

Government Sector Fairs Poorly in Adoption of Marketing Best Practices

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Introduction:

Marketing has been a fundamental practice in business for many years. While marketing remains a major management function in business, it is now being used, albeit with varying degrees of success, in government. With governments, crown corporations/agencies and other public institutions spending significant dollars delivering programs and services, there is a need for increased efficiency, accountability and responsiveness. With the shift of the public sector to more of a managerial, business-like approach, the adoption of marketing practices can serve as a key component in strengthening accountability in government operations.

Adrian Sargeant, Professor of Nonprofit Marketing at Bristol Business School, states “managers in government over the past few decades have been transformed from administrators and custodians of resources to accountable managers with greater delegated authority. The notion of delegated authority is important because it provides managers increasing opportunities to match service provision with the needs of ‘customers’ in their area. This new-found freedom and flexibility has required public sector managers to learn and practice a range of new marketing skills”.¹

There has been a growing recognition that marketing can be used to enrich public sector management and better serve citizens and stakeholders. Concepts such as social marketing and services marketing have emerged in government. Rather than equating the word “marketing” with the sale of goods for

¹ Adrian Sargeant, *Marketing Management for Nonprofit Organizations*, (Oxford: Oxford University Press, 2005)

profit, marketing concepts are now being applied to help encourage program adoption, improve services and change attitudes and behaviours in support of “public good” mandates.

Philip Kotler and Nancy Lee point out in their new book, *Marketing in the Public Sector...A Roadmap for Improved Performance*, that government operations are carried out at great cost to citizens and they expect performance from public agencies to be comparable with the efficiency of the private sector. “The public sector needs to improve its performance to raise the public’s confidence and satisfaction and thereby their support. Some public sector administrators question the use of marketing, claiming that government operations are inherently different from business operations.”² These differences according to Kotler and Lee “are often exaggerated and should not be used as an excuse for inefficiency, ineffectiveness or waste.”³

In the book, *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*,⁴ David Osborne and Ted Gaebler state that governments are increasingly caught between declining revenues and rising demands for service. They call on government to become more catalytic, mission and customer-driven, anticipatory, and market-oriented. Judith Madill, in her article, [*Marketing in Government*](#)⁵, states that some government organizations are turning to the following four specific applications of marketing to better meet their objectives: marketing of products and services, social marketing, policy marketing and de-marketing. The question remains: to what extent have government organizations incorporated strategic marketing practices into their organizational environment?

² Philip Kotler, *Marketing in the Public Sector: A Road Map to improved performance*, (Philadelphia: Wharton School Publishing, 2007)

³ Ibid

⁴ Osborne, David, Hutchinson, Peter, *Reinventing Government: How the Entrepreneurial Spirit is Transforming the Public Sector*, (Plume; Reprint edition, 1993)

⁵ Madill, Judith J., “Marketing in Government”, (Optimum Online: Vol. 28, Issue 4, Page 9, 1998)

The State of Marketing in the Public and Not-Profit Sectors in Canada:

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 study in May, 2006 to assess the health of marketing in these sectors in Canada. The study is based on a survey of close to 600 professionals in marketing-related positions in government and non-profit organizations across Canada.

The report presents detailed findings and benchmark results in the following aspects of marketing management:

- Accountability and how the marketing function is organized;
- Marketing culture;
- Knowledge and skills related to marketing;
- Planning processes and practices;
- Practices in managing and marketing programs;
- Use of marketing information and systems; and
- Outputs and results of marketing programs.

Findings:

Although non-profits were also surveyed, this article will focus only on the results for the public sector. The survey results show that strategic marketing management has not been adopted by government in any significant way. Respondents indicated that their organization has adopted very few of the best practices of leading marketing organizations. Furthermore, results suggest there do not appear to be significant pockets of leading marketers in government. Government organizations are less likely to recognize strategic marketing as a function that is distinct from communications. As one respondent

stated, *“Historically, marketing and communications were considered synonymous. Only recently have we started to recognize the difference”*.⁶

Organizations interviewed lack the culture and organizational support to advance the practice of marketing. They lack a common understanding of strategic marketing principles, from the senior executive level down. Specifically, organizations:

- are more focused on tactics and implementation than on strategic marketing and planning;
- do not have a proactive, systematic approach to identifying high value, client-centred ideas and turning these ideas into new products, programs and services;
- do not tend to measure to improve results and ensure accountability of marketing expenditures;
- do not support the marketing function either in terms of funding or culture; and have difficulty attracting, training and retaining staff with marketing skills given the culture and lack of organizational support.

The survey also indicates that crown corporations and provincial / municipal governments demonstrate a stronger orientation towards marketing than the federal government. Governments in general, demonstrated neglect for incorporating a formal marketing process and establishing measurable marketing objectives and scored low on implementing a proactive process that considers client needs when identifying and developing new products, programs, and services. Governments tend to be reactive, rather than developing proactive systems to address shifts in the marketplace.

Implications and Directions:

There is a strong need to educate senior government managers about the value and applicability of strategic marketing management principles. This requires recognition of the value of marketing, both in

⁶ Phase5/CEPSM, “Setting the Baseline: State of Marketing in the Public and non-profit Sectors”, (Survey, 2006)

terms of the potential impact on the effectiveness and efficiency of programs, services and outreach campaigns, as well as the benefit to citizens.

Government organizations are much more familiar with the promotion and communications aspects of the strategic marketing framework, than with elements such as segmentation and strategic market selection, branding and positioning, product/service management, channel management, and pricing. Within government, there is wide recognition of the role and value of the communications function and many organizations have developed communications plans outside of a marketing framework. There is an opportunity to broaden this function to include a strategic marketing mandate thereby re-positioning it as an expanded role. Marketing can be used to achieve the vision of better informing and engaging citizens by viewing communications within a broader strategic marketing framework. It can help to drive results in program uptake, program impact and behavioural change. It can also save money by helping executives and program/service managers make informed investment and resource trade-off decisions.

Marketing does not occupy the same institutionalized position as it does in business. There is no clear marketing function or job category in government and therefore few positions include “marketing” in their titles. In the private sector, marketing has a clear career path. Governments need to look at both classification and standards for hiring marketing people. Evidence also suggests that they have difficulty attracting and retaining qualified marketing staff. One respondent stated that *“Marketing is not respected by colleagues. Economists have much more ‘cachet’.”*⁷ As Judith Madill states, “in order for marketing to be successful in government, it is necessary to assign responsibility for the marketing initiative to a senior manager with influence in the organizations decision making environment.”⁸

Most people performing marketing functions in government do not have formal training in marketing. This suggests a clear need for marketing training in government, such as the training tools and resources

⁷ Phase5/CEPSM, “Setting the Baseline: State of Marketing in the Public and non-profit Sectors”, (Survey, 2006)

⁸ Judith J. Madill, “Marketing in Government”, (Optimum Online: Vol. 28, Issue 4, Page 9, 1998)

offered by [The Centre of Excellence for Public Sector Marketing](#) and the [“Professional Certificate in Public Sector and Non-Profit Marketing”](#) run by Carleton University’s [Sprott School of Business](#) as well as keeping up to date on public sector marketing issues by attending the annual [MARCOM](#) conference.

Governments fail to consider client needs when developing service and product approaches. One manager captured this tendency in the following comment: “*I would like to see a coordinated effort between what we call project leaders and marketing communications. Instead of marketing products or services based on internal political thrusts, look at what people actually need, build it, market it, and continually serve these clients to meet their needs*”.⁹ Governments need to examine the process by which they develop and manage products, programs and services. Marketing management systems and practices must be adopted from the planning level on down. Furthermore, measurement systems must be put in place to track success against marketing objectives and make necessary adjustments to improve performance.

Many government managers identify marketing with cost recovery or revenue generation. While marketing can assist in these goals it may be more valuable for other objectives of government, such as improving relationships with groups and individuals, as well as serving clients better. Marketing can be beneficial to government because it ensures that clients and stakeholders play a major role in developing and implementing a program/product/service; initiatives tailored to specific segments of the market ensure efficient use of limited resources; and the application of four Ps¹⁰ will always ensure that the initiative will move beyond just communications/ promotion.

As governments and other public organizations continue to try to meet the challenges associated with demands for better and improved service delivery with budgetary constraints, new and different models of management need be considered to help government deliver more quality, speed, efficiency,

⁹ Phase5/CEPSM, “Setting the Baseline: State of Marketing in the Public and non-profit Sectors”, (Survey, 2006)

¹⁰ Product, Price, Promotion, Place

convenience and fairness to its citizens. Marketing presents a comprehensive, integrated and innovative approach from which to manage government resources.

[Click here](#) for more information on how to obtain the CEPSM/Phase 5 survey report

References

1. CEPSM/Phase5, "Setting the Baseline: State of Marketing in the Public and non-profit Sectors", (Survey, 2006)
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