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**PUBLIC
SECTOR
DIGEST**

The Case For Marketing in the Municipal Sector



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Destigmatizing Public Sector Marketing

Marketing has its roots in business, and remains a major management function. However, in an era in which governments need to be more responsive and accountable to the needs of the public, marketing can help governments accomplish this goal. With governments spending significant dollars delivering programs and services, there is a need for increased efficiency, accountability and transparency in the processes used to deliver these initiatives. Many government organizations are adopting marketing approaches to help meet two major challenges: the challenge of meeting mandates and satisfying client needs in the face of significantly diminishing resources; and the challenge of meeting specified revenue or cost-recovery targets. As well, with the managerial shift of the public sector to mirror a business-like approach, the adoption of marketing and related managerial practices can serve as a key component in strengthening accountability in government operations [i]

Government organizations have long debated the applicability of marketing concepts and management approaches, many of which stem from private sector notions of consumption and economic choice, as well as an environment in which market forces rule. However, in recent years, there has been growing recognition that marketing can be used to enrich public sector management and better serve citizens and stakeholders. Concepts such as services marketing have emerged in the context of challenges faced by governments. Rather than associating "marketing" with the sale of goods for profit, marketing concepts are now being applied to help encourage program adoption and improve services in support of "public good" mandates [ii]



Marketing and Municipal Government

Marketing is universally recognized as one of the most important elements in business management. In the economically challenging twenty-first century, it may also become one of the most important functions of city management.

Some experts have gone so far as to say that the quintessential function of any business is not manufacturing or service delivery, but marketing. The object of marketing, after all, is to make, hold, and fully develop customers in the face of competition for those customers. Without these customers, no business has a need for any of its other functions. However, the traditional assumption was that since municipal governments do not have customers, and thus no competitors, marketing is an unnecessary function of public management. Indeed, few are the professional city managers or department heads who have had any training or experience in marketing.

Most professional public managers understand that governments are service providers and have customers: the residents, taxpayers, investors, property owners, visitors, small business owners, and other funders and recipients of public services. But because government services are ostensibly monopolies within their geographic jurisdictions, it is commonly assumed that these captive customers have no other possible provider and that cities do not, therefore, have competitors. Also due to public taxation dynamics, it has been assumed that government revenues do not, as in business, depend on how well a city “sells.” [iii]

Many citizens are critical of municipal government and what they perceive as wasteful purchases and practices, a lack of needed services, and a pervasion of government by powerful interest groups. Specific complaints include the belief that there is a discrepancy between taxes paid and the dollar value of services received; scandalous government expenditures on common goods and the resulting overruns on government contracts; the deterioration of critical public infrastructure; the poor responsiveness and flexibility of the public bureaucracy; unwarranted overprotection of public employees even in the face of incompetence or unethical conduct; systems problems resulting in long waiting lines, and dirty streets.

Surely municipal governments need to improve their real and perceived performance in order to raise the citizenry’s confidence and satisfaction and, ultimately, their support. One answer to improving performance is for

cities and towns to adopt tools that the private sector uses to operate their businesses more successfully. One of the most overlooked fields has been marketing.^[iv]

Too often, professionals from public sector organizations not involved in marketing equate marketing to simplistic “promotion”. In reality, any involvement in delivering programs or services to customers, improving public health or safety, the environment, increasing compliance with laws, improving customer satisfaction, decreasing service delivery costs, increasing revenue, or engaging citizens or stakeholders, implicitly or explicitly involve marketing.

Simply stated, marketing is a **process for working smarter**. It provides an organized approach to adopting a customer-centered focus, determining who is most likely to respond to organizational offerings, communicating in compelling language that moves audiences to action, defining the environment and other factors that will impact organizational success, delivering a program or service at the right time, place and price, and monitoring efforts so that continuous improvements can be made.^[v]



As Kotler and Lee point out “Marketing turns out to be the best planning platform for a public agency that wants to meet citizen needs and deliver real value.” Public agencies can benefit from bringing a more conscious marketing approach and mindset to their mission, problem solving and outcomes. Marketing is not the same as advertising, sales, or communications. It is these skills and more. It involves a customer (citizen-centered) approach, one that helps address citizen complaints, alters their perceptions, and improves performance. It is a disciplined approach, requiring those who adopt marketing for their municipality to develop a formal plan by conducting a situation analysis, setting goals, segmenting the market, conducting market research, positioning, choosing a strategic blend of marketing tools, evaluating results, preparing budgets, and formulating an implementation plan. Governments can move from being low-tech and low-touch to being high-tech and high-touch, thereby delivering more value for the taxpayer dollar.^[vi]

The marketing of communities is most often associated with ads and brochures aimed at attracting new industrial development. But ads and brochures hardly define the scope of community marketing media,

which now include web sites, videos, trade shows, publicity, special events, direct mail, and personal sales calls. Moreover, there are many other purposes for marketing, as communities may want to:

- Recruit industry and office facilities
- Attract retail development
- Draw tourists
- Draw shoppers downtown
- Draw home buyers to bypassed neighborhoods
 - Be chosen as a convention and meeting site
 - Be the location for major sports, entertainment, or cultural events
- Be the site of on-location movie production
 - Attract real estate investment and development, perhaps to depressed or designated redevelopment areas
 - Attract new residents generally, as with some depleted rural towns
- Attract retirees as residents
 - Attract young people or the “Creative Class” as residents
 - Attract new college graduates as residents and workers
 - Attract certain categories of locally scarce labor from other areas
- Bring back former residents
- Recruit families with children to support local public schools.[\[vii\]](#)

Communities also, if less frequently, market for retention in addition to attraction in some of the above categories, seeking to hold onto customers who now have more choices than ever. And it isn't always the entire community—the city, county, or region that is marketed. It may be the industrial park, the downtown business district, a tourist area, a special street, or a historic property. A few cities have marketed older residential neighborhoods to home buyers, while regions advertise scenic, historic, or other underused highways to travelers.

In recent years many places have chosen to market themselves in one fashion or another. But when agencies and departments undertake separate marketing efforts, there can sometimes be inconsistencies that muddle perceptions of the community. Such marketing initiatives characteristically suffer from a lack of management perspective, and therefore fail to benefit from the lessons that decades of marketing experience in the private sector have taught managers in business. Such difficulties can be minimized, however, with overall expert marketing oversight from the city manager's office. Different approaches to different markets are not, however, undesirable.^[viii]

Marketing is not “communications,” since a city can communicate without achieving any marketing effect. It is not simply buying media. It's not being creative, achieving awareness, or making the public like you. Nor is it a matter of producing art or entertainment. All of these actions are done in the name of marketing, and certainly all can contribute to its objectives; but none of these should be seen as the essence of marketing.

Marketing simply means creating, enhancing the value of, or retaining, a customer. A customer is someone who will benefit an organization financially—primarily taxes in the case of municipalities—for what it has to offer. And that makes it a function of management. Marketing is management strategy. But perhaps the most compelling reason for cities to engage in marketing is that they are, in effect, doing it anyway by default even if they are unaware of it. Over the last century, cities formed planning commissions because they understood that their future growth would be planned for them by land owners and developers—in potentially undesirable ways—if they didn't take some initiative themselves. Similarly, what a city stands for in the minds of out-of-town businesspeople and investors, tourists, shoppers, young people, and others is being defined every day by other people, and those perceptions strongly influence location and investment decisions. So the only question is whether the local government wishes to be part of the game or leave its destiny in the hands of others.^[ix]

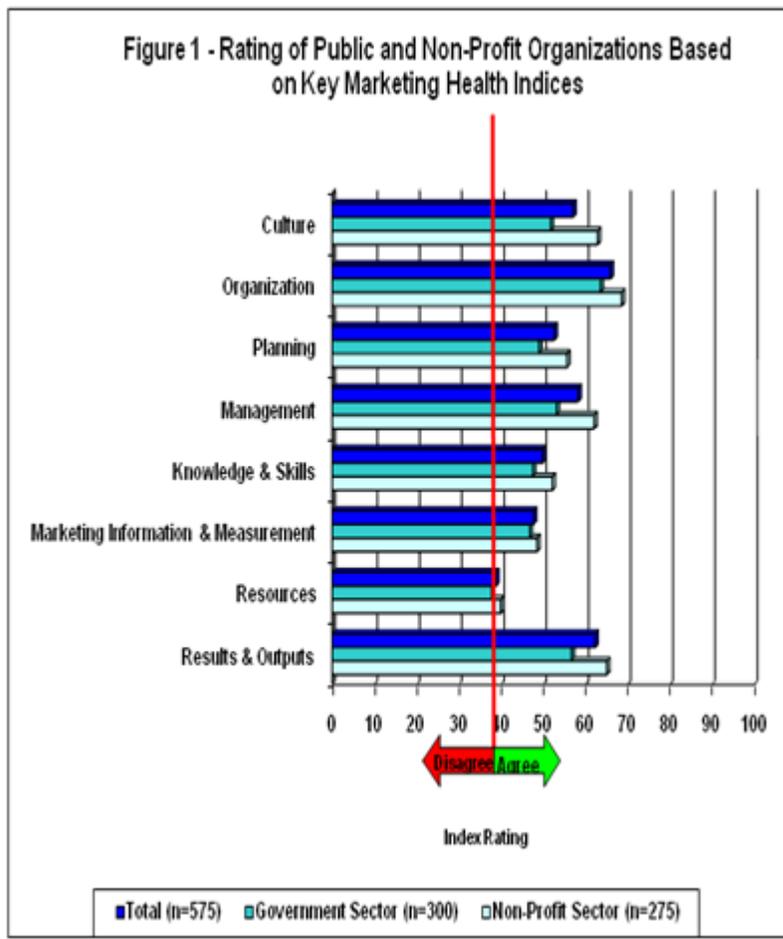
Landmark Study Public Sector Marketing

Recognizing the growing importance of marketing in the public and non-profit sectors, the Centre of Excellence for Public Sector Marketing and Phase 5 conducted a landmark study in May, 2006 to assess the health of marketing in the public and non-profit sectors in Canada. The study *“Setting the Baseline: the State of Marketing in the Public and Not-Profit Sectors in Canada”* is based on a survey of close to 600 professionals in marketing-related positions in government and non-profit organizations across Canada. It represents a benchmark against which organizations can gauge marketing management capabilities in the future.

The survey results clearly demonstrated that strategic marketing management and best practices have not been adopted in any significant way by governments across Canada. Managers indicated, on

balance, that their organizations have adopted very few of the best practices of leading marketing organizations. [x]

Although non-profits tend to score higher on all indices, the study paints a bleak picture of the overall marketing health of these two sectors. Government organizations, in particular, seem to lack the culture, strategic planning environment, management systems, knowledge and skill set, marketing information and performance measurement regime that are indicative of market-centred organizations. [xi]



This trait also appears to be wide-spread and cultural in nature, with little evidence that there are significant pockets of marketing excellence in the public sector. To test this, further analysis was conducted to determine whether certain types of government organizations are naturally more inclined to be marketing-oriented given the nature of their mandate. For example, an organization that delivers

services to citizens like municipal governments might have more impetus to be marketing-oriented than one that performs a regulatory role. Surprisingly, the analysis shows that scores are tightly grouped and do not vary significantly depending on the role and types of services provided (i.e. whether mandatory or optional.)^[xii]

As governments and other public organizations continue to try to meet the challenges associated with demands for better and improved service delivery as well as new services and programs with budgetary constraints, new and different models of management and their associated tools and tactics need to be considered to help municipal governments deliver more quality, speed, efficiency, convenience and fairness to its citizens. Marketing presents a comprehensive, integrated and innovative approach from which to manage municipal government resources. The time has come for leaders in municipal government to recognize and embrace the lexicon and practice of strategic marketing.

“Marketing is not an event, but a process... it has a beginning, a middle, but never an end, for it is a process. You improve it, perfect it, change it, even pause it. But you never stop it completely.”

Jay Conrad Levinson

[i] Mintz, J.H., Church, D., & Colterman, B. The Case for Marketing in the Public Sector. *The Journal of Public Sector Management*, 36, Retrieved March 17, 2009, from <http://optimumonline.ca/article.phtml?id=270>

[ii] Ibid.

[iii] Gann, J. (2008). How to Evaluate (and Improve) Your Community's Marketing-Part One. *ICMA Press IQ Report*. 40.

[iv] Kotler, P., & Lee, N. (2007). *Marketing in the Public Sector: A Roadmap for Improved Performance*. Upper Saddle River, New Jersey: Pearson Education.

[v] Colterman, B. (2009, February 9). Call it whatever you want-I call it working smarter... Message posted to <http://berniecolterman.wordpress.com/2009/02/09/call-it-whatever-you-want-i-call-it-working-smarter/>

[vi] Kotler, P., & Lee, N. (2007). *Marketing in the Public Sector: A Roadmap for Improved Performance*. Upper Saddle River, New Jersey: Pearson Education.

[vii] Gann, J. (2008). How to Evaluate (and Improve) Your Community's Marketing-Part One. *ICMA Press IQ Report*. 40.

[viii] Ibid.

[ix] Ibid.

[x] http://www.publicsectormarketing.ca/downloads/CEPSM_Optimum_Article.pdf p,5-12

[xi] ibid

[xii] Ibi

Marketing “Vital Signs” Check List

Are you a marketing driven organization? Take the test

- You do not use terms like “general public” when referring to your target audience
- “Plan” is more than a four letter word
- All marketing activities are coordinated and integrated into an overall plan
- You focus on results and NOT process and politics
- Your organization takes “risks”, although ensuring they are “reasoned risks”
- You do not keep doing the same things every year i.e. programs, services, products
- Marketing campaigns consistently meet their goals and objectives.
- You take action when results are not achieved.
- You have a clear understanding of the needs of your target group(s)
- You have a dedicated marketing budget
- Your organization’s brand has value
- Reinventing the wheel is not standard operating procedure
- Your organization is focused on “outcomes” not “outputs”
- Evidence-based decision making is in your organization’s vocabulary.
- Strategic Alliances/partnerships are a key component of your marketing activities
- Your marketing objectives are SMART (Specific, Measurable, Attainable, Realistic and Time Limited)
- Your organization does not use the web as a warehouse to store information
- You value training in areas like marketing and communications
- Performance measurement is something that your organization does regularly
- You are up to date with the latest trends and technologies in the area of marketing and communications
- Branding is more than a visual identifier
- You are open to change
- You see the need to understand your “competition”
- You use all the elements of the marketing mix (4 p’s) and not just promotion
- Your organization believes that the ultimate objective for marketing is not education and creating awareness but behaviour change

If you scored: **20 –25:** You have the tools, processes and culture in place to be successful and sustainable

15 –19: You are on the right path, but need to examine those areas where you are weak

10 –14: You are likely struggling and need to take a serious look at priorities and processes

6 –9: You are on the borderline of existence

0 –5: You need to start over