

Analyzing Public Sector Marketing in China: A case Study From Anhui Province.

Ahmad Nawaz Zaheer
PhD Scholar

Prof. Dr. Song Wei
Executive Dean

Dr. Zhang Xue He
Assistant Professor

Kashif Ullah Khan
PhD Scholar

Muhammad Naeem Anjum
PhD Scholar

Abstract

The potential of public sector marketing in boosting organization's efficiency and service quality has rarely been emphasized. Although, services provision for general public is considered important in Chinese organization, the characteristics of marketing outcome in bringing customers satisfaction by public sector is not yet fully understood. This study has analyzed the effectiveness of public services marketing in delivering the quality services to general public by taking into account the opinion of managers running a public sector organization about the way they hold marketing factors as a strategic aim. We also documented the performance level of organizations from Hefei and Wuhu cities of Anhui province of China in order to identify significant factors governing marketing outcomes. Results of General Linear Model revealed that knowledge and skill is considered an important ingredient for raising the performance level of organizations in both cities. In addition, managers of public sectors have adopted marketing information and resources as key parameters while defining their strategies during marketing. The target population i.e. general population of these two cities has overwhelmingly benefited from services extended by public sectors mainly due to effective marketing outcomes. This study concludes that public sector marketing in China has been an effective tool because of its foundation being laid on key ingredients such as information, resource utilization, knowledge and skills.

Key words: Marketing, customer satisfaction, public sector, effective outcome, knowledge and skills, information, resources.

INTRODUCTION

Marketing is a topic of growing interest for the public sector organization manager as they are willing to confront new and compound market problems. In public sector the marketing is the after everything else to take on comparing then other business functions. In the past the concentration of this sector was in other discipline like management, administration and accounting etc. However at the present time, the marketing is commencement to captivate the concentration of public sector organization.

In this political perspective, addressing the important social challenges confronting developing economies is dependent to the certain level on the ability of public sector organization to design and deliver effective service and product offerings. In the public sector in particular the health, education and criminal justice sectors to achieve effective behavioral change is based on to understand their relationships with service users and relevant marketing framework at a strategic organizational level.

In the early 1990s many literature were available, the major transform was initiated by Dwyer et al.(1987) and Morgan and Hunt (1994) regarding marketing theory and practice by building a relationship marketing discipline .

Kickert (1997) and Cousins (1990) articulated that the various European countries public sector has come to distinguish citizen as customer and these public sectors on track to apply marketing tools and strategic planning (Cousins, 1990)

Kotler (2003) argued that the societal marketing conception allows marketers to put together social and ethical considerations into their marketing practices. It is the task and responsibility of the organization to “determine the needs and wants and interests of the target markets and to deliver the desired satisfactions more effectively and efficiently than competitors in a way that preserves or enhances the consumer’s and the society’s well-being” (Kotler 2003). Marketers who pursue this concept must come across a balance between the three considerations of company earnings, consumer want fulfillment and public attention (Kotler 2003).

Currently when demand exceeded supply for products, marketing largely deals with the proficient distribution goods to give as many customer as possible access to the firm’s offering. Marketing scholars Vargo and Lusch(2004) discussed and influenced by economic literature related to the work of Smith(1776) and Shaw(1912) and toward efficient exchange(e.g.,Copeland,1920) and the role of marketing institutions for facilitating these interactions(e.g.,Weld,1947). In 1971 Kotler and Zaltman introduced social marketing as an approach to planned social change (Kotler and Zaltman, 1971) which leads to initiate some marketing strategies in to public sector organization (Kotlar, 1979; Kotler and Murray, 1975)

Rust (2004) articulated that in recent times marketing characterizes as relationship orientation which focus on long term benefits and an escalating interest in marketing outcome.Further Berger (2006) and Gupta (2004) discussed the conceptual and empirical work on relationship between customer equity and shareholder, have also documented that efficiency of operation oriented marketing such as advertising

(Jedidi et al., 1999) and customer acquisition promotions (Lewis, 2006). Additionally concepts such as corporate social responsibility (e.g., Lichtenstein et al., 2004; Luo and Bhattacharya, 2006) and corporate governance (e.g., Forbes and Milliken, 1999; Johnson and Greening, 1999) receive escalating interest in the marketing and general management literature.

This relationship orientation conception is very broad which characterizes marketing at the present time hysteric with the objectives. It has a choice of approaches and a new concept for public sector marketing, which can overpass the gap between these two disciplines and has been opened and widened over last couple of years.

Public sector marketing in China

China is very unique country which has significant achievements in the public service delivery. In 1978, the central government began to transfer the responsibility of public service delivery to local government and by 1990 public service delivery was on the top position as key component of national development, reflecting the corroborative roles of the government.

The public sector marketing related researches are very less in Chinese perspective. Xu Xiaoji (1996) described some counter measures from the macroscopic perspective and recommended that the government should improve their marketing ability from a different perspective. Yu Peng's (2005) analyses regarding the objective condition and importance of government marketing generation also described the government marketing evaluation criterion by combining the characteristics of the Government marketing. Zhu Jing's (2009) analyses, based on the assumption of the Economic Man of Government behavior, analyzed the reason for the system of government marketing that opened up a new way of government marketing theory. So many other Chinese scholar have also described their views about marketing of local government. Li Derong.Gewifen (2002), using the Ningbo's government as an example and discussed about the city marketing.

Hefei, the capital city of Anhui province, is located in the east of China. Having population of 7.52 million, this city is the economic, political and cultural center of Anhui. Having urban area of 11,400 sq.km, Hefei is one of the top 100 Cities in terms of comprehensive strength, top 50 Cities with Excellent Investment Environment and top 30 Cities with Overall & Growth Competition Strength. Hefei has established sister city relationship with 12 cities in USA, Japan, South Korea, Denmark, Australia, UK, Germany, Chile etc. It has built up trade ties with over 180 countries and regions. The city is not only a booming comprehensive industrial city, but also an important base for science and education in China. It is the first Science and Technology Innovation Pilot City in China.

Wuhu, in terms of economy, is ranked second in Anhui province. As of 2011, the city's GDP showed a staggering 16% increase in its GDP by crossing RMB165.8 billion mark. Wuhu Economic & Technological Development Area, the first of its kind, was launched by the government back in 1993; having the only export processing zone in the province. Chery Automobile and Anhui Conch Cement Company are both headquartered in this development area. Besides having the fifth largest port of the country alongside Yangtze River; Pier, the largest inland river coal harbor of China is also located in this city.

Research Methodology

In this study we used the General Liner Model in order to observe the performance level of organizations from Hefei and Wuhu cities of Anhui province and to identify significant factors governing marketing outcomes.

Research variables

Knowledge

This variable indicates the knowledge and skills within the public sector to carry out marketing activities. For the accomplishment of the marketing objective, staffs in the marketing group take interest to have training and experience in marketing management and they are also encouraged to upgrade their skills. To conduct the marketing activities members are encouraged to acquire resources. The organizations tend to have implementation of new marketing techniques and technologies. And have complexity to attract the skilled staff to carry out marketing activities.

Information

This variable indicates the marketing information and measurement regarding marketing activities by the public sector. It indicates the organizational marketing capabilities which are used to accomplish marketing research to access and delivers advanced value to the citizens. Measurement results which are vigorously use to categorize the areas of improvement and to assess the element of marketing mix. It also consists on processes in place to measure marketing outcome against stated objective.

Resources

This variable indicate the marketing budgets which are adequate or not for the entire marketing activities. Also to carry out those marketing activities the requirement of marketing staff is sufficient or not.

This research work was primarily conducted with an aim to identify key marketing activities in Chinese public sector and examine their relationship to indicate ongoing well as future trends based on the variables selected for the study. Furthermore we were able to highlight the performance level of organizations from Hefei and Wuhu cities of Anhui province of China in order to identify significant factors governing marketing outcomes.

Survey Methodology

To access the public sector marketing in China, respondents were asked during survey to indicate the extent of their agreement with several statements. Those were related to various aspects of their organization and their approach to the marketing management. The survey items examined the presence or absence of best marketing practices in public sector marketing. A total of 300 questionnaires were distributed in two different cities of Anhui province, China. Out of these, 225 samples were successfully collected.

RESULTS AND DISCUSSIONS

The positive role of knowledge and skills in raising the performance and overall business success of an organization has been observed closely linked with public sector marketing. Both the cities of Anhui Province, China i.e. Hefei and Wuhu showed similar trend of knowledge and skills based marketing input and resulting high performance of an organization (Figure 1). The results of General Linear Model depicted that organizations where knowledge and skills were never taken into account, the performance of public sector organizations was at lowest especially in Hefei (Figure 1). However, with the utilization of knowledge and skills in public sector marketing, the performance level drastically increased. An instance where involvement of knowledge and skills has always been an essential part of public sector marketing, the resulting performance of public sector organizations was highest (Figure 1). There was no significant difference between Hefei and Wuhu regions with respect to level of performance ($P=0.287$) however, the inclusion of knowledge and skills in public sector marketing has significant effect on performance level ($F=24.269$, $P=0.005$). The interactive effect between region and giving priority to knowledge and skills in public sector marketing was also not significant (Table 1).

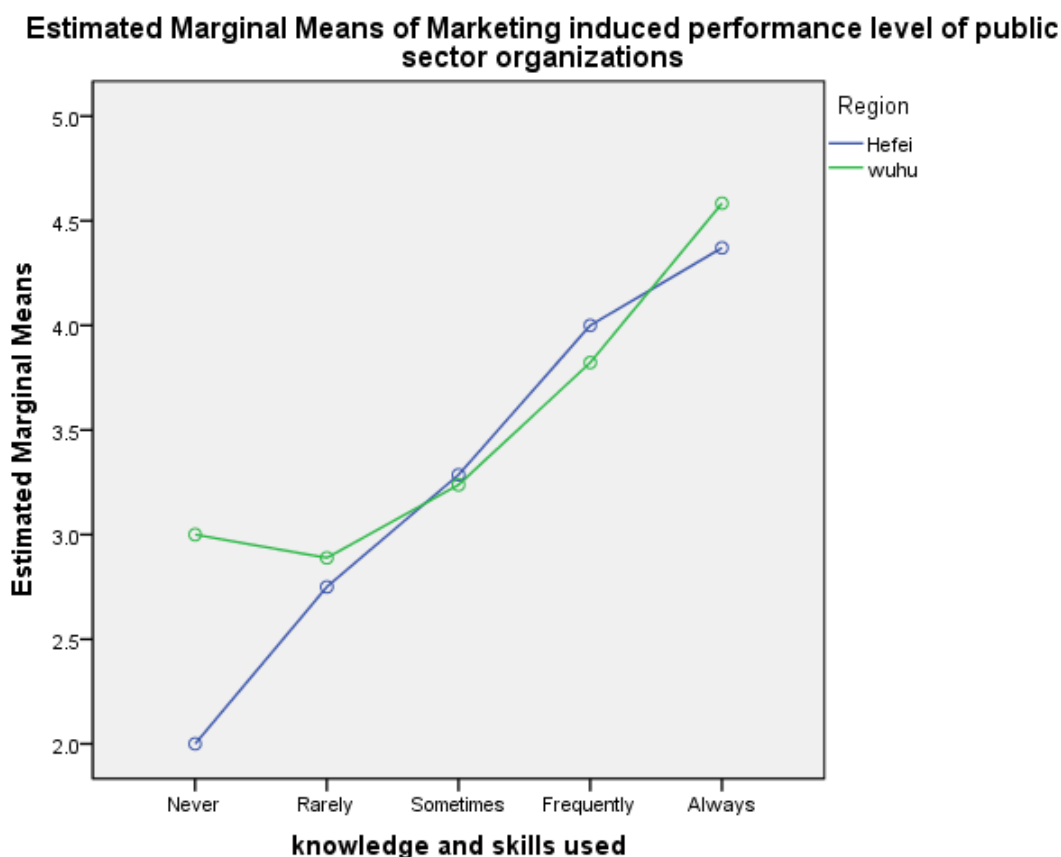


Figure 1: Mean level of performance in public sector organizations by knowledge and skills based marketing practices.

Table 1: Two way ANOVA in general linear model to analyze effect of region and knowledge and skills on marketing induced performance level of public sector organization.

Source	df	Mean Square	F	p-value
Intercept	1	597.443	145.535	0.000
Region	1	0.658	1.158	0.287
Knowledge	4	11.784	24.269	0.005
Region * Knowledge	4	0.486	0.801	0.526

Marketing resources are closely linked with public sector marketing since it has a pivotal role in raising the performance and overall success of an organization.

Both the cities showed similar trend of resources based marketing input; resulting in high performance of an organization (Figure 2). The results of General Linear Model depicted that organizations where resources were never taken into account, the performance of public sector organizations was at lowest especially in Hefei (Figure 2). However, with the utilization of resources to carry out marketing activities in public sector marketing, the performance level drastically increased. An instance where involvement of resources has always been an essential part of public sector marketing, the resulting performance of public sector organizations was highest (Figure 2). There was no significant difference between Hefei and Wuhu regions with respect to the level of performance (P=0.038). However, the inclusion of

resources in public sector marketing has significant effect on performance level ($F=5.527$, $P=0.063$). The interactive effect between region and giving priority to resources used in public sector marketing was also not significant (Table 2).

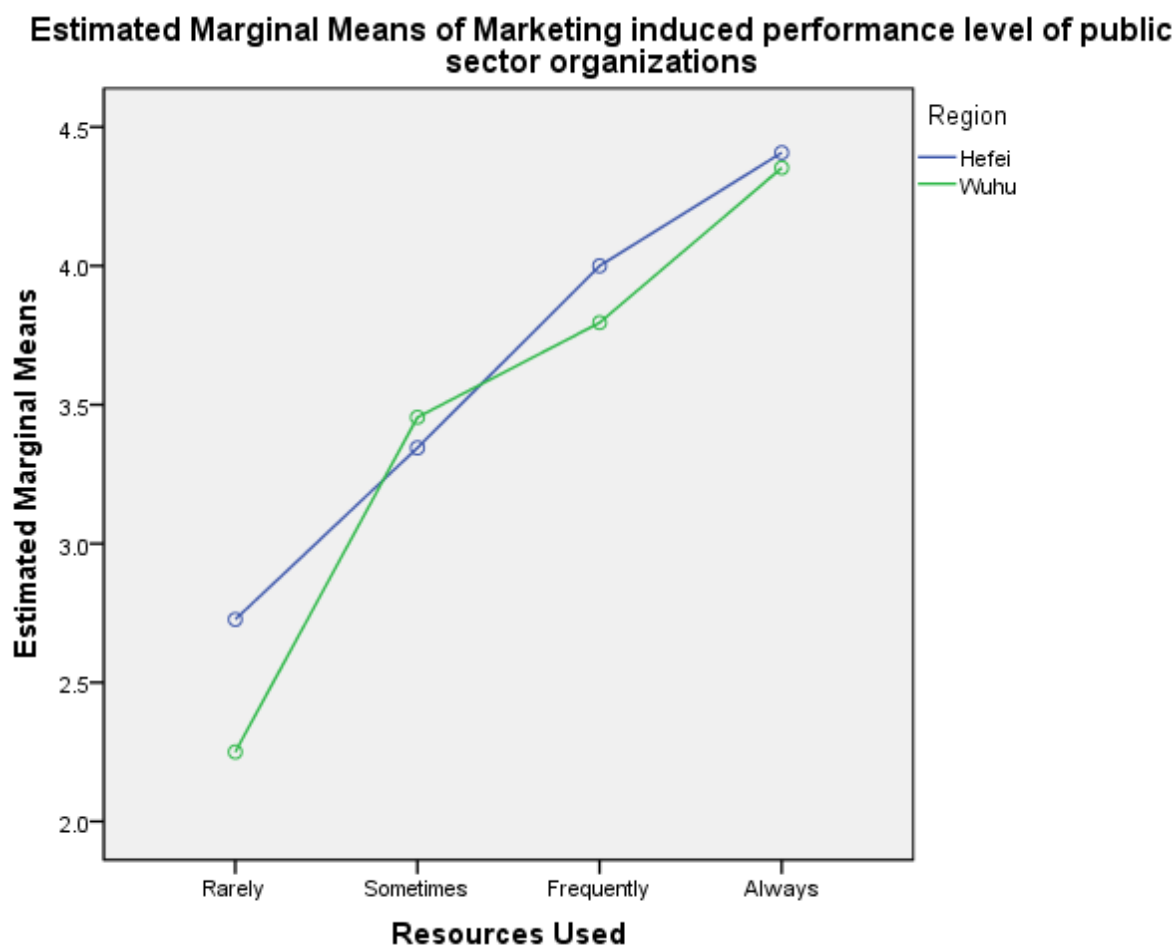


Figure 2: Mean level of performance in public sector organizations by the resources used based marketing practices.

Table 2: two ways ANOVA in general linear model to analyze effect of region and resources used on marketing induced performance level of public sector organization.

Source	df	Mean Square	F	p-value
Intercept	1	816.607	152.865	0.000
Region	1	7.814	6.373	0.038
Resources	4	12.307	5.527	0.063
Region * Resources	4	2.227	4.157	0.003

Marketing information and measurement, which is another very important factor in efficient public sector marketing, also showed the same pattern as in the first two factors discussed above (Figure 3).

When analyzed statistically, the organizations where Marketing Information was not applied effectively, showed poor performance. However, when the same was effectively utilized, the performance was significantly increased (Figure 3).

With respect to the level of performance ($P=0.231$), both target cities showed no significant difference. However, with the inclusion of marketing information in public sector marketing had a considerable impact on the performance level ($F=32.687527$, $P=0.000$). The interactive effect between region and giving priority to marketing information used in public sector marketing was also not significant (Table 3).

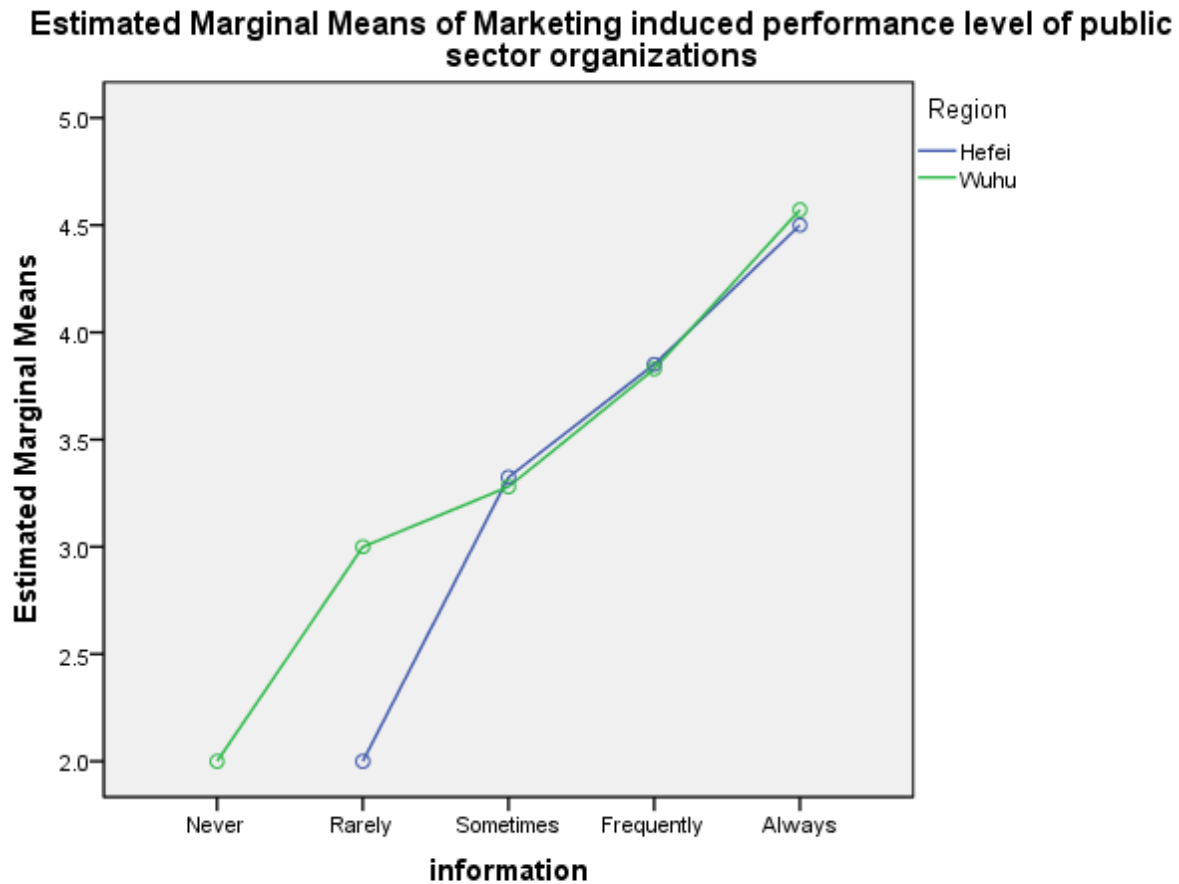


Figure 3: Mean level of performance in public sector organizations by the Information used based marketing practices.

Table 3: Two way ANOVA in general linear model to analyze effect of region and Information used on marketing induced performance level of public sector organization.

Source	df	Mean Square	F	p-value
Intercept	1	421.625	124.397	0.000
Region	1	.747	1.460	0.231
Information	4	12.272	32.687	0.000
Region * Information	3	.321	.548	0.650

CONCLUSION

The potential of public sector marketing in boosting organization’s efficiency and service quality has rarely been emphasized. Although services provision for general public is considered important in Chinese organizations, the characteristics of marketing outcome in bringing customers satisfaction by public sector is not yet fully understood.

Our study has clearly indicated public sector marketing as a dynamic factor in Chinese's society. Despite of the fact that budgetary constraint has created several challenges for the government, the service oriented government was found to be closely linked with provision of public goods and services. However, public sector in China has ardently dealt with these limitations and brought substantial improvements in demands and service delivery as well as creation of new services and programs for public welfare

In this study we have analyzed the effectiveness of public services marketing in delivering the quality services to general public by taking into account the opinion of managers running a public sector organization about the way they hold marketing factors as an strategic aim. We also documented the performance level of organizations from Hefei and Wuhu cities of Anhui province of China in order to identify significant factors governing the marketing outcomes. Results of General Linear Model revealed that knowledge and skill is considered an important ingredient for raising the performance level of organizations in both Hefei and Wuhu. In addition, we conclude that public sector in China having huge potential to assist the government in providing effective products and services for public at large and hence we recommend that government should expand its marketing activities in Chinese public sector.

Further research is required to add more factors that can contribute to outcome of public sector marketing in China and to quantify the findings from this research.

References

- Berger, Paul D., Echambadi, Naras, George, Morris, Lehmann, Donald R., Rizley, Ross and Venkatesan, Rajkumar (2006) From customer lifetime value to shareholder value: Theory, empirical evidence and issues for future research. *Journal of Service Research* 9(2), 156-167.
- Chen Hong, Chen qiyuan, Lei Yanjia (2007), " the talk of Local brands to build", *Guangxi Social Sciences*, p148(in Chinese)
- Copeland, Melvin T. (1920) *Marketing problems*. A. W. Shaw, New York.
- Cousins, L. (1990), " Marketing Planning in the public and non-profit sectors", *European Journal of Marketing*, Vol.24 No.7, pp 15-30.
- Dwyer, F. Robert, Schurr, Paul H. and Oh, Sejo (1987) Developing buyer-seller relationships. *Journal of Marketing* 51(2), 11-27.
- Forbes, Daniel P. and Milliken, Frances J. (1999) Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups. *Academy of Management Review* 24(3), 489-505.
- Gupta, Sunil, Lehmann, Donald R. and Stuart, Jennifer Ames (2004) Valuing customers. *Journal of Marketing Research* 41(1), 7-18.
- Jedidi, Kamel, Mela, Carl F. and Gupta, Sunil (1999) Managing advertising and promotion for long-run profitability. *Marketing Science* 18(1), 1-22.
- Johnson, Richard A. and Greening, Daniel W. (1999) The effects of corporate governance and institutional ownership types on corporate social performance. *Academy of Management Journal* 42(5), 564-576.
- Kotler, Philip (2003) *Marketing Management*, 11 Edition, Prentice Hall, New Jersey.
- Kotler, Philip (1979) Strategies for introducing marketing into nonprofit organizations. *Journal of Marketing* 43(1), 37-44.
- Kotler, Philip and Murray, Michael (1975) Third sector management - The role of Marketing. *Public Administration Review* 35(5), 467-472.
- Kotler, Philip and Zaltman, Gerald (1971) Social marketing: An approach to planned social change. *Journal of Marketing* 35(3), 3-12.
- Lewis, Michael (2006) Customer acquisition promotions and customer asset value. *Journal of Marketing Research* 43(2), 195-203.

- Lichtenstein, Donald R., Drumwright, Minette E. and Braig, Bridgette M. (2004) The effect of corporate social responsibility on customer donations to corporate-supported nonprofits. *Journal of Marketing* 68(4), 16–32.
- Luo, Xueming and Bhattacharya, C. B. (2006) Corporate social responsibility, customer satisfaction, and market value. *Journal of Marketing* 70(4), 1–18.
- Morgan, Robert M. and Hunt, Shelby D. (1994) The commitment- trust theory of relationship marketing. *Journal of Marketing* 58(3), 20–38.
- Rust, Roland T., Ambler, Tim, Carpenter, Gregory S., Kumar, V. And Srivastava, Rajendra K. (2004a) Measuring marketing productivity: Current knowledge and future directions. *Journal of Marketing* 68(4), 76–89.
- Shaw, A. W. (1912), some problems in market distribution. *The Quarterly Journal of Economics* 26(4), 703–765.
- Smith, Adam. (1776) *An inquiry into the nature and causes of the wealth of nations* reprinted (2000). Elibron Classics Series, London.
- Su shunming (2002), “WTO and the strategy of brand management of Chinese government”, *Administration of China*: p40-43(in Chinese)
- Vargo, Stephen L. and Lusch, Robert F. (2004) Evolving to a new dominant logic for marketing. *Journal of Marketing* 68(1), 1–17.
- Weld, Louis D. H. (1917), Marketing functions and mercantile organizations. *The American Economic Review* 7(2), 306–318.
- Yong Ren (2005). “Local Government Competition: China’s intergovernmental relations in the new trend”, *Humanities magazine* 2005(3): p55 (in Chinese).