PUBLIC E-SERVICES FROM THE CITIZENS’ PERSPECTIVE
- ADOPTING A MARKET ORIENTATION

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Abstract
The recently published Swedish eGovernment Action Plan stresses that “the need of the user should always be an important starting-point in the efforts made by administrations to develop eServices.” But, is that the picture communicated in the action plan? This article reflects critically on the action plan from a marketing perspective. The discussion focuses on citizens as consumers of public e-services and argues that benefits from a market-oriented approach could support organizations in their development of public e-services. Developing online services based on knowledge of citizens’ needs, behaviors, and attitudes presents possibilities for creating customer-oriented services that increase productivity while delivering added value for citizens.

Keywords: marketing perspective, market-orientation, e-government, citizens, public e-services
1. Introduction

Developments in information and communication technology are transforming the ways in which governments operate. Practitioners and researchers agree that implementation of electronic government, or e-government, creates opportunities to simultaneously provide better services, increase efficiency and reduce costs. Despite the many advantages offered by e-government and its potential impact on organizations and individuals, it is still difficult to see any results from the immense investments in e-government initiatives [cf. Codagnone and Undheim, 2008; Åkesson et al., 2008]. For instance, public e-services are far from reaching their potential in terms of propagation and usage. Citizens increasingly expect the public sector to, without raising taxes, offer services that create value. However, previous research indicates that Swedish governmental units do not offer e-services that users need and desire [Löfstedt, 2005; Salehi-Sangari et al., 2008]. Effective public e-services can only be developed if governments offer citizen-centric services that deliver measurable public value [McDonald et al., 2007]. Keeping citizens in focus implies that several essential questions must be answered, such as who they are, and the idiosyncrasies of their needs, behaviors, and attitudes. A marketing perspective can help public organizations to answer such questions. In fact, several public sector organizations have begun to adopt marketing strategies [Stokes and Lomax, 2008]. The lack of understanding of citizens’ needs explains, at least to some extent, why the adoption of governmental e-services remains relatively low and why the expected results from e-government initiatives have not yet been achieved [Osimo et al., 2008].

In the Swedish eGovernment Action Plan [Regeringskansliet, 2008], it is stated that while e-government has been analyzed for some time, now is the time for action. The purpose of the action plan is to coordinate several strategic e-government initiatives so as to realize the vision of establishing an administration that is as simple as possible for as many as possible. In the action plan, public administrations’ contact with citizens and businesses is identified as one of four action areas (Figure 1). The action plan describes the efforts required within each action area in addition to the specific questions that should be prioritized in 2008 and 2009. Further, it stresses the importance of always focusing on citizens’ and businesses’ needs. However, in the schematic presentation of the four action areas, administration’s contact with citizens and businesses are presented as an outcome (result) rather than as the starting point. One of the prioritized questions in the fourth action area (i.e., results) is to develop an e-panel, which will increase citizens’ insights into and influence over the design of services. This implies that while citizens’ needs are considered during the design phase, their needs, behaviors and attitudes are not seen as the starting point. Hence, for this priority, as well as for the development of public e-services in general, several questions need to be dealt with from the outset: Who are these citizens? How do they differ? What are their needs? How do they use such services? What are their attitudes towards e-services? How can their behavior be influenced?

1 E-government is here defined as “The use of information and communication technologies, and particularly the internet, as a tool to achieve better government” (OECD 2003:23)
2 Marketing is about meeting the needs of diverse stakeholders including buyers, sellers, investors, and community residents (Solomon, et al, 2009).
In spite of the Swedish government’s best intentions of taking citizens’ and businesses’ needs into account when, for example, developing e-services, there is little evidence regarding provision of a citizen-centric approach provided in the action plan. In addition, there is a need for more user-centered e-government research [e.g., Steyaert, 2004; Verdegem and Verleye, 2009]. The purpose of this paper is therefore to reflect critically on the Swedish eGovernment Action Plan from a marketing perspective. This is a conceptual paper whose focus will be on the services that governments provide for their citizens (G2C).

The remaining part of this paper has been divided into three sections. Firstly, we provide an overview of questions that arise when the public sector moves towards a market-orientated approach. Thereafter, we discuss and reflect critically on the Swedish eGovernment Action Plan in relation to a market-oriented approach. The last section presents concluding remarks and avenues for future research.

### 2. Adopting Market Orientation in the Public Sector

E-government initiatives have commonly been developed from the perspective of public organizations. For example, e-services have often been developed based on internal organizational needs rather than on the needs of the end-users [Löfstedt, 2007a]. In addition, most researchers have focused on e-government from the perspective of the public sector [e.g., Reddick, 2005; Verdegem and Verleye, 2009]. Despite the vital role played by citizens, very few studies have investigated e-government from their perspective [e.g., Huang, 2007]. Focusing on the customer is at the heart of market orientation [Slater and Narver, 1994; Kotler, et al., 2008], and this orientation can also be applied in public organizations [cf. Jaworski and Kohli, 1996].

#### 2.1. Market Orientation and Marketing in the Public Sector

Market orientation can be defined as an externally focused organizational culture that makes the creation of superior value for customers its top priority [Slater and Narver, 1994]. As such, market-orientation presents an alternative to the traditional approach
to the development of public e-services. Organizations that are market oriented focus on their customers’ needs and wants. While it has been stated that offering citizen-centric e-services that deliver value to customers (i.e., citizens) is important [McDonald et al., 2007], not enough attention has been given to developing an understanding of citizens’ needs, attitudes, and behaviors. Rather, the public organizations have tended to take an inward-looking stance, focusing on their own services or internal operations (Löfstedt, 2007b; Verdegem and Verleye, 2009). In this respect, the public sector can learn a great deal from the market-oriented approach that now dominates the marketing area [Jaworski and Kohli, 1996; Kotler et al., 2008]. It is important to note that market-orientation, in its broad definition as a culture, is a concern for the entire organization and not just the marketing department [Slater and Narver, 1994]. The core of marketing is to create, communicate, and deliver value to customers, and to manage customer relationships in ways that benefit the organization and its stakeholders [AMA, 2004]. This is as important for public organizations as it is for private firms.

Though marketing scholars have long argued that marketing is relevant to non-profit organizations, such as those in the public sector [Kotler and Levy, 1969], marketing has traditionally not played any significant role in the public sector [Caruana et al., 1997; Laing, 2003]. However, this paradigm is changing [Cervera et al., 2001; Chapman and Cowdell, 1998]. In the light of increased competition from private alternatives, outsourcing, and the higher expectations of citizens, the public sector will find it necessary to reconsider the role of marketing [cf. Laing, 2003]. Therefore, marketing, both as a function and philosophy, is likely to become more rather than less important for the public sector in the future [Stokes and Lomax, 2008].

Previously, marketing has largely been perceived as overtly commercial and consequently irrelevant to the public sector [Laing, 2003]. Most of the misconceptions with respect to marketing can be explained by the “4 M’s”: misinterpreted, misused, misunderstood, and miscast [Chapman and Cowdell, 1998]. Misinterpreted refers to the view that marketing can be interpreted as the worst case of manipulation and exploitation. Critics often assume that firms can manipulate consumers to behave in a manner desired by them. Misused is the narrow view that equates marketing only with sales, commercials, and advertising. Misunderstood refers to the large number of organizations that have failed to create a truly customer-centric approach, even though more organizations than ever are customer-focused. The reason for their failure is that they have not managed to arrive at a sincere understanding of their customers’ needs, behaviors, and attitudes. Finally, Miscast reflects the view that the only goal of marketing is to create competitive advantage in the form of lower costs. However, successful marketing will add value to goods and services—it is not simply a means of cutting costs [Chapman and Cowdell, 1998].

Unfortunately, the public sector is often seen as insensitive to the needs of its customers (i.e., citizens), and many public organizations have become large bureaucracies that are characterized as following rules to the letter and fostering impersonal relations with their customers [Chapman and Cowdell, 1998]. In addition, public sector organizations often meet the opinion that marketing only incurs extra costs for which public money should not be spent.

Marketing strategies in the private sector can not be directly transferred into the public sector. Even if the basics of marketing can be applied to governmental operations, some specific characteristics of public organizations remain to be addressed. The dominance of political rather than economic objectives is a
fundamental difference between public and private services [Laing, 2003], and has several consequences. For example, public-sector organizations must consider regulatory issues, internal requirements, and the fact that many of their services are compulsory and must be offered to all citizens. Still, the needs, behaviors and attitudes of their customers (i.e., citizens) must be taken into account. The importance of understanding both users and non-users is especially apparent when e-services are met with resistance. For example, organizations can meet and influence different groups in different ways if they have knowledge of their needs, behaviors and attitudes. In privately owned companies, marketing is often used to increase the number of customers and ensure their satisfaction so that they remain loyal. In contrast, increasing numbers of customers of public sector organizations can create problems since revenues are not always related to the number of customers. In fact, increased use of public services often means higher costs. Nevertheless, marketing has many important functions, including informing customers, influencing attitudes and behavior, and decreasing segregation [Stensson, 2002].

Public organizations are subject to strict scrutiny and they are expected to operate in a more responsible manner than private firms. In managing tax revenues wisely, these entities may be forced to reach contradictory goals by, for example, reducing costs while improving services [Stokes and Lomax, 2008]. Offering useful e-services of high quality, based on a thorough analysis and understanding of citizens’ needs, behaviors, and attitudes could be a way to accomplish such goals. However, it is not always clear who the customers are [Butler and Collins, 1995; Laing, 2003]. In general, more than one group of people could be regarded as customers, since the person who is paying for the service is often someone other than the person who has chosen it. Moreover, there could be a third person involved in the actual use of the service. In education, for example, a distinction can be made among those who ultimately pay for the service (taxpayers), those who are responsible for how the money is used (Ministry of Education and Research), those who decide what services should be supplied (principals and teachers), and those who are the direct users of the educational service (pupils/students) [Stokes and Lomax, 2008]. In such a case, who is the customer? Due to the difficulty in identifying the customer, public organizations must carefully consider to whom the marketing initiative should be addressed, e.g., who should be informed, educated, convinced and how?

2.2. Marketing Issues in the Public Sector

Even though it might be complicated for organizations in the public sector to identify their customers, it is still possible and necessary to distinguish groups of customers (i.e., citizens) and analyze their specific needs. This also marks the starting point for marketing strategy and activities. The critical issue is to understand who the customers are, and to appreciate their needs and behaviors. In order to achieve this, market-oriented organizations use market segmentation: the process by which marketers “understand” a market by dividing it into subsets of customers who behave in the same way or have similar needs [AMA, 2005; Hoek et al., 1996]. The underlying assumption is that large, heterogeneous markets can be divided into smaller, more homogeneous groups (i.e., segments) of customers with similar preferences and consumption behavior. These groups can then be reached with marketing programs that closely match their needs [Dibb, 2001; Kotler et al., 2008]. To develop useful segments, the market must first be understood and defined [Fennell and Allenby, 2004]. Relative to public e-services, for example, this may mean considering the inhabitants of a municipality as a market, which then can be
segmented into smaller groups.

Organizations can use different ways of dividing their markets into segments. The dimensions or characteristics of individuals used to divide a total market into segments are usually referred to as segmentation variables [Dibb et al., 2005]. The major variables from which organizations choose when segmenting a consumer market (such as citizens) generally include those presented in Table 1.

<table>
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<th>Variable</th>
<th>Description</th>
<th>Example of segments</th>
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| **Geographic**                | Dividing a market into different geographic units such as countries, regions, states, cities, neighborhoods, population density, climate | - Urban citizens  
- Citizens living in a specific municipality |
| **Demographic and socio-economic** | Dividing a market into groups based on personal attributes, such as age, gender, income, family size, family life-cycle, occupation, education, religion, ethnicity | - Retired people  
- Families with children  
- Immigrants  
- Low-income households |
| **Psychographic**             | Dividing a market into groups based on personality issues such as lifestyle, personality type, personal interests, or motives for purchase or consumption. | - People active in sports  
- People active in cultural events |
| **Behavioral**                | Dividing a market into groups based on customers’ knowledge, attitudes, responses to, or use of, a product. | - Internet users  
- Advanced users of public e-services |

Table 1. Main segmentation variables and examples of segments in public sector

Though the ideal situation may be that separate marketing programs are designed for each potential customer, such individual segmentation is usually not feasible for organizations. Customers are too numerous, too widely scattered and too varied in their needs and behavior [Kotler et al., 2008]. The idea behind all segmentation approaches is essentially the same: the process is employed “to create more effective and efficient ways of reaching individual consumers in order to satisfy their unique needs and wants in the best way” [Kara and Kaynak, 1997, p. 874]. This is no less important in the public sector, which has an obligation to serve all citizens. Rather, it is more complex, and the necessity of understanding the ways in which citizens are different from each other becomes even more pronounced. Public organizations often do not have the possibility of choosing to serve only one or a few segments; instead, they must respond to the needs of many different groups. As Stokes and Lomax [2008] point out, public organizations increasingly use differentiated strategies in order to meet the requirements of their markets.

Market segmentation provides a foundation for positioning, which is the process of placing a product or service in a particular location in the minds of target customers [cf. Aaker and Shansby, 1982; Dibb et al., 2005]. Hence, the product’s/service’s position is the result of this process. Positioning strategy involves choosing how to compete in target segments, which means selecting the differential advantages upon which to build the position [Brooksbank, 1994; Kotler et al., 2008]. Differential advantages are the specific aspects of the offer that set the product or service apart from those offered by competitors. These points of differentiation can be built on, for example, superior product performance, speedy service delivery, better personnel, or a strong and distinctive image [Kotler et al., 2008].
The full set of benefits or values that provide the basis for differentiation and positioning of the product or service is often called the value proposition [Kotler et al., 2008; Porter, 2001]. According to Porter [2001], value proposition “defines a way of competing that delivers unique value in a particular set of uses for a particular set of customers” (ibid., p. 71). In view of the trend toward increasing competition, these issues will also become important for public-sector organizations. They will need to consider which points of differentiation and what value an organization, a particular service, or e-service, can offer. For example, a municipality might need to differentiate itself from other municipalities in order to keep and attract residents, businesses, tourists, and qualified staff. In addition, a compelling value proposition for public e-services may contribute to more citizens selecting online services, rather than calling or making personal visits.

Prior and parallel to the long-term engagement of developing and monitoring the position, a marketing program that reflects the needs and behaviors of the organization’s target groups should be developed [Dibb and Simkin, 1996]. The set of controllable tactical marketing tools that organizations use to produce desired responses in their target markets is usually referred to as the marketing mix, or the four Ps: Product, Price, Place, and Promotion [Kotler et al., 2008]. Product consists of all goods and services that the organization offers. This consists of issues such as product development, brand name, features, additional services, design, and packaging. Price is, naturally, what the customer pays for the product, which includes list price, discounts, allowances, credit terms, etc. The Place component refers to the distribution and the availability of products. This encompasses issues, such as distribution channels and transport, market coverage, locations, retailers, and inventory. Finally, the P that is most frequently associated with marketing, Promotion, consists of advertising, sales promotions, personal selling, and public relations (PR).

For non-profit organizations, including public-sector services, price is rarely used as a basis of competitive advantage. Instead, other variables within the marketing mix are emphasized, such as high service quality or quick and reliable delivery [Kotler et al., 2008]. When public services are delivered through the Internet, decisions relating to the marketing mix must still be made, but the specific characteristics of the online medium and how it affects the total offering must also be considered. For example, to compensate for the absence of physical evidence connected to the e-service, organizations can use strategies that include stressing tangible cues, demonstrating the reliability of the service, creating a strong brand, or focusing on personal sources and online word-of-mouth [Styvén, 2007].

Furthermore, promotional tools can be utilized to communicate and emphasize the benefits that public e-services can offer [Löfstedt, 2005; Åkesson et al., 2008]. The communication must be adapted to different segments based on the possibility to reach them with the right message through the right medium. Promotion can also be used to influence citizens’ behaviors [Kotler et al., 2008], such as increasing the use of e-services as an alternative to telephone or personal visits. However, according to Stokes and Lomax [2008], public organizations have, so far, tended to focus their attention on product considerations, and they have engaged in very limited promotional activities. One explanation might be the view that marketing is a cost, not an investment.

3. Discussion

An external focus on the marketing environment and a good understanding of customer behavior are crucial for the long-term survival of organizations. The
conditions for public sector concerns are changing dramatically, both in terms of increased competition from privatization and changes in citizens’ demands. People increasingly use the latitude available to them to select from the various suppliers’ offerings, which places increased demands on the quality of goods and services provided. In the private sector, such increased demands result in improved quality, which in turn makes people demand the same level of quality from the public suppliers of e-services [Richter et al., 2004]. In many parts of the world, there is a growing tendency among citizens to expect public services to make a positive impact on their lives, and at the lowest possible tax rate [Jupp and Younger, 2004]. For that reason, public and other non-profit organizations have become more involved than ever in marketing decisions. Even though organizations in the public sector rarely operate consciously with marketing strategies, these organizations should alter their strategies to become more customer oriented [Stokes and Lomax, 2008].

As previously highlighted, e-government initiatives, such as e-services, have largely been developed based on the internal needs of the public organization rather than on citizens’ needs and wants. In many cases, this has resulted in a situation where governments or municipalities have offered public e-services that are not used; therefore, the anticipated gains in efficiency do not appear. Traditionally, the starting point in governments’ e-service development has been government’s internal needs and technological possibilities (Figure 2). As a result, employees within the organization or IT professionals have decided which services should be provided electronically. After development, the e-service has been made accessible online. However, available e-services have usually had few users; consequently, the investments have not generated the expected outcomes and the reasons for the low usage are often unknown.

<table>
<thead>
<tr>
<th>Governments’ internal needs</th>
<th>Development of public e-services</th>
<th>Making services accessible online</th>
<th>Few users</th>
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<tr>
<td>Technological possibilities</td>
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Figure 2. e-Service development with an inward perspective

As an alternative, a market-oriented approach is suggested for the development of e-services. This approach presents possibilities for creating customer-oriented services that increase productivity and reduce routine work while creating added value for customers (i.e., citizens). With a market-oriented perspective, public e-services should be developed with consideration for customers, regulations and internal needs, and technology (Figure 3). Firstly, a market-orientation strategy requires careful analyses of the customers to determine who they are, what they need, how their needs, attitudes, and behaviors differ, and how they can be influenced. With this knowledge it is possible for the public organization to group citizens into segments. Secondly, governments are forced to follow regulations and observe internal requirements and needs. Thirdly, technological possibilities must be considered when e-services are developed.
By taking these three aspects into consideration, one could create a foundation for the development of customized public e-services. After making the e-services accessible online, the next step is to communicate these services to the citizens. A true understanding of the citizens’ needs, attitudes, and behavior will then serve as the basis for designing the communications that will be directed to different segments. Communication should be adapted to each of these segments. Some customers may require education about e-services; others must be convinced of their utility, and some, perhaps, only need to be made aware of the existence of e-services.

Understanding the customers and their attitudes is important for all organizations, particularly when services are perceived as mandatory, since this knowledge will assist the government in developing communication strategies that can influence customers’ attitudes and behaviors. It is also important for customers to become satisfied with the e-services so that they choose to return and use the online alternative next time.

Following a market-oriented approach (Figure 3) rather than an inward perspective (Figure 2) will most likely lead to the development of more effective and efficient public e-services. The lack of customer focus and non-existent communication on public e-services might, at least partly, explain the relatively low usage rates we see today in such services.

Although this reflection has been limited to citizens, similar discussions can be conducted for companies and other organizations, both of which can be viewed as customers of the public sector.

4. Concluding Remarks and Avenues for Future Research

While the Swedish eGovernment Action Plan highlights the importance of having a citizen focus, very few of the issues that were prioritized during 2008 and 2009 actually address the necessity of governmental organizations to obtain a better understanding of their customers (e.g., citizens). Even though citizens are an important starting point in any e-government initiative, the message in the action plan indicates that the citizens still are viewed as an outcome rather than as a point of departure. This approach might lead to a continuation of the development of public e-services with an inward perspective, thus overlooking the opportunity to make use of
knowledge relating to citizens’ needs, attitudes, and behaviors. Instead, by following a market-oriented approach and placing citizens at the point of departure, public organizations can develop customized e-services. An understanding of citizens’ needs, attitudes, and behaviors is crucial in order to be able to develop, implement, and communicate public e-services that citizens will use.

According to the action plan, “its now time for action” [sic.]. In order for Sweden to retake a leading position in the field of e-government it is essential to increase the use of public e-services. Effective and efficient e-government can only be achieved if as many citizens (and businesses) as possible use e-services instead of alternative channels. Thus, the objective needs to be formulated as: “the first choice for as many as possible” instead of “as simple as possible for as many as possible.”

Suggestions for future research are to determine a means by which to gain a better understanding of citizens’ needs, attitudes, and behaviors in relation to public e-services. It would also be of interest to focus on segmentation of citizens, customer value, possible incentives, and promotional strategies, all of which will increase awareness about, and the use of these services.

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