

INNOVATIVE PUBLIC MARKETING AS INSTRUMENT FOR CREATING THE SOCIAL VALUE

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Abstract: *The public sectors in most states are under the pressure of innovation processes and simultaneously of developing the public and nonprofit marketing. The common characteristics of those two processes include openness and focus on valorising the internal resources of national and local communities in view to increase their general welfare. Their interaction generates a new concept - innovative public marketing – which incorporates and adapts the mechanisms specific for social innovation aimed at creation of new social values. The current paper aims to define and to operationalize a new concept, that of innovative public marketing, in view to describe the new mechanisms for creation of new social value. The paper will valorise, mainly, theories and analyses concerning social innovation, especially open innovation, as well as newer concepts concerning sustainable public marketing, public sector marketization etc. The research methodology will include bibliographical research, socio-statistical analysis and case study.*

Keywords: *Innovative public marketing, social value, open innovation*

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1. GENERAL CONSIDERATIONS

The economic, social, technological changes, in a rapid and permanent pace, require public organizations to improve or rethink marketing. Public organizations must understand the dynamics of the forces and changing technologies; must have a strategic design; need to consider new effective practices; need to innovate; must be able to

present their merits to the general public and audiences who pay taxes and track their activity.

The public organizations in fulfilling their mission (meeting the citizens' interests) do not adopt the concept of marketing to the same extent as the companies in the private sector. The practice of marketing in the public organizations is specific concerning the efficiency and complexity. Public marketing represents the process enabling the public organizations to obtain the beneficiaries' satisfaction and expectations, creating value for the public services.

The paper is designed to define and to operationalize the concept innovative marketing in the public sector, in view to describe the new mechanisms for creation of new social value and its sustainable redistribution.

The idea of this paper belongs to Professor Lucica Matei , being our mission of honour to continue her research directions, initiated in the framework of our university and of the EGPA Permanent Study Group "Public and Nonprofit Marketing".

2. INNOVATIVE MARKETING VS. INNOVATIVE PUBLIC MARKETING

2.1. Literature review of innovative marketing

The current concept of innovation in economic theory describes innovation as creation of a new or improved product/service that better reflects the needs of the consumer or the introduction of new production, management or marketing methods in view to increase the effectiveness and efficiency of the product or the provision of services (Svidroňová, et al., 2015:2 apud Drucker, 1993; Lament, 2012; Mokyr, 2009; Rosenberg, 1994; Wolak-Tuzimek & Duda, 2014).

Innovation is frequently identified as a critical success factor in providing competitive advantage (O'Dwyer et al., 2011: 94 apud Darroch, & McNaughton, 2002; Otero-Neira et al, 2009), in this context fulfilling a similar boundary-spanning role between organisations and their stakeholders as the marketing function (O'Dwyer et al., 2011: 94 apud McCartan-Quinn & Carson, 2003; Miles & Darroch, 2006; Wind & Robertson, 1983).

A marketing innovation is the implementation of a new marketing method involving significant changes in product design or packaging, product placement, product promotion or pricing (OECD, 2005:472).

Marketing innovations are aimed at better addressing customer needs, opening up new markets, or newly positioning a firm's product on the market, with the objective of increasing the firm's sales. The distinguishing feature of a marketing innovation compared to other changes in a firm's marketing instruments is the implementation of a marketing method not previously used by the firm. It must be part of a new marketing concept or strategy that represents a significant departure from the firm's existing marketing methods. The new marketing method can either be developed by the

innovating firm or adopted from other firms or organisations. New marketing methods can be implemented for both new and existing products (OECD, 2005:472).

In Romania, the provisional data of the statistical survey show that, during the period 2010-2012, there was a weight of 20.7% among the business enterprises that introduced or implemented products, processes, organizational or marketing methods new or significantly improved, 10.1% less compared to the period 2008-2010 (see Table 1). Out of them, 14.4% were enterprises that implemented only new organizational or marketing methods, while 1.9% represents the enterprises that introduced or implemented only new or significantly improved products and/or processes. A weight of 4.4% of enterprises introduced new products and/or processes, as well as new or significantly improved organizational and/or marketing methods (INS, 2012:1).

Table 1. The weight compared to the total number of enterprises (%) in Romania

	2008-2010	2010-2012
Total enterprises	100.0	100.0
Innovative enterprises	30.8	20.7
Innovators of only product/process	4.3	1.9
Innovators of only organizational/marketing methods	16.5	14.4
Innovators of product/process and of organizational/marketing methods	10.0	4.4
Non-innovative enterprises	69.2	79.3

Source: INS, 2012, *The innovation in industry and services during the period 2010- 2012*, www.insse.ro

According to the type of innovation implemented (no matter the other innovations), during the period 2010-2012, most innovating enterprises implemented methods of organization – 14.1% and methods of marketing – 13.8%. The weight of the enterprises innovating products was 3.4%, while the weight of the enterprises innovating processes was 4.6% (see Table 2 and 3).

Table 2. Enterprises innovating methods of organization and/or marketing in Romania, during the period 2010 – 2012

	Number of enterprises	Weight in total enterprises (%)
Enterprises innovating methods of organization and/or marketing (no matter the innovations of products and/or processes)	5427	18.8
Enterprises innovating only methods of organization	1446	5.0
Enterprises innovating only methods of marketing	1354	4.7
Enterprises innovating methods of organization and marketing	2627	9.1

Source: INS, 2012, *The innovation in industry and services during the period 2010-2012*, www.insse.ro

Table 3. Implementation type of a new marketing method (marketing innovation) in product and/or process innovative enterprises, 2008–2010, (% of the total of product and/or process innovative enterprises)

Country	Introduction of significant changes to the aesthetic design or packaging	Introduction of new media or techniques for product promotion	Introduction of new methods for product placement	Introduction of new methods of pricing goods or services
Romania	60.8	59.4	49.2	64.7

Product and/or process innovative enterprises i.e enterprises that implemented product and/or process innovation including enterprises with ongoing, suspended or abandoned activities, regardless organisational or marketing innovation

Source: Eurostat Pocketbooks, *Science, technology and innovation in Europe, 2013 edition, p. 84, (online data code: inn_cis7_sucmet)*

Innovative marketing is useful at a more strategic level. Gardner (O'Dwyer et al., 2011: 2 apud Gardner, 1991) argues that: "Marketing's role in innovation is to provide the concepts, tools and infrastructure to close the "gap" between innovation and market positioning to achieve *sustainable competitive advantage*".

Kleindl, Mowen and Chakraborty (1996:214) define innovative marketing as: "doing something new with ideas, products, service, or technology and refining these ideas to a market opportunity to meet the market demand in a new way".

The primary components of innovative marketing include product enhancement, alternative channels and methods of product distribution (Carson et al., 1998), an exploration of new markets, an alteration of the marketing mix and new operational systems (Stokes, 1995). In reviewing these elements Cummins, Gilmore, Carson and O'Donnell (2000) assume that, although innovation can include new-product development, it contains more than that, therefore incorporating innovative developments in other aspects of marketing (O'Dwyer et al, 2009:384). More generally, the characteristics of innovation within enterprises have been identified as searches for: "creative, novel or unusual solutions to problems and needs. This includes the development of new products and services, and new processes for performing organisational functions" (Knight et al., 1995:4).

Based on prior research, it is argued that innovative marketing is made up of (at least) six elements: marketing variables; modification; customer focus; integrated marketing; market focus; and unique proposition (O'Dwyer et al, 2009:384) (see Table 4).

Table 4. Elements of innovative marketing in the private sector

<i>Elements of innovative marketing</i>	<i>Description</i>
Marketing variables	- three of innovative marketing primary components are product enhancement, alternative channels and methods of product distribution (Carson et al., 1998), and an alteration of the marketing mix (Stokes, 1995), which, for the purposes of this research, have been categorised as marketing variables.
Modification	- firms define the basis of their marketing activities as innovative (Siu, 2000) in terms of being proactive and by embracing change

	management (Carland, Hoy, Boulton, & Carland, 1984; Carroll, 2002; McAdam, Stevenson, & Armstrong, 2000; Nieto, 2004).
Integrated marketing	- innovation is pervasive throughout marketing (Hills & LaForge, 1992; Simmonds, 1985), where adjustments regularly need to be made to current activities and practices. This leads to the need for marketing integration and the permeation of marketing .
Customer focus	- customer-satisfaction and customer-orientation are strongly associated with success in smaller firms (Blythe, 2001; Brooksbank et al., 1992; Mohan-Neill, 1993), where considerable emphasis is placed on personal relationships in developing a customer base (O'Donnell & Cummins, 1999; Stokes, 2000) and on the significance of customer satisfaction to competitive success (Pearce & Michael, 1996; Siu, 2000).
Market focus	- market focus includes vision (Ahmed, 1998; Carson & Grant, 1998; Knight et al., 1995; Kuczarski, 1996), profit (Cummins et al., 2000; Tower & Hartman, 1990) and being market-centred (Carland et al., 1984; Johannessen, Olsen, & Lumpkin, 2001; Wang & Ahmed, 2004).
Unique proposition	- innovative marketing is dependent upon uniqueness (Cummins et al., 2000; McAdam et al., 2000; Pitt, Berthon, & Morris, 1997); newness (Cummins et al., 2000; Johannessen et al., 2001; Lado & Maydeu-Olivares, 2001) and unconventionality (Stokes, 2000), which (for the purposes of this research) have been categorised as unique proposition.

Source: Table achieved by authors according to O'Dwyer, M., Gilmore, A., & Carson, D. (2009) *Innovative marketing in SMEs: an empirical study, Journal of Strategic Marketing, 17:5, 383-396, pp. 384-387*

2.2. Innovative marketing in the public sector, open innovation and the social value

In public sector the innovation is linked to the creation of "public value in terms of increasing the efficiency, quality and transparency of public services" (Svidroňová et al., 2015:2). When innovation in the public sector should be successful, there must be a consistency between the nature and the environment where innovation takes place. The innovation process requires legitimacy (Wilson, 1989), political sustainability (Moore & Hartley, 2008), strengthening democratic values (Bason, 2010) and respect for the needs of citizens (Korteland & Bekkers, 2008, Matei et al., 2009). Innovation in the public sector should bring in the provision of public services not only economic value, but also legal and democratic values (Svidroňová et al., 2015:2).

2.2.1. Innovative public marketing

It is important to recognize that there are a variety of different approaches to public sector marketing (Peattie et al., 2012:988), and one that has become prominent is innovative public marketing. Innovative public marketing applies processes and tools developed in commercial innovative marketing to pursue public goals by developing behavioural change interventions aimed at particular target audiences.

The marketing behaviours of public organisations can be intrinsically linked to innovation by focusing on the action-oriented identification of change opportunities, and the induction of continual change in their organisations and markets (adapted from O'Dwyer et al., 2015:2 apud Morris & Lewis, 1995).

The definition of innovative public marketing is not obvious in the literature.

Innovative public marketing is a process where a public service or a public good is delivered and communicated to the citizens by the help of ideas and process which were not used earlier. It can be done through changes in the service or good design, launching the service or good in unique place, promoting through new or significantly improved method, gaining a competitive advantage and creating social value.

Regarding the definition of innovative public marketing, it is made up of (at least) six elements: marketing variables; evolution through change; integrated marketing; citizen focus community focus; and unique proposition (see Table 5).

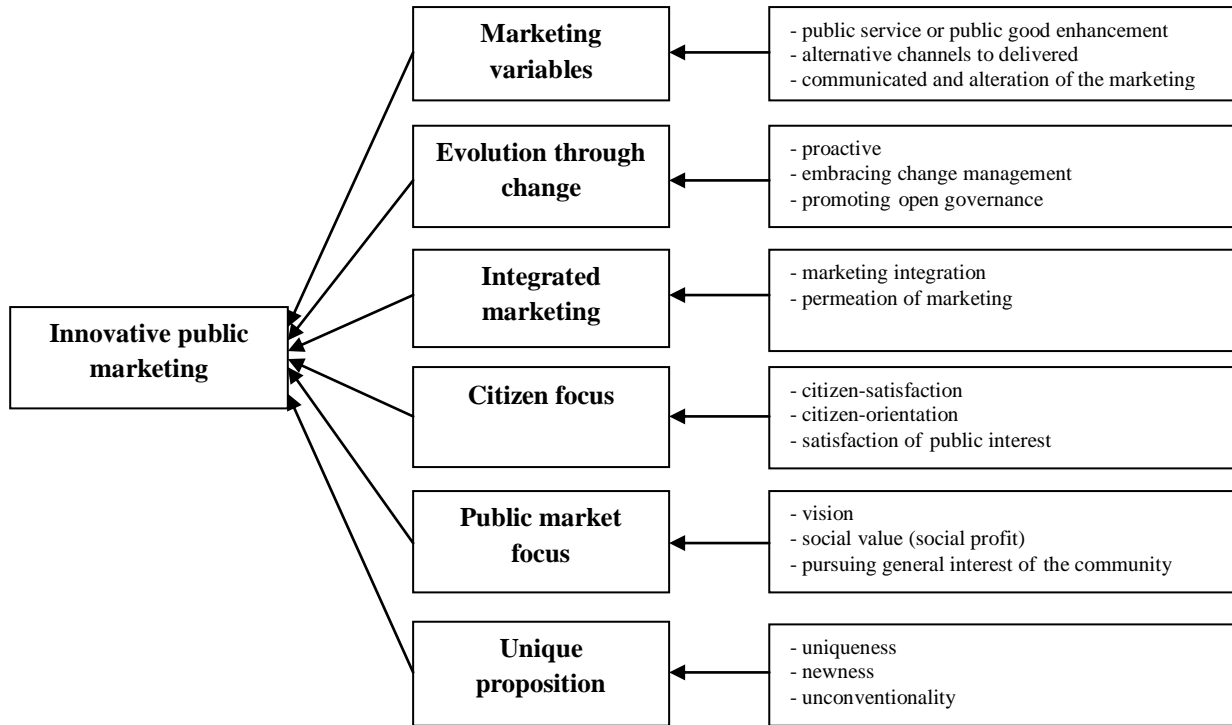
Table 5. Elements of innovative marketing in the public sector

<i>Elements of innovative public marketing</i>	<i>Description</i>
Marketing variables	- the primary components of innovative public marketing are: public service or public good enhancement, alternative channels to delivered and communicated and alteration of the marketing mix.
Evolution through change	- public organizations define the basis of their public marketing activities as innovative in terms of being proactive and by embracing change management, promoting open governance.
Integrated marketing	- innovation is pervasive throughout marketing, where adjustments regularly need to be made to current activities and practices. This leads to the need for marketing integration and the permeation of marketing.
Citizen focus	- citizen-satisfaction, citizen-orientation and satisfaction of public interest are strongly associated with good governance in public sector.
Public market focus	- public market focus includes vision, social value (social profit) and pursuing general interest of the community.
Unique proposition	- innovative marketing is dependent upon uniqueness; newness and unconventionality , which have been categorized as unique proposition.

Source: Authors adapted from O'Dwyer, M., Gilmore, A., & Carson, D. (2009) Innovative marketing in SMEs: an empirical study, Journal of Strategic Marketing, 17:5, 383-396, p. 384-387

Based on the elements of innovative public marketing, we could speak about a conceptual model for innovative public marketing (see Figure 1).

Figure 1. Conceptual model for innovative public marketing



Source: Authors based on elements of innovative marketing in the public sector

2.2.2. The public market: exchange processes, open innovation and social value

Due to the economic and fiscal crisis, and the decline of legitimacy of public institutions, governments are seeking to find new ways to provide public value (adapted from Voorberg et al, 2014:2) and social value.

The "public market" sees citizens choosing between different public providers of different services, or between public and private providers of similar types of services (Matei & Matei, 2011).

The public market differs from other types of markets in three important respects. First, it is not a market in the traditional sense, because entrance to the market or providers (or suppliers) is restricted by legislation or other public rules. Secondly, the public market differs from other types of market with respect to demand structures, price mechanisms and the determinants of purchasing power. And, the public market is characterized by strong political control. Thirdly, the public market differs from other markets with regard to the type of commodities it allocates. The public market allocates services and goods that are nominally public, that is to say, they have at some previous time been delivered by public organizations but have now become subjected to completion and can thus be delivered by either public or private supplies (Pierre, 1995).

The marketization of the state is said to serve an essentially good purpose, namely to increase the quality of public services, bring private sector management into the public sector and empower individuals in relation to the state (Pierre, 1995:76).

Many of the recent changes in public administration seem to aim at replacing the traditional exchange between the individual and the state, based on needs, obligations and entitlements with a market-like exchange process. In this exchange process, service providers under different auspices are assumed to be in competition with each other. Customers choose in a rational fashion between different services and different services providers, thus sending signals regarding the quality of different services (Matei & Anghelescu, 2010).

The concept of the public market is employed in our paper to indicate the commodification of public services, new forms of the production and distribution of public goods and services, and the notion of the beneficiaries of such services as customers rather than citizens.

Open innovation creates an environment where individuals and organisations can actively get involved in the creation of mutually beneficial solutions (Matei & Matei, 2011). Through open innovation decision making is becoming a truly democratic process. It allows for a bolder, wider approach to problem solving. It suggests interacting with broader groups of stakeholders and it builds collaborative community engagement around specific challenges and issues: ideas and input flow into organisations from outside and smart, innovative solutions are easily generated.

Open innovation means creating and innovating with external stakeholders: citizens, customers, suppliers, partners and your wider community. Nowadays, public organisations are increasingly seeking to work and source knowledge beyond their boundaries. Open innovation can be considered as a process of co-creation. In processes of co-creation in social innovation, but also in open innovation, citizens are participating as partners who provide and share relevant sources, like knowledge, information, competences and experiences, together with the resources that are provided by public organizations and governments (Voorberg et al, 2015:9). This collaboration is based on an equal partnership between citizens and public organizations (Matei et al., 2009).

Henry Chesbrough (Chesbrough et al, 2006) defines open innovation as “the use of purposive inflows and outflows of knowledge to accelerate innovation. With knowledge now widely distributed, companies cannot rely entirely on their own research, but should acquire inventions or intellectual property from other companies when it advances the business model (...) Competitive advantage now often comes from leveraging the discoveries of others. An “open” approach to innovation leverages internal and external source of ideas”.

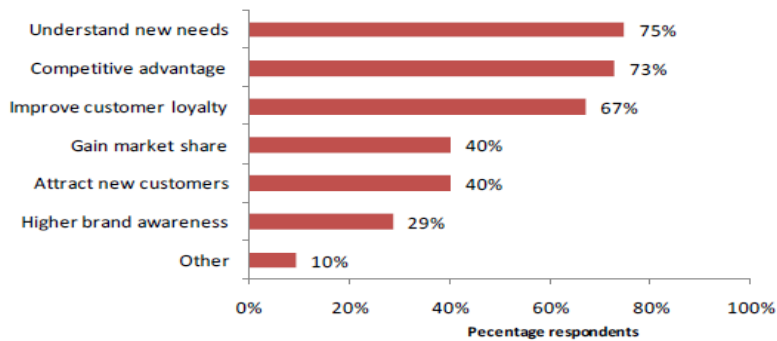
Public organizations increasingly rely on the efforts and capacities of citizens (Voorberg et al, 2014:2). As such the government is no longer to be considered as the (only) provider of public services and public value.

Open innovation is an inclusive, social way of solving complex issues and improving processes.

Social value creation is a process that results in the creation of something of value for society. ‘Social value creation’ is a construct that is very difficult to operationalize and define. In public sectors is very difficult to give a definitions as a financial value. We can understand value such as social expectation and need. Social value refers to wider non-financial impacts of programmes, organizations and interventions, including the wellbeing of individuals and communities, social capital and the environment (DEMOS, 2010).

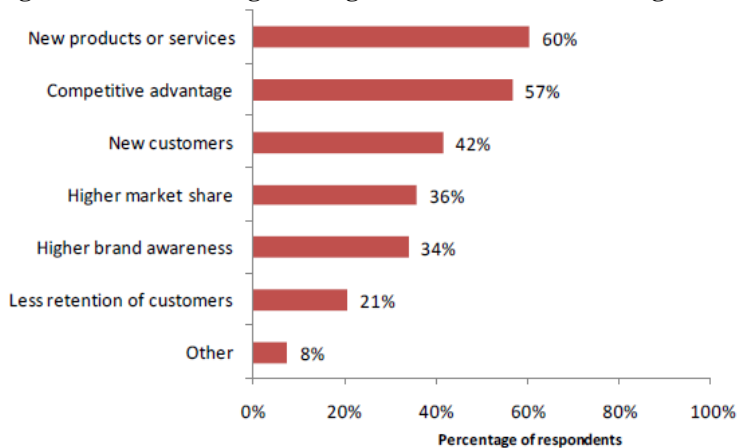
Figures 2 and 3 reflect the importance of customers’ involvement in value creation.

Figure 2. The primary drivers for involving customers in value creation



Source: Capgemini Consulting, *Co-creation beyond the hype, Results of the Global Co-creation Survey 2010*, p. 7

Figure 3. Results brought to organization further involving customers



Source: Capgemini Consulting, *Co-creation beyond the hype, Results of the Global Co-creation Survey 2010*, p. 7

Innovative public marketing is currently often used as instrument for creating the social value, as a marketing tool. Its aim is to understand customers better and to develop public services and public goods that fit their needs.

In relation to public services, the innovative public marketing can be understood as the development of public services towards better meeting of the needs based on the

modification of the status of entities/actors in the system of public services provision (adapted from Svidroňová et al, 2015:2 apud Hartley, 2005; Mulgan & Albury, 2003; Osborn & Brown, 2005). These entities are able and willing to learn, to improve their work and cooperate with each other (Svidroňová et al, 2015:2 apud Von Hippel, 2007). Innovative public marketing must meet the needs of the public or needs of society or a particular community whose members are involved in the process of creation and implementation of innovation. A new concept of government is defined as the sum of interactions where there is a cooperation of actors from public and private sector in solving social problems (Svidroňová et al, 2015:2 apud Osborn & Brown, 2005). The emphasis is on the citizen.

Innovative public marketing brings innovation in the public sector, aiming to enhance the public and social values, such as democracy, effectiveness, efficiency, legitimacy. Innovative public marketing is used in public administration in the process of producing public goods and services as 1) open mechanism, focused on the public market and citizens through their involvement in designing and developing public goods and services by using new techniques of communication and methods of promotion in view to produce social outcomes and create social value, and 2) a change of relationships between citizens and public organizations.

3. ADVANTAGES OF USING INNOVATIVE PUBLIC MARKETING IN PUBLIC SERVICE - PUBLIC RELATIONS SERVICES IN PUBLIC ADMINISTRATION

The quality of public services for citizens could increase significantly implementing innovative public marketing in the public administration.

Further applying innovative public marketing, new partnerships on long term are developed, based on knowing the requirements (needs and expectations) in various stages of the relationship, delivering products and services which correspond to citizens' expectations.

Innovative public marketing uses a set of practices based on technology and focused on citizen, in view to maintain and optimize the relations with citizens and encourage new forms for their participation.

The main objective of innovative public marketing is to support the public organizations in order to use ICT resources and competences of the public employees in light to understand and acquire new perspectives on the citizens' behaviour and their perception related to the concept of social value (for public goods or services). Innovative public marketing enables the public organizations to introduce ICT, to integrate and use in a smart way the available instruments within the relationships with citizens, providing the opportunity of a quite personal link with the organization.

In this case study, we refer to public relations services in the public administration only from the perspective of the following processes: communication with the citizen and creation of social value for the citizen.

3.1. Communication with the citizen

The communication with the citizen refers to the process of transmitting information, ideas, as well as decisions, working instructions etc., in a transparent and equitable way. In view to optimize the relations with clients, respectively to increase their satisfaction, the employees with responsibilities in this field communicate continuously with citizens concerning: information about the required services; solving the complaints; information about the citizens' degree of satisfaction.

In view to enhance the efficiency of the communication process with citizens, from the perspective of the two parties involved – the public organization providing services and the service beneficiary – he/she should use the following main communication tools:

- verbal communication;
- **online communication (website, social media, forum, chat);**
- nonverbal communication;
- phone communication;
- other communication tools: radio, TV, fax etc.

The concrete actions of innovative public marketing leading to improvement of efficiency and effectiveness of the communication process in view to enhance the innovation in public relations services with customers refer to:

- extending the modalities of communication with citizen, also through the possibility to address online demands and solve them in the same way;
- providing comprehensive information on the website and ensuring transparency for all parties involved;
- implementing an adequate software and monitoring: citizen orientation, citizen satisfaction, citizen loyalty (according to the model of private companies);
- increasing the quality of public relations services, evaluated according to the indicators of satisfying the needs and expectations (competence, responsiveness, accountability);
- increasing the efficiency of marketing processes by achieving a relevant communication for citizen;
- increasing the efficiency of operational process through IT.

3.2. Creating social value for citizen

The social value for citizen is expressed in the benefits obtained directly by citizen further the interaction with the service provider, as well as indirect benefits determined by improvement of the service quality.

The direct benefits obtained by citizen are directly determined by the competences of the public employees holding responsibility in this field.

The indirect benefits are influenced by the degree of computerisation and automatization of the required service (for example: low waiting time for solving the requirements/problems; reducing the distance between citizen and civil servant (*click distance*), reducing the barriers of communication, transparency).

CONCLUSIONS

The innovative public marketing represents the response to the dynamics of citizens' requirements. Such an innovation derives from the flexibility and wish of public organizations to try new approaches, to take advantage of opportunities and competitive advantage.

The activities of innovative public marketing should not be necessarily original, they should be new and susceptible to be an adaptation of the existing marketing concept, and thus innovation consists in its unique application by the public organizations. It means creativity, newness, solutions to uncommon problems and social value added.

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