have been using for decades.

What does "marketing" bring to mind? Advertising, selling, or perhaps manipulation? In fact, these are tactics of the last resort, used when marketing principles and techniques have not been properly employed to develop, price, distribute, and effectively communicate the real value of your offerings. They indicate a lack of a customer-oriented mindset.

Many public-sector managers know that marketing is more than communications or sales, but they don't know the "magic" that makes it work. Once they understand the four Ps—product, price, place, and promotion—they can use them to transform their communication with the public and improve their performance.

Marketing Improves Public-Sector Agency Performance

When a public-sector agency considers the wants, needs, problems, and preferences of citizens in developing and delivering programs and services, its needs are served and its performance improves (Table 1). How does marketing influence citizen behavior and achieve desired outcomes such as these? Read on.

The four Ps—product, price, place, and promotion—found in the marketing toolbox are the independent variables used to influence the desired outcomes of the target markets, the dependent variables. The following examples illustrate the application of these tools and techniques.

Table 1. Benefits of Citizen-Centered Programs

Benefit	Example
Increased revenues	When community centers rent out more of their meeting rooms, more people with school-aged children move to rural towns, increasing federal education funding. Seaports get more cruise ships to utilize their ports. Electric utility customers voluntarily pay more to city utilities to help fund renewable energy sources, such as wind power.
Increased utilization of services	More companies invite the staff members from the Department of Labor and industries to audit their facilities and train their employees on important safety measures. More people use mass transit. More citizens check out books and tapes from libraries. More residents attend cardiopulmonary resuscitation classes offered at the local fire station.
More purchases of products	More small businesses turn to the U.S. Postal Service for shipping and direct-mail services, and more citizens buy bubble envelopes, pre-inked rubber stamps, scales, holiday cards, and framed Disney stamp artwork.
Better compliance with laws	Citizens are persuaded to dispose of litter properly, not drink and drive, obtain building permits, license pets, and use pedestrian crosswalks, and businesses begin to strictly enforce safety regulations at construction sites.
Improved public health and safety	Teenagers postpone having sex, motorists move right for sirens and lights, cell phone users wait until they arrive at their destination to place the call, mothers breastfeed exclusively for the first six months, and tobacco users call a quit line.
Increased citizen protection of the environment	Homeowners reroute their roof's downspout to a rain garden, compost food waste, fix leaky toilets, install water-efficient showerheads, and abandon their gas blower for a broom and a rake.
Decreased costs for service delivery	More car owners renew their vehicle license online, citizens vote by mail, commuters purchase and print their own bus pass online, and homeowners keep leaves out of storm drains and use the proper containers for garbage, recyclables, and yard waste.
Improved customer satisfaction	Citizens complete their tax forms properly, have their computers and liquids out of their bags before they get to the security line at airports, and show up for appointments at community clinics on time.
Increased citizen support	Citizens vote "yes" for school bond levies, advocate (even demonstrate) for increased funds for a fire department, and join stream stewardship teams and neighborhood watch programs.

Philip Kotler is professor of international marketing at Northwestern University's Kellogg School of Government and is the author of Marketing Management, among other books. Nancy R. Lee has more than 25 years of practical experience in marketing and is an adjunct faculty member at the University of Washington and Seattle University. The authors also have coauthored Social Marketing and Corporate Social Responsibility and a new book, Marketing in the Public Sector: A Roadmap for Improved Performance, Wharton School Publishing, October 2006.

Product: Developing Popular Programs and Services

One of the most important marketing functions in the commercial sector is product management, which is just as critical in the public sector, especially to program managers. In 1929, Procter & Gamble assigned a young executive to give exclusive attention to one of its soaps, Camay, which was not selling well. Sales improved, and the company, as well as other consumer product industries, created the role of the product manager, who was responsible for developing competitive strategies for the product, preparing annual marketing plans, working with advertising agencies, supporting the product among the sales force, continuously gathering and distributing intelligence on the product's performance and customer satisfaction, and signaling any opportunity for new product development or needed improvements.

In the public sector, product management practices are most relevant in developing and enhancing programs and services. The Amber (America's Missing: Broadcast Emergency Response) Alert system, started in Dallas/Fort Worth in 1996, is a great example. Area broadcasters teamed with local police to develop an early warning system to help find abducted children, a legacy of nine-year-old Amber Hagerman of Arlington, Texas, who was abducted while riding her bicycle and later found murdered.

Amber Alerts are emergency messages broadcast when a law enforcement agency determines a child has been abducted and is in imminent danger. The broadcast gives a physical description of the child and anything known about the abductor's appearance and vehicle. Nine years later, in February 2005, the Department of Justice announced that Hawaii became the fiftieth state to complete its statewide Amber Alert plan. The program has thus far saved the lives of more than 265 children.

Price: Setting Motivating Prices, Incentives, and Disincentives

Price is a key marketing tool organizations use to achieve their objectives. It is powerful, often the major factor influencing a buyer's decision. In the public sector, price isn't just related to fees for products, programs, and services. It is also reflected in monetary disincentives such as tickets and fines and monetary incentives such as discount coupons. Although marketers aren't often responsible for setting policy such as fines

for littering or prices for personalized license plates, they can be instrumental in helping make these decisions and should be consulted, as in the following example.

"Click It or Ticket" had its beginning in North Carolina, and because of its success was hailed as a model for the nation (Figure 1). The model encourages states to implement special seat belt checkpoints, assign patrols to enforcement duties, and adopt a primary seat belt law allowing law enforcement officers to write a ticket if they simply observe an unbelted driver or passenger. Additional campaign components vary by state but usually include use of the Click It or Ticket slogan; promotional efforts such as advertising, signage, and earned media; and partnerships with local agencies, schools, and private-sector companies.

Figure 1. North Carolina's Seat Belt Campaign Slogan and Logo



These efforts helped to increase the national seat belt use rate to a record high: 80 percent in 2004. In 2005, the top states were Arizona, California, Hawaii, Michigan, Oregon, and Washington, all with rates of 90 percent or higher. The National Highway Traffic Safety Administration estimates that each percentage-point increase in seat belt use represents 2.8 million more people buckling up, 270 more lives saved, and 4,000 more injuries prevented. In 2000, the deaths and serious injuries prevented by seat belts resulted in savings of nearly \$50 billion in injury-related costs.

Place: Optimizing Distribution Channels

Distribution channels, simply stated, are the means used to deliver offerings and those by which citizens access them. In the marketing mix, the place "P" is one of the most critical decisions facing management, one that profoundly affects citizen response and government costs. A fast, smooth channel brings citizens joy, but a slow, difficult delivery costs them time and effort, result-

ing in aggravation. Options include the traditional brick-and-mortar channels that have dominated the distribution landscape of the past or a mix of newer channels that are growing in stature: mobile units, drive-thrus, Web sites, blogs, video ads, home delivery and house calls, kiosks and vending machines, and shopping, dining, and leisure areas.

In January 2004, the *Chicago Tribune* published an article, "Rapid HIV tests offered where those at risk gather: Seattle health officials get aggressive in AIDS battle by heading into gay clubs, taking a drop of blood and providing answers in 20 minutes." It reported that Public Health—Seattle & King County had begun administering rapid-result HIV tests in bathhouses and gay sex clubs, at the time one of the most aggressive efforts in the nation. Sending health counselors to bathhouses for standard HIV testing was fairly common, but the client then needed to make an appointment at a medical clinic and typically waited at least a week to get results, a critical step in the prevention process that was not always taken. Thus, the publicized quick turnaround brought about greater usage.

Promotion: Communicating Effectively with Key Public Segments

Promotion, often referred to as marketing communications, is used to inform, educate, and persuade target markets. Promotion means persuasive communication, which ensures that target audiences know about an organization and what it has to offer, believe they will experience the benefits promised, and are inspired to act. These communications represent the voice of the brand (more below) and are designed and delivered to highlight the offer, which has been determined by decisions already made regarding product, price, and place.

Developing these communications is a process that begins with determining the key messages (what needs to be communicated). It then considers who will deliver these messages or at least who will be perceived as delivering them. Next, communication channels are selected, driven by the content and format of the messages. The target audiences are the source of inspiration and the ones whose opinion and response matters.

Evidently, the U.S. Federal Trade Commission's simple message offering citizens an opportunity to sign up for the National Do Not Call Registry to cut down on unwanted telemarketing calls got through. The list took effect on October 1, 2003, and by December 2005, a Harris Interactive, Inc., poll indicated that 76 percent of U.S. adults had signed up for the registry.

Additional Marketing Techniques Branding

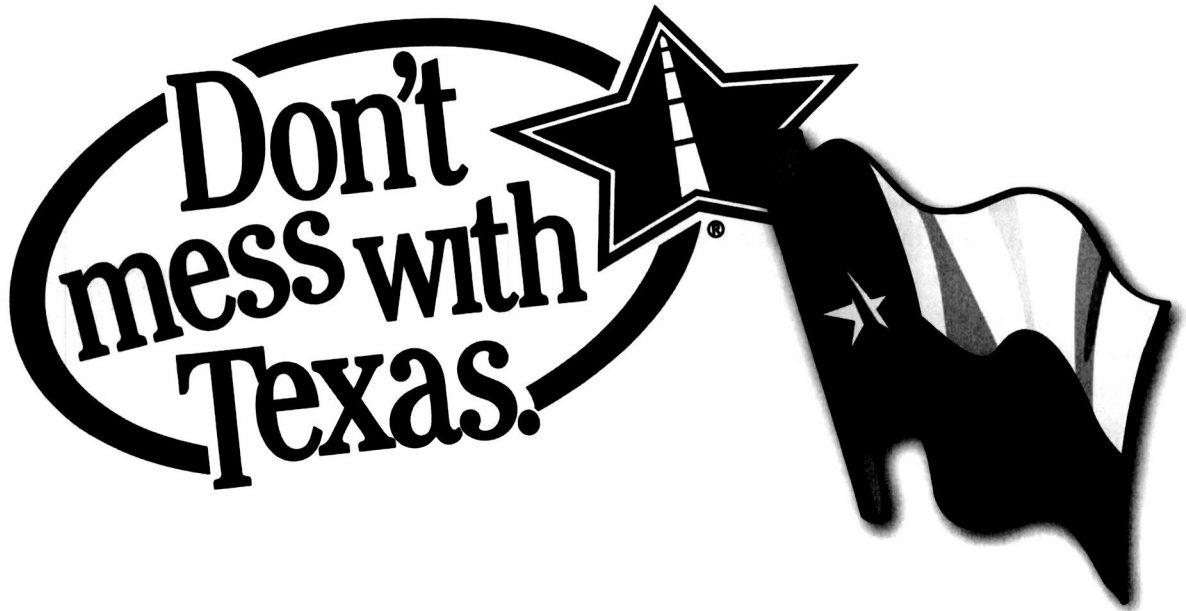
Branding is a strategy an agency can use to secure a desired position in the prospect's mind. The process begins with decisions regarding a desired brand identity (how the organization wants to be seen) and is then managed to ensure that the brand image (how it is actually seen) is on target. For an agency and its programs, a strong image is a great help in meeting several marketing objectives. Heightened awareness and understanding of the features, spirit, and personality of the brand can make all the difference in usage (such as seeing the city as a great travel destination spot). A recognizable and trusted brand image may make it more likely that a citizen will participate in a program (such as joining a Neighborhood Watch group). It might even persuade someone to comply with guidelines and laws.

One campaign that has made great choices in brand elements to achieve these goals is the tough-talking litter prevention campaign sponsored by the Texas Department of Transportation: "Don't Mess with Texas." Clearly, success in achieving 95 percent name recognition among Texans is due to the selection of campaign elements that reflect this spirit, starting with the selection of the campaign's name. Colors in the campaign logo match those of the state flag (red, white, and blue), and use of the star symbol with a highway graphic connects it to the flag as well (Figure 2).

The brand is supported through traditional channels, such as television and radio, but also via more non-traditional strategies, such as bumper stickers (Figure 3). Most important, the brand supports the state's objectives to reduce littering. In less than ten years after the launch of the campaign, litter on Texas roadways was reduced by 52 percent.

Promotion, often referred to as marketing communications, is used to inform, educate, and persuade target markets.

Figure 2. Litter Prevention Slogan and Texas State Flag



Improving Customer Service and Satisfaction

Clearly, agencies can reap multiple rewards by improving customer service and satisfaction. What may not be quite as obvious is how marketing can contribute.

Major relevant marketing-related practices include encouraging employees to deliver great service, advocating for infrastructures and systems to help (not hinder) service delivery, and participating in the adoption of total quality management principles—all involving the marketing function of monitoring and tracking customer expectations and satisfaction levels.

Alan Brunacini, Chief of the Phoenix Fire Department, is sought after for presentations and conversations and has inspired others around the country with his bold customer service philosophies. He says that the fire department adds value to every encounter, embodying his interpretation of the management by objectives model as “management by opportunity.”

One vivid story he tells is of a self-employed cement contractor who had a heart attack and collapsed when finishing up a nine-yard pour of a driveway. A motorist called 911, and a team was dispatched to the scene. After standard initial advanced life support treatment was administered, the contractor was transported

Figure 3. Don't Mess with Texas Bumper Sticker



to a hospital. When the engine company captain subsequently surveyed and evaluated the scene, he realized that a half-finished concrete driveway on a 90-degree day would likely cost the customer between \$2,500 and \$3,000, assuming that most of that work would need to be redone. A huddled discussion among the crew indicated that there were two members of an adjacent station who did cement finishing on their days off. They then arrived on the scene and completed the finish and edging in 40 minutes. Back at headquarters, the engine captain called the hospital to let the family know that the pickup truck and tools were secured at the station and that they shouldn't worry about the driveway job because "firefighter elves" finished it.

For those who think everyday practices such as this are a stretch, Brunacini points to the department's business outcomes. It has never lost a bond levy and is rarely denied resource requests. It has one of the highest satisfaction levels, safety records, and retention rates in the country. And it has about 3,000 applicants each year for 50 openings.

Social Marketing

Social marketing is a distinct marketing discipline that strives to influence public behavior to improve health, prevent injuries, protect the environment, and contribute to communities—improving the quality of life overall.

Pet waste, for example, is a subject that most people avoid. But some communities—like Austin—have a little fun with it. The city's Watershed Protection Department makes "mutt mitts" available in Scoop the Poop boxes in city parks (Figure 4). Citizens are responding to Austin's plea: from the number of mitts distributed in one year alone, the city estimates that it has removed 135,000 pounds of waste and its related bacteria from watersheds.

Summary

So, marketing is more than communications, and traditional marketing principles and techniques can help improve an agency's performance. By offering quality programs and service, agencies increase citizen interest, revenues, and satisfaction. By improving and reporting on agency performance, they engender citizen support. By developing infrastructures mindful of citizen inclinations and behavior, they increase public health and safety. By communicating effectively, they

Figure 4. Austin's Scoop the Poop



motivate voluntary compliance. By providing easy access to services, they increase utilization and even decrease operating costs.

The only real magic in marketing is a citizen-oriented approach. ❖

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