

When marketing models clash with democracy

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ABSTRACT

The application of marketing models in political and public sector contexts is examined. The assumptions in marketing of positive outcomes of (i) rapid responses to consumer concerns, (ii) the extension of choice and customisation in product development, and (iii) the application of market research techniques are considered in turn. This analysis suggests that in the political context,

responding rapidly to public opinion is not necessarily a sound reaction; extending choice and customisation of products may not best serve public welfare, and applying market research techniques may not provide for the best system for policy decisions. The features of liberal representative democracy, particularly the role of deliberation, informed assent and accountability, have been neglected. Speed of response has been emphasised to the cost of democratic filters and checks on public opinion; enhanced choice, enabled by mass customisation, presents problems of social fragmentation; and the application of market research is no substitute for political discourse and engagement.

KEYWORDS: *marketing models, democracy, public sector management, eGovernment, deliberation*

RUNNING GOVERNMENT LIKE A BUSINESS

By 'running government like a business', advocates and practitioners of the new public management (NPM) approach to reform of the public service attempt to operate market-like models. NPM is based on an economic model of governance in which the market, or approximations to it, is the ideal mechanism for the allocation of public services. Central to this approach is the perception of citizens as consumers. The consequent inclination in management is to apply tools and techniques from the marketing discipline in effecting change and progress. Not all of the

marketing ideals are appropriate in this context, however, as is becoming clear from continued and sustained critiques of NPM (McLaughlin *et al.* 2002; McKechnie and Litton 1998). Furthermore, as information and communication technologies (ICTs) are brought to bear on public service delivery (eGovernment) and on political/electoral developments (eDemocracy) new issues arise that beg further questioning of the applicability of marketing assumptions.

Three central marketing applications are reviewed here. The assumptions in marketing that (i) rapid responses to consumer concerns, (ii) the extension of choice and customisation in product development, and (iii) the application of market research techniques enhance customer welfare are considered in turn. This analysis suggests that in the political context, responding rapidly to public opinion is *not* necessarily a sound reaction; extending choice and customisation of products may *not* best serve public welfare, and applying market research techniques may *not* provide for the best system for policy decisions.

In as much as the political-public sector arena may be considered a 'marketplace', it displays distinctive characteristics that differentiate it from private sector contexts (Butler and Collins 1995). The political system establishes a set of restraints, duties and opportunities that is unparalleled in the market. It effectively transfers resources from certain groups to others and claims a monopoly on the use of violence. The efficiency with which the political system works depends on those on whom it impacts feeling an obligation to obey its edicts voluntarily. This in turn is presaged on ideals of legitimacy which in liberal democracies are reinforced by elections, constitutional constraints and the broad assent of the governed. As Christensen and Lægread (2001: 93) put it:

'Political-administrative systems in Western democracies are based on a complex and often

ambiguous set of norms and values related to political-administrative control, codes of professional behaviour, due process and government by rules, democratic responsibility, public service ethics and participation by affected groups.'

NPM emphasises the efficient, instrumental implementation of policy, removing responsibility for substantive policy from the administration:

'The main objective [of NPM] is to draw a clear(er) distinction between political and administrative matters ... so that managers can manage. The relationship between political governance and administrative autonomy has been at the core of efforts to reform the public sector.' (Jenssen 2001: 290)

Critics of this dichotomy contend that such separation is unrealistic. Politicians are concerned about the implementation of policies on the ground, and public servants, while non-partisan, are rarely politically neutral. In terms of the recent ICT developments and applications of interest here, the same unhelpful disconnection is being replayed in the high technology world of the Internet by the independently developing fields of eDemocracy and eGovernment (Butler and Collins 2002). The application of Internet technologies to politics enables citizens to communicate more directly with politicians, government and agencies, ie to act politically. The dominant debate on eDemocracy involves 'being in touch', 'letting them know', giving and getting immediate responses and feedback and so on. In the public sector management sphere, the established paradigm of eGovernment is about enabling access to public services, improving the efficiency of getting information on entitlements, making enquiries about rights and responsibilities, paying taxes etc. It relies heavily upon the new public management principles of efficiency and measurement.

While each field is identifiable indepen-

dent of the other, a holistic perspective demands an integrated view. Public sector marketing is rooted in politics. As society disengages from the mass mobilisation politics of the past, more people experience their politics via government agencies and institutions. Thus the separation of politics and administration is unhelpful for a marketing model as may be the continued separation of the fields of eGovernment and eDemocracy. Ultimately, eGovernment is about service delivery; eDemocracy is about representation and participation. But both are part of the political system.

New proposals relating to eDemocracy and eGovernment consistently suggest more direct links between public opinion and government policy. The inherent implication is that the speed of response observable in other sectors ought to be replicated in the public domain. Morris is typical of the populist writings in the field:

‘When will voters be consulted on important issues? Whenever they want to be. Anytime enough Internet users want to have a referendum they will simply have one. There will likely be hundreds of referendums each year’ (Morris 2000: 33)

Although this illustration tends toward the zealous, influential reports and discussion papers from international consulting groups reveal little depth of analysis of issues and implications for democracy of e-based applications in the broad government area. Theirs is a strategy and management-oriented perspective. The influential McKinsey organisation asserts that:

‘... the real value of eGovernment derives less from simply placing public services on-line than from the ability to force an agency to rethink, reorganise, and streamline their delivery before doing so, much as the redesign of core processes in the 1980s transformed many businesses.’ (Al-Kibsi *et al.* 2001: 65)

It is clear that such approaches to service

delivery should improve public sector effectiveness. The main burden of commercial and civil service effort has been on rapid delivery via the Internet with an emphasis on a move from existing paper forms to online transaction processing for greater operational efficiency. Such perspectives also appear to propose, implicitly, that the intermediating institutions may be bypassed. NPM-driven perspectives also promote the consideration of citizens as ‘consumers’ or ‘customers’ of the public service system, and it follows from the marketing standpoint that increasing the extent of choice for those consumers will be rewarded by the market. Also, in attempting to uncover choice preferences among the population for political and public service ‘offers’, the application of market research tools and techniques such as surveys and interviews is a pragmatic, positive step.

Recent developments in the operation of the market, which are being influenced by information and communication technologies, are assessed here for their impact on the political system. The three questions of speed of response, extent of choice, and the use of marketing research in the context are addressed in turn.

RAPID RESPONSE TO CONSUMER CONCERNS

Time-based competition has become a profoundly important strategy issue in business in the past decade (Blackburn 1991; D’Aveni 1994). In a rapidly changing business environment, where turbulent conditions are increasingly evident, it has become axiomatic that speed, pace and timing are critical success factors in strategy and marketing. This idea underpins management development in much of the business process re-engineering literature and practice of the past decade. The wide-ranging subject of streamlining business processes, evident in the developments in Just In Time Delivery, World Class Manufacturing and Logistics, emphasises the reduction of ineffective and inefficient op-

erations through better use of resources and the contraction of the time gaps between activities.

In marketing, this logic filters down to several sub-fields of the discipline. It is particularly observable in the broad customer relationship management (CRM) area, where responsiveness to consumer demands connotes faster response (Anderson and Kerr 2002). The principles of customer service management have influenced the ideas, terminology and practices of managerial reform in public service design and provision. In this general area, which includes the newly developing field of ECR (efficient consumer response) the analysis of ongoing consumer satisfaction surveys, and the rapid response times to the concerns raised therein are emphasised.

The managerialist approach of NPM inherently emphasises speed of response, citing the failure of slow-moving bureaucracies to be effective in the current environment. As Hughes (1998: 18) observes, quoting Osborne and Gaebler (1992):

‘... bureaucracies designed earlier in the century “simply do not function well in the rapidly changing, information-rich, knowledge-intensive society and economy of the 1990s”.’

Thus, in public service delivery, IT applications have proliferated, hierarchies are flattening and response times for queries are shorter. Such response by government mirrors the business sector’s concern with greater efficiency, lower costs and shorter supply lines. As regards political applications, however, according to the OECD, ‘only a very few OECD countries have begun to experiment with on-line tools to actively engage citizens in policy-making (eg on-line discussion groups, interactive games)’ (OECD 2001: 4). This may reflect the realisation that extending the e-based perspective to the political arena beyond the simplest of transactions shows up a number of flaws in the logic and application. If electronic means are

found to augment the availability of forms, the submission of applications and the dissemination of decisions, public sector organisations may achieve greater rapidity of response. The nature of public sector output, however, means that the potential benefits are limited.

Ultimately, information provided at whatever speed is not disinterested. In the private sector, it is offered to influence purchasing, consuming or investing decisions. In the political system, information is similarly intended to affect the behaviour of citizens in such areas as taxation, benefit receipt and law enforcement. None of these activities is politically neutral. That they may appear non-political owes a great deal to the endurance of the idea that public servants are not political actors.

This ‘direct’ or disintermediating model is central to many of the arguments recommending the instant and widespread implementation of e-based approaches to linking citizens-consumers to the state. Essentially, it suggests a speedy version of democratic organisation that would provide for more responsive public policy and services, which in turn might be delivered more efficiently via the Internet. However, the marketing logic behind such approaches indicates a lack of appreciation of particular political and democratic principles. Existing representative systems of democracy have built up ‘checks and balances’ between popular opinion and the delivery of public services. Filtering mechanisms act to dampen the impact of changes in public opinion on policy, thereby slowing down the response of policy makers and policy implementers. This apparent lack of exigency might first appear to be out of kilter with conventional marketing thinking, but a contingency perspective would acknowledge the critical interdependency of public service and political imperatives. That is, it would recognise that while responsiveness in service delivery terms implies rapidity, the same principle in a political, or public interest,

context connotes a more measured and deliberate reaction in the longer term interest of public welfare.

One effect of the NPM paradigm is to diffuse political accountability. Politicians can hardly be held to account for decisions from which they are systematically distanced. Nevertheless, the new public managers are still making 'authoritative allocations of value', to use a standard definition of political action. Even if called customers, those who pay for, receive, support, oppose or remain ignorant of public services are still citizens. To gain their assent may mean compromising the market ideal of rapid response. Failure to do so will risk the withdrawal of their cooperation.

The exact mix of services that constitute the public sector in individual counties is different, though the core of defence, education, and health and so on is fairly consistent. Once a public service is established, however, even if NPM reforms detach it from government departments, citizens will demand political accountability. Ministers, presidents, mayors and other elected officials will be expected to take responsibility for late trains, long hospital waiting lists and changing demographics over which their day-to-day control may be low. The consequences of rapidity of response are far more problematic in the public sector:

... the rules for eGovernment are different from those for e-business, where it may sometimes be better to be fast than right. Governments have to be more cautious, they must take more care to take people with them, they are more accountable for the money they spend ... (*The Economist* 2000a)

The application of ICTs in eGovernment undoubtedly enables speedier responses to citizen concerns. Indeed, in eGovernment, it is in that branch that we have defined above as being about service delivery, such speed suggests commitment, efficiency and competence. Where the inclination to speed of

response must be tempered is in the related area of eDemocracy. In this case, with an understanding of the role of deliberation in translating public opinion into public policy over time, rapid response may be akin to a contemporary 'e-mob rule'. That is, the rapidity implied by direct models of influencing government, aided by ICTs, may be the very antithesis of what is required for good democracy, good politics. Such an observation would not be possible without the combined consideration of eGovernment and eDemocracy. Their independent analyses, reflecting the separation of politics and administration, may again be seen as unrepresentative of the realities of politicians, public servants and the public.

CONSUMER CHOICE AND CUSTOMISATION OF PRODUCTS

In marketing, the conventional understanding has been that mass marketing and customised marketing were polar opposites. That is, certain products would be standardised and mass-marketed in an undifferentiated fashion. The low costs deriving from economies of scale would be translated into price advantages in the marketplace. Aspects of choice would be limited but compensated for by widespread availability and low price. At the other extreme, certain products would be specifically designed and tailored for individual clients. These would be customised, or personalised, for the individual. In almost paradoxical terms, however, one of the most innovative developments in marketing and product development arising from application of web-based technologies is 'mass customisation'. Typified by Dell Corporation, at whose website customers design their own PC from an on-screen 'choiceboard' – selecting their preferred components such as monitor, memory, storage, accessories and so on — the technology now exists for each customer to personalise the product, and to design to a specific, personal style and given price.

As a tool for delivering customer satisfaction, mass customisation has powerful and distinctive strengths for both provider and recipient. The provider purchases components only to order, and may be paid upfront for the product; the recipient orders a product consistent with his or her requirements and budget. Because web technologies enable the widespread application and uptake of such customisation, the scale increases, further pushing down costs and prices, and moving to a point where such customisation may reasonably be described as a 'mass' process. Similar applications are common in several service sectors. For example, an individual's family life cycle can determine pension, insurance, savings schemes designs best suited to individual circumstances.

Public sector products are often 'customised' in the sense that they are delivered on a person-to-person basis. Thus, no two history lessons are the same, each patient is diagnosed individually, and the courts decide guilt and punishment for each accused. On the other hand, some services are provided in a deliberately universal form to emphasise their status as rights or entitlements. The civil servant may not approve of an individual's views or demeanour, but cannot deny maternity benefit or access to the public library to those who qualify. Despite these contrasting characteristics of individual provision and universalism, public sector goods are both scarce and generally free at the point of consumption. The political system, therefore, operates a rationing function. This is achieved in part by waiting lists, administrative hurdles and lack of information. The market mechanism of economic charges is eschewed, though some contribution from users may be required as a rationing device.

The application of mass customisation and consumer choice technology and facilities to the area of news and information, however, reveals different kinds of outcomes, potentially threatening to public welfare and democracy. Arguing for the positive potential

of ICTs in politics, it is suggested that the Internet will facilitate the mobilisation of new forms of political activism via the reduction of barriers to civic engagement. eDemocracy advocates anticipate increased democratic participation by collective action:

'Perhaps the most democratizing aspect of the Internet is the ability for people to organize and communicate in groups. It is within the context of electronic free assembly and association that citizens will gain new opportunities for participation and a voice in politics, governance, and society. In the next decade, those active in developing the Internet and building democracy have an opportunity to sow the seeds for "democracy online" in the next century. Like the founding of any modern nation, the choices made today, the ideals upheld, the rules adopted, and the expectations created will determine the opportunities for democratic engagement for generations to come.' (Cliff 2001)

Reinforcement theories, however, suggest that use of the Internet will strengthen existing patterns of political participation without radically transforming them (Norris 2002). This contrasting view holds that ICT will reinforce the gap between the haves and have-nots, thereby strengthening the existing patterns of participation.

'... [in America] the digital divide between rich and poor, white and non-white, well-educated and under-schooled seems, if anything, to have widened significantly during the five years ... Although Internet penetration has risen across all demographic groups, the digital divide ... has ... become a poignant proxy for almost every other kind of disadvantage and inequality in society. (*The Economist* 2000b)

This reality of shortage is not affected directly by progress in eGovernment or eDemocracy, though access to IT facilities may introduce further inequalities. For example, research in Ireland found:

‘... some social groups were leading the way in Internet use, with others falling behind. There were three distinct categories of people using ... ICTs: a small group of early adopters, a larger group of average users, and the largest group — nonusers ... Many of the hard core of non-users were people with no educational qualifications, unskilled workers, “housewives”, the unemployed, those with monthly household incomes less than IR£1,000, and the over-65s ... People with disabilities also have a low rate of ICT use. (O’Donnell 2002)

Sunstein (2001) draws attention to the danger posed by those promoting a particularly consumer-driven approach to the Internet and its role in public participation. Alluding to the principle and practice of mass customisation, for instance, he questions the implications for society of people designing *The Daily Me* — news and information packaged in a completely personal way, with each component chosen in advance. The ability to filter out everything but that which we wish to see, hear and read is a central aspect of the users’ ability to customise the web for their own use — a distinctly consumer-oriented approach.

‘If you are interested in politics, you may want to restrict yourself to certain points of view, by hearing only from people you like. In designing your preferred newspaper, you choose among conservatives, moderates, liberals, vegetarians, the religious right, and socialists ... Of course everyone else has the same freedom that you do ... Many people restrict themselves to their own preferred points of view — liberals watching and reading mostly or only liberals; moderates, moderates; conservatives, conservatives; neo-Nazis, neo-Nazis. People in different states, and in different countries, make predictably different choices ... The resulting divisions run along many lines — of race, religion, ethnicity, nationality, wealth, age, political conviction, and more ... The market for news, entertainment, and information has finally been

perfected. Consumers are able to see exactly what they want. When the power to filter is unlimited, people can decide, in advance and with perfect accuracy, what they will and will not encounter.’ (Sunstein 2001: 4–5)

However, if democracy depends on shared experiences and the requirement of citizens to be exposed to topics they would not necessarily have chosen themselves, then that kind of application of consumer power merely leads to a fragmented society as communities are exposed to less of others’ interests and concerns through customised media.

In his acclaimed piece of the same name, Putnam (2001) suggests that ‘bowling alone’, the trend for Americans to go tenpin bowling not in groups or leagues but on their own, is a metaphor for a decline in social capital. It is reflected in many forms of communal behaviour but crucially in declining political engagement:

‘Social capital can ... be simultaneously a “private good” and a “public good.” Some of the benefit from an investment in social capital goes to bystanders, while some of the benefit redounds to the immediate interest of the person making the investment ...’ (Putnam 2001: 18)

Putnam posits that networks of community engagement foster ‘sturdy norms of reciprocity’ and gives as examples patterns of trust and altruism in America — philanthropy, volunteering, honesty and reciprocity. In contrast, he highlights three apparent counterexamples to the decline of connectedness — small groups, social movements, and the Internet:

‘In each domain ... without at first noticing, we have been pulled apart from one another and from our communities over the last third of the century.’ (Putnam 2001: 28)

Of course, ICTs cannot be held responsible for social fragmentation. Francis Fukuyama, in *Trust*, points to the undermining of

the sense of community, particularly in the USA, of the 'rights revolution' of the 1970s and 80s, in which the pronoun 'I' replaced 'we'. In the terms of this paper, however, it is clear that ICTs affect consumer choice in several ways, and that the possibilities of mass customisation are critical in this. The outcomes are coloured by whether the observation is in the interest of market ideals or democratic progress.

Consumer choice is an important marketing concept, and consumer sovereignty is bolstered by the principles and practices of mass customisation. The extent of choice for the consumer is enhanced, and such developments are rewarded in the conventional marketplace. Indeed, the consumer could be expected to pay a premium for such choices. However, in the political context, it may be seen that the freedom to choose and customise media and news messages does have welfare consequences. Market-based values are shown to have important defects when considered in the context of political and public service domains. In Putnam's terms, the kinds of technological developments that enable — perhaps even encourage — individuals to retreat from society in the ways outlined result in a reduction in the community's 'social capital'. In Sunstein's terms, *The Daily Me* can shift the community toward a narrow, fragmented, and ultimately xenophobic perspective. Neither outcome, it must be clear, benefits democracy and societal welfare. Discussion of eGovernment and eDemocracy to date has been either too optimistic or narrowly focused to address these concerns.

MARKET RESEARCH APPLICATIONS

With the managerialist penetration of public administration (McLaughlin *et al.* 2002) and the professionalisation of political marketing (Plasser *et al.* 1999) the tools and techniques of market research are increasingly observable. Surveys, opinion polls, focus group interviews and so on are commonplace, as

politicians and civil service managers alike attempt to understand voters' and citizens' concerns, preferences and activities. Sparrow and Turner (2001: 984) demonstrate the extent to which:

'... political parties in Europe, following the trend in the USA, have entered a new era of the permanent election campaign ... [helps] to construct a more comprehensive picture of an uncertain political environment. Parties are using qualitative research to enhance the information they have traditionally obtained from quantitative polls ... there is now a greater use of qualitative research and a greater integration of market research information.'

This trend is also well established in Britain. As Scammell (1996) noted, Margaret Thatcher enjoyed an international reputation as a conviction politician in contrast to her political opponents, who were perceived more ambiguously, bowing to public opinion and/or party pressure. Yet, in her early years as leader, it was Thatcher who was criticised as a 'packaged politician'. Scammell argues that she entrenched political marketing in modern British politics.

Electronic means greatly facilitate both the gathering and dissemination of information. The Internet offers lower costs, larger samples, the ability to focus on small sub-populations, routine use of visuals and easy access to low-incidence samples. Surveys and polls do provide for public views to be aired in ways that were not historically available to citizens. But the market research agenda may not accord traditional means of political participation due regard. Much market research in the public sector consists of studies of 'customer' and employee satisfaction, organisation assessment, programme evaluation, marketing project impact, customer needs assessment, and advertising effectiveness. It parallels private sector use. The important difference, however, is that it can challenge the deliberative and accountable mechanisms

of the democratic process by its immediacy and claims to scientific validity.

The pace at which business is conducted, enhanced (or exacerbated) by ICTs, has had important impacts on the conceptualisation and practice of market research. In 'real time' marketing situations, the 'make and sell' paradigm has shifted to one characterised by 'sense and respond' (Bradley and Nolan 1998). In line with this are the reduced demarcation of marketing management and market research, and the more continual application of market research rather than its project-oriented role in the past in response to specific opportunities or problems (Struse 2000). Further, qualitative research applications are proving especially relevant in politics and public sector contexts, where issues of identity, imagery and emotion are common. While there is a marked increase in the utilisation of qualitative market research, care is required for substantive understandings of markets, which may take considerable time. Considering again the pressures of time, responding to political issues with 'blitzkrieg ethnography' demeans both method and respondent.

In political and public sector markets, advocates of market research-led policy making may recognise the disengagement of people from politics in so many contemporary democracies and may wish to provide a connection between the state and the citizens. The danger is, however, that they just see citizens as consumers, and automatically utilise consumer-type models. Politicians and administrators may be so removed from peoples' daily lives that they must run market research to tap into the *zeitgeist*. Fraser (1999: 55) observes that while government policy focused on the needs of the 'new consumer' those of the citizen became an afterthought:

'... they were evoked without fanfare as costly good deeds — hooking up schools, libraries, and hospitals to the Internet — that private

interests contemplated with decidedly less enthusiasm.'

The Internet and e-mail allow market researchers to provide an immediate gauge of public opinion though with all the caveats that are associated with conventional polling. They cannot replace either open discussion or political leadership by elected politicians. As the Irish philosopher Edmund Burke warned the electors of Bristol in 1774:

'Your representative owes you, not his industry only, but his judgment; and he betrays instead of serving you if he sacrifices it to your opinion.'

Notwithstanding the contributions of market research to political and administrative understanding and decision-making, observers fear its usurpation of traditional political processes:

'There are a number of characteristics which make the village square a unique and vibrant place. It is open to all people, no matter what their economic status, gender, race or political views. It encourages, by its very structure, two-way communication. It is a hub around which commerce revolves, but on which commerce is not the central concern. It is subject only to the laws of society, and not to the arbitrary rules that govern private spaces such as shopping malls or condominiums. The village square is public space. To be a village square, the information highway must have these same characteristics. Canada's cyberspace must be public space.' (Surman 1995: 55)

Marketing models in the political and public sector sphere promote the use of market research surveys and focus group interviews. Developments in ICTs — leading to the newly developing fields of eGovernment and eDemocracy — appear to indicate faster and more responsive utilisation of market research. On the face of it, these applications would indicate the participation of citizens in design and delivery processes,

which appears progressive and democratic. Indeed, Ryan (2002) concludes that where there are high levels of participation, engagement and knowledge, public confidence in government is likely to be high. By perceiving citizens as consumers, however, marketing approaches may regress to the analyses of consumer preferences rather than participation in the public political system. The market model suggests that the development of public policy and the delivery of public services is a production, rather than a political process, in which case the application of market research would seem sufficient. However, democrats would argue that such measures cannot replace politics and engagement in political institutions, with their compelling institutionalisation of access, parity and deliberation. In Fountain's (2001) terms, the paradox is that increased levels of customer service in government (resulting from better market research) may actually lead to poorer government services in the broad sense (resulting from the substitution of political engagement by market research). The former is the business of eGovernment; the latter is the business of eDemocracy. Their enforced, ill-considered separation again militates against a holistic view of political and public sector marketing.

CONCLUSIONS

Three critical aspects of the marketing literature and marketing practice have been examined in the light of NPM and recent ICT-based developments in eGovernment and eDemocracy. It is notable that many of the question marks over the applicability of ICT to the public sector arise from the conceptual separation of eGovernment and eDemocracy. This dichotomy reflects the administration and politics distinction that is found in much of the earlier public administration literature that sought to imply that the actions of bureaucrats were apolitical. The prominence of much ICT innovation has, therefore, been dominated by commercial and

technical criteria. The features of liberal representative democracy, particularly the role of deliberation, informed assent and accountability, have been neglected. Speed of response has been emphasised to the cost of democratic filters and checks on public opinion; enhanced choice, enabled by mass customisation, presents problems of social fragmentation; and the application of market research is no substitute for political discourse and engagement.

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