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Online Marketing by Local Government in Australia and the United States

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Abstract

The study reported in this paper involves a comparison audit of local government websites in two states of Australia with county and city level government in two states of the United States of America, using the Marketing Readiness of Website Indicator (MRWI). The hypothesised more highly rated Web use in marketing by United States local government relative to Australian local government (LGA) is not supported. Californian counties, NSW and Victorian LGAs generally employ the Web in a more capable manner in marketing than Californian cities and Alabama counties and cities.

Introduction

The focus of this paper is on use of the Web by government in Australia and the United States of America. In most respects, local government is much like any for-profit or not-for-profit service provider. Citizens (customers) exchange money (taxes and fees) for products (services such as street cleaning, garbage collection and disposal, even childcare), and in the process they receive varying degrees of value and form relationships of varying depth with their supplying government. While it is acknowledged that there is more to local government, this line of reasoning is used to illustrate the point that there is a marketing process involved in local government just as there is in business (AMA, 2004). The range of products on offer is as extensive as any business, includes internally offered and outsourced services, and varies by local government type and locale (i.e., county, city, town or local government area (LGA)), as well as within and between countries and states. The study does not involve citizen useability of websites as this aspect is well studied (e.g., Baker, 2006).

Use of the Web in Local Government Marketing

Local government use the Web was evident even in the early years following its adoption by business in 1994. This led Horrocks and Hambley (1998) to observe that it really took a conscious decision for UK councils to stay off the Web. Later, researchers in New Zealand noted that local government use of the Web was developing, but that based on local government employee reports of included/missing features on local government websites, there was some further development needed if citizens were to fully benefit (Deakins and Dillon, 2002). The research question this stimulated concerned whether the earlier observed progress made by local government in its use of the Web in marketing (e.g., Palmer et al., 2000) had continued. This entailed auditing host websites employing a tool described later in the paper – the Marketing Readiness of Website Indicator (MRWI) – in a between country comparison.
The Online Marketing Communication Element

Combined government expenditure in countries such as Australia means that government is one of the biggest, if not the biggest advertiser, depending on elections and issues within any given period under scrutiny (C.E.A.S.A., 2006). Given the heavy marketing communication expenditure by government, and given the relatively greater anticipated budgets for Web development by government in the United States relative to Australia (given the population differences), not to mention the fact that first commercial use of the Internet occurred in the US, following hypothesis was formed:

\[ H_1: \] Local government use of the Web for marketing communication in United States county and city websites evidences more highly developed use than local government in Australia.

The Online Marketing Logistics Element

Layne and Lee (2001) observed that there are various stages in the development of what they termed fully functional e-Government. The fourth and final stage they alluded to is the Horizontal Integration stage wherein administrative reform is achieved and a type of ‘one stop shop’ approach is in evidence. It may be argued that this is evidenced by the existence of such website features as an Intranet (secure access for employees only) and/or Extranet (secure access for citizens and employees) among other features that include online tax-paying (Baum et al., 2006). This led to the development of the following hypothesis:

\[ H_2: \] Local government use of the Web as a marketing channel in United States county and city websites evidences more highly developed use than local government in Australia.

The Online Relationship Management Element

Turning to the third element of marketing involved in Web use, we see that much has been made of the emergence of customer relationships in the marketing discipline (Grönroos, 1994; Brodie et al., 1997), and in business information systems when referring to customer relationship management (CRM) in e-Business. As Ang and Buttle (2006, p. 5) reiterate: CRM is “the core business strategy that integrates internal process and functions, and external networks, to create and deliver value to targeted customers, at a profit”. It is contended herein that this should be the case in government as it is in business, noting that Ang and Buttle restricted their investigation to business use of CRM.

Given the head start that US business had in database use, in direct marketing in particular, and the expectation that this would be evidenced in the local government arena, a third hypothesis developed:

\[ H_3: \] Local government use of the Web for customer (citizen) relationship management in United States County and city websites evidences more highly developed use than local government in Australia.
The Marketing Readiness of Local Government Websites

While there may be differences in the capabilities of local government websites in terms of the three marketing elements alluded to, it is the overall MRWI index evaluation which illustrates the reliance on Web use in the marketing process by local government. This led to development of the following hypothesis:

H₄: Local government use of the Web in United States County and city websites evidences more highly developed use of the Web in overall marketing than in local government in Australia.

Research Methodology – MRWI and Website Sampling

This section details two aspects of the methodology employed in the present study. The first is the Marketing Readiness of Website Indicator (MRWI), and the second is the sampling method employed.

Marketing Readiness of Website Indicator

The MRWI has been used in various studies (e.g., Adam, 2004; Adam et al., 2006) and is used commercially. The MRWI entails evaluating websites in terms of the capability of the sites across three main elements of marketing, viz., interactive marketing communication capability (including 10 points for Resnik and Stern’s information cues (Resnik and Stern, 1977)), marketing channel capability and relationship continuity capability. Fifty points are allocated across marketing communication items, while 25 points are allocated across items such as the degrees of Web use in order-processing, and 25 points are allocated across a range of items for relationship continuity capability. The total rating out of 100 indicates the marketing readiness of the websites concerned.

Sampling Local Government

The unit of analysis in this study is the organisation’s website. One hundred and eighty websites were analysed according to the classifications shown in Table 1. It was decided to analyse local government in the form of both county and city sites in the United States given that, arguably, neither are identical to Australian local government, but in most respects they are similar in the reason for their existence. Demographic information and Internet penetration details for each local government area studied are also presented in Table 1.
Table 1. Sampled Websites by Local Government Classification

<table>
<thead>
<tr>
<th>California Counties</th>
<th>Alabama Counties</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CALCOUNT) sites ((n = 30))</td>
<td>(ALBACOUNT) sites ((n = 30))</td>
</tr>
<tr>
<td>N = 58</td>
<td>N = 67 (39 with websites)</td>
</tr>
<tr>
<td>Popn. of selected counties = 19,243,000</td>
<td>Popn. of selected counties = 2,423,000</td>
</tr>
<tr>
<td>State Internet penetration = 65% of individuals 18 years and over.</td>
<td>State Internet penetration = 48% of individuals 18 years and over.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>California Cities</th>
<th>Alabama Cities</th>
</tr>
</thead>
<tbody>
<tr>
<td>(CALCITY) sites ((n = 30))</td>
<td>(ALBACITY) sites ((n = 30))</td>
</tr>
<tr>
<td>N = 478</td>
<td>N = 100 (with websites)</td>
</tr>
<tr>
<td>Population of selected cities = 4,513,000</td>
<td>Population of selected cities = 1,551,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NSW local government</th>
<th>Victorian local government</th>
</tr>
</thead>
<tbody>
<tr>
<td>(NSWLGA) sites ((n = 30))</td>
<td>(VICLGA) sites ((n = 30))</td>
</tr>
<tr>
<td>N = 153</td>
<td>N = 78</td>
</tr>
<tr>
<td>Popn. of selected LGAs = 1,782,000</td>
<td>Popn. of selected LGAs = 1,493,000</td>
</tr>
<tr>
<td>Australia GDP = US$772,775 mill.</td>
<td>Australia GDP = US$772,775 mill.</td>
</tr>
<tr>
<td>Australian Internet penetration = 70% or 4.7 million households</td>
<td>Australian Internet penetration = 70% or 4.7 million households</td>
</tr>
</tbody>
</table>

Sources: (Pew, 2003; Anon., 2005; ABS, 2006a; ABS, 2006b; DSRD, 2007)

Notes: Exchange rate used to convert Australian dollars to US dollars = 0.80.

Californian county local government websites were randomly selected from the 58 county census available from the California State Association of Counties (NAC, 2007). The Californian city websites were randomly selected from the list of incorporated cities. Alabama counties were chosen from the census of 67 counties (39 with official websites) listed by the Alabama Department of Finance (Anon., 2007). Thirty Alabama cities with websites were randomly selected from this source. Australian local government sites were chosen at random from the census of 78 Victorian local government areas and 153 NSW local government areas publicly available from the Australian Local Government Association (NAC, 2007). In each case, record numbers were assigned to the organisations in the lists and samples derived from random numbers generated in Microsoft Excel.

Thirty (30) sites were randomly chosen for each category to meet the generally accepted minimum cell size when employing statistical tests such as independent samples t-test and analysis of variance (ANOVA) among other tests designed to detect differences between or among groups. It is suggested that 30 participants per cell leads to 80% power or the ability to detect significant differences (Cohen, 1988).

Findings and Discussion

As might be expected, based on the population size and economic performance, CALCOUNT exhibit a greater degree of sophistication in terms of their marketing capability than counties in Alabama. The findings indicate that the Victorian government’s commitment to online
service for its citizens (LeMay, 2007) has migrated through to local government website capability. This claim is made in light of the fact that Victorian local government websites more than match the marketing readiness of Californian County sites.

Employing post hoc Tamhane T2 tests, the findings are that CALCOUNT, CALCITY, VICLGA and NSWLGA websites make similarly rated use of the Web for marketing communication purposes. They are significantly more capable in this task than ALBACOUNT and ALBACITIES. Therefore, H1 is not fully supported. This is because in most respects, Australian and US local governments make similar use of the Web for marketing communication purposes, with the exception of Alabama counties and cities. Employing a post hoc Scheffe test indicated that a similar situation exists in the case of the presence of Resnik and Stern’s (1977) information cues (homogeneity of variance was observed in this instance).

In the case of marketing channel website capability post hoc Tamhane T2 tests were employed, indicating that in the case of marketing channel capability, the X̅ evaluations for CALCOUNT, VICLGA and NSWLGA are similarly significantly higher than for CALCITY, ALBACOUNTY and ALBACITY. Online order-processing (which includes paying taxes and fees) ratings in the range of one to five are awarded depending on security level and how the order is taken: Online secure payment = 5; Online, no security = 4; Online form request (i.e., send form and organisation contacts you in return) = 3; Online form for fax = 2; Offline ordering details advised = 1; and no such service provision rates zero. Surprisingly, there is no significant difference between the Californian County and the Victorian and NSW local government sites in terms of the provision of online order-processing facilities.

There is, however, a significant difference in the capabilities of the county websites of the US states of California and Alabama, and between the local government websites in the Australian states of Victoria and NSW in terms of permitting bill paying. Most notable are the lower capabilities of Alabama County and city websites both in terms of enabling secure online transactions and/or payments, and in terms of overall use of the Web as a marketing channel. In effect, H2 is not supported in that while Californian Counties and Victorian and NSW Local Government exhibit similar use of the Web as a marketing channel, Alabama county and city sites exhibit less capability as transacting websites.

When we examine the relationship management capability of the websites, it is notable that once again there is variance in usage of the Web in relationship management evidenced by US and Australian local government. In this regard, the Californian County and two groups of Australian local government websites offer significantly greater capabilities than Californian cities and Alabama county sites. California Counties make similar use of the Web in this context to Victorian and NSW local government, albeit that each can still show some improvement. Turning to the city level, it became clear that the sampled Californian cities do not demonstrate the possible relationship management capabilities that can be built into websites. Alabama counties and cities also under-utilise the Web in terms of this capability. In effect, H3 is not supported. This suggests that despite much commentary by marketing academics and practitioners on the organisational performance benefits associated with developing, maintaining and enhancing the scope of relationships between buyers and sellers (e.g., Selnes, 1998), local government in the most populous state of Australia, and a less populated state in the United States are yet to take full advantage of the Web in relationship management.
Turning to the overall MRWI ratings, it became clear that H₄ is not supported. Once again, Californian Counties, Victorian and NSW local government have built significantly more capabilities into their use of the Web than have Californian city government and Alabama counties and cities (p = 0.00).

**Concluding Remarks**

It is evident from this study that in many ways, local government use of the Web in marketing in two Australian states is almost the equal of county use of the Web in the well populated and economically vibrant state of California. Victorian LGA use is the equal of Californian county use and superior to Californian city use across each of the marketing roles audited with the MRWI tool. In general terms, Californian county government and local government in the two Australian states are equally sophisticated in their use of the Web for marketing communication and in terms of online order-processing. However, they differ in marketing channel and relationship management use in that it is particularly evident that Californian city government and Alabama county government lag in their use of the Web for these marketing roles.

Using population size as a surrogate for revenue and ability to spend on marketing activities, we regressed the MRWI evaluations and its elements against the population in each local government area in the study. While there is a mixed picture of associations between MRWI elements in the various areas, overall MRWI evaluations are associated with population size in each case except for VICLGA. In fairness, it must be acknowledged that each US state differs at county and city level as to where the revenue is raised, and this therefore influences the level of marketing activities, including online marketing activities. From the content analysis undertaken, Australian local government websites show less variance.

Further research is needed in order to state with more certainty the underlying reasons for the statistical differences in local government use of the Web between the two countries involved and between the levels of government in each country. The authors aim to remedy this in time, and encourage others to investigate the matter further.

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References


