

MARKETING STRATEGIES IN PUBLIC INSTITUTIONS – FASHION OR NECESSITY?

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Abstract

The marketing strategy, as core of the marketing policy, in the contemporary society and in the public institution, becomes a necessity not just a fashion. We undertake to reinforce this statement by arguments and to outline the specificity of the marketing strategy in the public institution of the modern society. Although public institutions are created and supported only if there is a large amount of social needs to be met during a certain period of time, the adoption of adequate marketing strategies and tactics is a must in order to achieve their efficiency.

Keywords: *marketing strategies, marketing policies, marketing tactics, marketing mix, public institutions*

1. Introduction

The society we are living in at the beginning of this millennium reveals a surprisingly rapid evolution due to the technical and scientific progress and to the ways it opens for its application in the social and economic practice. Therefore, we assist to an exponential evolution of the society needs in general and of the social needs in particular. This imperiously imposes for the marketing research in the contemporary society to represent a priority not only in the economic field, but also in the social and political field and particularly in the public field. Thus, the public sector should know and foresee the society needs, to analyse, systematise and hierarchically classify them in order to be able to clearly and rationally select those needs reflecting the general interest and to define them as *social needs* of public interest, on short, medium and long term.

Marketing, a science largely recognised in the post-war period, represents today the main instrument of the society as a whole, of any economic, public or non-profit organisation, allowing them to become acquainted with the social needs and their quantitative, qualitative and structural evolution. Therefore, the adoption of marketing strategies by any public institution cannot be perceived any longer as fashion but as a imperious necessity.

In this paper, we undertake to prove that the implementation of marketing strategies by the public institution is not only possible, but absolutely necessary under the specific conditions of its operation. This allows us to outline the particularities of the strategic marketing in the field of public services, as well as the concrete modality of achievement of marketing studies and marketing planning activities in the public sector.

The importance of studying this issue resides in the fact that, nowadays, no public institution, in order to carry out an efficient activity, able to promptly and favourably satisfy as many citizens' needs as possible, can ignore any longer the use of marketing methods and techniques providing it with a large range of information based on which it can adopt a corresponding strategy beneficial for its evolution in society.

In our recently published studies, we have brought, in our opinion, sufficient arguments supporting the necessity and opportunity of applying the marketing principles, methods and techniques also in public institutions. But the implementation of marketing in the public sector implies a specific attitude to be adopted by the related public institutions, the delimitation of the

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strategic directions and of the practical modalities of their accomplishment, concretised in the marketing policy essence.

The specific literature concerning the public sector marketing is at an incipient stage, the new marketing specialisation being subject to a crystallisation process. Most of the references may be found in the papers dedicated to the New Public Management or to the Services Marketing. The most consistent work dedicated to this specialisation of marketing belongs to the well-known American specialist Ph. Kotler, who published in 2007, with Nancy Lee, the paper entitled "Marketing in the Public Sector: A Roadmap for Improved Performance". This work has been already translated into Romanian in 2008, thus providing the theoreticians and especially the practitioners with the possibility to understand how to use the marketing instruments to attract the citizens' support in order to allow the settlement with maximum efficiency of their problems by the public institution.

We hope to offer support to practitioners, by the ideas rendered hereinafter, in carrying out a much more efficient activity in the public institutions, so that the citizens' and the public institutions' interests might be satisfied as quickly and favourably as possible, both quantitatively and especially qualitatively.

2. The marketing Strategy – Essence of the Marketing Policy

The public institution of the contemporary society is involved in the achievement of welfare, meaning the well being of citizens, of the natural environment and of the public administration, as expressly underlined by Ph. Kotler and Nancy Lee. This involves the assimilation of a new philosophy regarding the satisfaction of the society needs, based on the orientation towards citizens as unique beneficiaries. The marketing philosophy of the public institution aims at satisfying the "welfare" with its triple dimension: social, economic and ecological, by the combination of which to ensure the highest welfare possible of as many people as possible".

The implementation of the marketing philosophy in the public institution activity is achieved by its marketing policy which represents an important component of the general policy adopted by the public institution.

The marketing policy expresses the philosophy of the organisation regarding its existence and evolution, the directions towards which it is oriented and the concrete modalities of achievement of the objectives undertaken by it depending on the available resources at a given period of time. The adoption of the marketing policy outlines, on one hand, the overall conception and options of the public institution and, on the other hand, the principles and norms it complies with and the actions by which the undertaken objectives are fulfilled. This involves the unity of the strategy by which it delimitates the objectives and tactics by which it determines the adequate modalities for reaching the said objectives concretised in programmes of actions specific to the established time interval. The success of a unitary and coherent marketing policy resides in the harmonious combination of the marketing strategy, expressing the purposes pursued, with the marketing tactics, reflected in a set of actions that render into practice the strategic options, on the moment when these ones should be implemented by the persons in charge.

The marketing strategy has a central role within the marketing policy, as it derives from the organisation purposes and indicates the activity directions, but the marketing tactics should be synchronised with the former. Basically, the strategy is the theoretical side, relatively abstract, which may be achieved only by adequate practice, by concrete modalities of fulfilment of the established goals, in compliance with the citizens' needs, but also with the possibilities of the public institution. Therefore, tactics will be permanently subordinated to strategy, the latter remaining relatively stable for a given time interval. The tactics is the one to be permanently changed in order to adapt to the changes occurring in the social, political and economic environment. It has to generate a perfect concordance with the strategy and hence, it has to be anticipative, active and adaptive, so as to provide the adequate positioning at a given time, in order to create the adequate framework for the evolution of the public institution.

An efficient marketing tactics consists in the assembly of variables controllable by an organisation, combined in such a manner allowing them to get the desired reaction of the target market. The elements it can use to influence the demand manifested on the market are: the rendered public services, representing its product, the tariffs at which it provides such services, representing the price, the concrete manner of provision of public services, meaning the distribution of its supply, and the promotion of the public services it supplies to its citizens with whom it has to communicate as efficiently as possible. This set of variables controllable by the organisation, combined, designed and integrated in different proportions into a marketing programme, form the classical marketing mix, meant to detail the marketing strategies and to influence the market so as to provide the maximum possible efficiency of the activity carried out by the public institution. Certainly, when establishing an optimum marketing mix – as main instrument of the marketing tactics in any organisation – at the public institution level, other variables should be also considered: population, public institution's personnel, team, physical support, public service achievement process etc. By the harmonious combination of these ingredients and the adequate dosing of the available resources, the public institution can act in order to obtain the maximum impact on the citizen consuming public services.

3. Importance of adopting a marketing strategy in the public institution

The marketing strategy defines the attitude and behaviour of the public institution, the missions and aims to consider, the directions to follow in order to fulfil its established goals. It expresses the tendencies and exigencies imposed in order to obtained adequate performances. A successful strategy indicates what is essentially pursued in a given period of time, the modality of achievement of the related objectives and the answers to the fundamental questions of any supplier of public products and services:

- what services should be currently provided and what services shall be provided in the future
- which is the market share to be approached – the target market
- which is the maximum level of the tariff perceived for the said service
- what should be communicated to the potential consumers
- how to better provide the said service to the consumer

The modality of answering these questions reflects the concrete forms combined by the market strategy and the marketing mix strategy, meaning the product (service) strategy, the price (tariff) strategy, the distribution strategy and the promotion (communication) strategy which encompasses all the marketing functions.

If for theoreticians, the adoption of a marketing strategy by the public institution is nowadays a necessity, for practitioners, the most frequently, it is perceived as a fashion coming and going, mainly determined by the currently use by mass-media of terms such as: publicity, promotional price, brand, mix, public relations etc. belonging to marketing. Even certain specialists sustain that the use of marketing in public institutions has become “an officially approved fashion”, especially if we analyse from the perspective of “promoting consumers’ interests” which starts becoming a preoccupation of governors. They expressly require the managers of public institutions to pay an increased attention to the consuming citizens’ desires, as they might frequently find alternatives to meet many of their requests in the non-profit and even in the private sector. This will lead to the decrease of the citizen’s interest in relation to the public institution’s supply and, in consequence, to the lowering in importance and opportunities of some public institutions, with unfavourable consequences for their employees.

For now, the social practice reveals that the promotion of the citizens’ interests is made only theoretically, by words instead of facts and concrete actions, just because this is required by the central public authority and has to be ticked, so that the public institution’s managers have the

possibility justify themselves before their hierarchical superiors and before citizens when the electoral campaign approaches.

Even if the consuming citizen's power started to increase as for the adoption of important decisions by the provider of public services, yet there is a power disequilibrium between the supplier of public services and consumers, in favour of the former, the user having finally just the alternative of not buying or of selecting from the existing range of options, as the case may be. As such options usually do not exist, the provider being in a position of monopole, and if the consumer's need is urgent, the latter will accept the provided product or service and, in such circumstances, there is no interest for the supplier to promote the marketing principles, methods and techniques, unless it intends to promote its image and, considering the "trendy character" of the marketing techniques, it will use them in order to outline the openness to new in the knowledge era.

The beneficiary of the public service is traditionally called "public service user". Lately, we remark that increasingly more public institutions, especially those providing public services paid by consumers, use the term "customer" with multiple dimensions, inclusively representing the legal relationship between citizens and administration, beside terms such as "market", "transaction" etc., frequently encountered, deemed as trendy.

It has become "fashionable" to speak about the efficiency and efficacy of the activities carried out in public institutions, about the rationality of distributing the available resources so as to satisfy some social and collective needs. Any manager of a public institution justifies his failures, the inadequate quality of the public services provided, by the requirements of using with maximum efficiency the resources, especially the material and financial ones, according to the normative deeds.

The use of marketing in public institutions has become a fashion also due to the marketing opportunities, to its openness to multiple types of socio-humanist activities, to its universality having imposed it as a special way to draw the public's attention and to create human relationships. This openness of both citizens and employees of public institutions to marketing, even if just for its trendy tendency, has to be used in order to render into practice the marketing principles, methods, techniques and requirements, by the adoption and implementation of marketing strategies and adequate tactics finally leading to maximum results with minimum expenses, so that more and more social needs might be satisfied as quick as possible.

Passing from a superficial vision, according to which marketing is just a fashion, to a realistic and rational vision, imposing the use of marketing strategies as urgent necessity also by public institutions, becomes an increasingly important issue within the current international context. The dynamism of the contemporary society has lead to an unexpected quantitative, qualitative and structural acceleration of the society needs, but also of the necessity and possibility to meet them to a larger extent. As such, for any type of organisation: economic, non-profit or public, it becomes impetuously necessary to become conscious of such needs and of their evolution, so as to be able to settle realistic goals, achieving, by their fulfilment favourable circumstances for existence, subsistence and development.

The delimitation in each stage of social needs, reflecting the public interest, is highly important for the evolution of the public sector, and of the public institutions it represents. The modification of the social needs structure leads to the diversification of the activity carried out in public institutions and to its restructuring. It determines, on one hand, the establishment of new public institutions (as those emerged as result of the integration into the European Union, charged with the management of the European funds, the protection of human rights, immigration etc.) and, on the other hand, the dissolution or reduction of others' activity. For instance, as the individual resources of the society members increase, certain needs initially deemed to be of public interest may become simple individual needs or needs belonging to small communities, which may be successfully met by individuals or non-profit organisations, at local level.

The end of the first millennium revealed a modification of the vision regarding the evolution of society as for the ratio between three sectors: private, institutional (governmental) and non-profit.

Therefore, we ascertain an incredible development of the third sector, namely the non-profit sector which disputes with the institutional sector the opportunity to meet the social needs characterised by increasingly more dynamism, diversity and sophistication.

The non-profit sector turns into a serious competitor for the institutional one as concerns the provision of resources and the prompt involvement in the satisfaction of the ever evolving social needs.

Especially at the level of more developed economies, where by taxes and fees the public institutions mobilise significant financial resources, the marketing strategy becomes an essential component of their power-related policies, as they provide them with the chance to quickly discover and foresee the social needs generated by the technical and scientific progress. The community takes part in and supports public institutions in meeting the existing social needs to the extent they provide it in a more efficient and prompt manner than the non-profit organisations. Therefore, the community will focus its interest on those organisations most appropriately answering to its requirements.

Even if at first sight, the three sectors developed in the contemporary society have established direct competitive relations with one another, each of them having in view to extend the borders relating to the satisfaction of the needs of the society's members by means of the other one, in fact, they are obligated to cooperate so as to obtain optimum conditions for achieving the established goals. The public sector is the one who can and must ensure a favourable environment, but it depends to a larger extent of the resources obtained from the private sector. Mutually advantageous relationships may be achieved based on the partnerships concluded between the public and private sectors, between public institutions and between them and the non-profit organisations, by which financial resources as well as the support of those initiatives allowing the satisfaction of social needs might be provided. Such partnerships offer a very good opportunity to turn a possibility into reality, "to transform something good into something very good" as Ph. Kotler used to say. Under these circumstances, the eradication of the harmful phenomena manifested at the society level or the diminishing of some of their negative effects becomes possible. An adequate marketing strategy creates the premises for establishing partnerships that contribute to the improvement of the citizens' and communities' living standards.

A marketing strategy is necessary also in order to improve the image of the public sector, which is frequently negative, distorted and fragile, incorrect and incomplete. This unfavourable image of the public sector as a whole is deemed to be also the result of the objectives and subjective arguments formulated by the other sectors (private and non-profit) so as to justify the necessity to amplify their role and to gain as many supporters as possible.

It is important for each public institution to contribute to the perception changing and this may be done by implementing an adequate marketing strategy.

Implementing the New Public Management as an efficient modality of organisation and operation of the institutional system as a whole and of each component involves the use of marketing as main instrument. The marketing strategy allows the manager to clearly establish the vision (where he undertakes to achieve), the fundamental goal (what he wants to obtain), but also the primary and secondary goals which are sometimes controversial and not fully shared by the society or community.

4. Significance of the Marketing Strategy in Public Institutions

The marketing strategy of public institutions consists in a set of decisions acting as laws, regarding the target market, the positioning of public services and the level of marketing expenses. It has as purpose the optimum finality of the public institution activity within a certain period of time, clearly formulating the stage objectives towards which the efforts to be mobilised are directed. It is the result of a mix between managers' experience, intuition and hope as well as between their knowledge and skills.

The drawing up, implementation and assessment of the management strategy of public institutions is based on the same principles (rules) as in the economic organisation, but it deals with a series of *particularities* originating in the nature of the public institution's activity, the customers' components, the modalities of manifestation of the market mechanism etc., namely:

- the "product" supplied by the public institution is not a good with certain concrete characteristics, with attributes conferring it an obvious utility making it fit for sale, but it is a public service, the utility of which could be found in the dark corner of abstraction. In other words, something is offered, its value not being intrinsically useful but rather indirectly tangible or more exactly intangible but having to be subject to assessment.
- the large range of public services are increasingly diversified and are used simultaneously with their "production" by direct contact between providers (public institutions) and users (citizens).
- certain public services are rationalised and they are distributed based on a public will act. It is not supplied on demand, but according to the existing needs.
- other public services are provided for free in order to allow the access of all people needing them.
- there are also public services paid by users at a tariff equalling the production costs.
- in some cases, the customers entitled to use a public service are designated by political decision.
- as the facets of the term "customer" are various, it is necessary, in order to draw up a marketing strategy, to delimitate the types of customer to which the said public services are addressed. Even if in the public field the consumer of public services is not treated as a "king" as in the economic area, he or she is appreciated and deemed to be a "voice" among others to be heard.
- if, within the economic organisation, the market share to which the product is addressed is delimited, the intention of the public institution is to simultaneously satisfy different target groups, thus determining changes in the process of implementation of the marketing strategy.

All these issues relating to the public sector should be considered within the activity of drawing up and implementation of the marketing strategy which should lead to the obtaining of the performances concerned.

The marketing strategy of public institutions represents an ample and permanent process of information, analysis and decision, a process of research of optimum solutions relating to the settlement of some clearly defined problems. The concrete formulation of the related goals shall be synthetically expressed in the strategic plan representing, beside the tactic plan, the essential instruments for directing and coordinating the organisation's marketing efforts and for orienting its activity in the future.

The marketing plan may concern a certain programme, service, area, share or even entity, in other words it may be partial or general, total (for the institution as a whole). The most frequently, the reference period ranges from one to three years, this also imposing adequate updating if domestic or foreign factors bring changes to the internal or external environment where the public institution carries out its activity. It should be drawn up by a team usually including a programme manager, a specialist in communication, in the financial field, a representative of the partnership, as the case may be, etc. Thus, a system, method, agenda and budget allowing the assessment of the marketing activity are provided. A practical model of a marketing plan in a public institution should include the following chapters:

- analysis of the existing standing meant to outline the strengths and weaknesses, opportunities and threats (SWOT analysis), as well as the direct and indirect competitors and therefore to provide the general information in order to define the goals pursued;
- general and concrete objectives (fundamental and derived – primary, secondary and individual);
- target public;
- positioning;

- classical marketing mix: service (product), tariff (price), distribution, promotion and/or other modern components;
- assessment;
- budget;
- implementation plan.

Such a plan based on a strategic conception will reflect the type of marketing strategy adopted by the public institution at a given moment, within the activities it undertakes to achieve.

Even if theoretically there is a large variety of marketing strategies to be used, due to the multiple issues to be considered, in practice, the public institution might resort to several strategies in the field of public services, types delimited based on a series of criteria (V. Olteanu, 2006):

1. the modality of occurrence:
 - deliberated strategy – that consciously pursue and execute the established goals by the organisation development plan;
 - emergency strategy – meant to settle unexpected issues.
2. the diversification level:
 - common strategy;
 - differentiated strategy.
3. the demand-supply relationship:
 - concentrated strategy (on a single market share);
 - differentiated strategy
 - non-differentiated strategy
 - inefficiently differentiated strategy
4. the nature of the relationships with environment:
 - strategies promoting the partnership-related relationships that may be:
 - ❖ preferential relationships
 - ❖ tolerance relationships
 - ❖ cooperation relationships
 - traditional competitive-type strategies that may be:
 - ❖ differentiation strategies
 - ❖ alignment strategies
 - ❖ strategies of:
 - customers' attraction
 - customers' maintenance
 - customers' regaining
5. the dynamics of the services market:
 - strategies for market penetration
 - strategies for developing services
 - strategies for developing markets

Each type of strategy expresses just a part of the whole image. The selection of a successful strategy depends to a larger extent on the ability, knowledge and skills of the marketing manager and of the managerial team of the public institution in interpreting the environment and in organising themselves in such a manner allowing them to take maximum advantage from the occurring opportunities, in order to carry out an efficient social and economic activity.

5. Conclusions

Although several years ago (10-15 years), the implementation of marketing and especially of the marketing strategy in public institutions was perceived just as fashion (considering many of the new things as fashion has become a characteristic of the end of millennium), nowadays, without any doubt, it has become an imperious decision of the normal evolution of the society we are living in,

which is obligated to meet a series of general and collective needs, often with more and more limited resources.

The new philosophy of the contemporary world regarding the satisfaction of the society needs imposed a new relationship between the existing sectors: the private sector where the quasi-totality of available resources is created, the institutional sector that should provide the general framework relating to the carrying out of activities and the non-profit sector which takes over the tasks regarding the achievement of certain general and collective needs that the public sector cannot fulfill.

The marketing studies provides the public sector with the possibility to discover and assess the existing social needs and, on these grounds, to select those needs which may and must become of public interest and to satisfy them via the public institutions representing it, under the best possible circumstances.

The use of the marketing strategy in public institutions is an imperious necessity, for the following reasons:

- it allows it to precisely define its place and role in society, at present and especially in the future.

- the implementation of the New Public management grounded on two pillars: the orientation to market, towards the society requirements that can be satisfied more favorable at collective level than at individual level and the efficiency of allotting the public resources so that the expense on unit of useful effect be minimum involve the use of specific marketing instruments by which bureaucracy may be reduced.

- the non-profit sector competition becomes more and more serious and, in certain fields, it might represent a threat to a series of public institutions.

- the partnerships between public institutions, between them and private companies, between public institutions and non-profit organisations, offer a very good opportunity "to transform something good into something very good".

- the image of the public sector as a whole and of each public institution should be improved, as it is frequently negative, fragile, incorrect and incomplete.

The conception and implementation of the marketing strategy in public institutions is based on the same rules specific to economic organisations but it deals with a series of particularities determined by: the activity nature, the customers' structure, the modalities of manifestation of the market mechanism etc.

The marketing science provides the public institution with a series of types of marketing strategies from which the most adequate might be selected and implemented by strategic planning.

The diversity of the fields the public institutions operate in renders the drawing up of the related marketing strategies largely differentiated. Hence we undertake to continue our research in order to discover and formulate marketing strategies which might be implemented in fields such as: public administration, education, health, culture etc.

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