Distribution Decisions for Public Services

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DISTRIBUTION DECISIONS FOR PUBLIC SERVICES

It is widely agreed that marketing is an appropriate activity for nonprofit organizations including government agencies (Kotler 1982). It is also generally agreed that there are important distinctions between the public and private sectors which affect marketing practices in each of these sectors (Lovelock and Weinberg 1984). Public sector managers must be cognizant of these significant differences when developing marketing strategies and programs.

This article focuses upon one aspect of public sector marketing – the distribution of public services. The components of the public service distribution decision process are identified, and their interrelationships are illustrated.

OVERVIEW OF THE DISTRIBUTION DECISION PROCESS

Any public service distribution pattern emerges from a series of related tasks. These tasks are illustrated in Figure 1.

The first step in the process is to audit the existing pattern of distribution, if the service is presently being offered. When the existing allocation pattern is known, then objectives may be set to amend or perpetuate this pattern in accordance with the agency’s preferred distribution pattern model. After objectives have been set establishing who will get how much
FIGURE 1
A MODEL OF THE DISTRIBUTION DECISION PROCESS FOR GOVERNMENT AND
SOCIAL SERVICE AGENCIES

Audit Existing Distribution Pattern

Establish Distribution Objectives

Develop a Distribution Strategy Plan

Operational Components
- Channel of Distribution
- Intensity of Distribution
- Selection of Site Locations
- Schedule of Service Delivery

Monitor Service Delivery
of a particular service, then a distribution strategy plan, which establishes how the service will be made available and accessible to citizens, may be developed and implemented.

The distribution plan addresses four questions:

1) Which agency/division will be responsible for delivering the service to target markets? This involves identifying, and in some cases selecting, alternative vertical and horizontal channels of distribution and types of outlets.

2) How many outlets should be used? Concern here is with the appropriate level of distribution intensity.

3) Where should the outlets be located?

4) When will the service be offered?

These four decisions: (1) the channel of distribution decision, (2) the intensity of distribution decision, (3) selection of site locations, and (4) schedule of service delivery, constitute the operational components of a public agency’s distribution system.

After these interrelated distribution decisions have been made, the service is delivered and its results and impacts are monitored. These are then evaluated against the established distribution objectives. If the results are not satisfactory, then appropriate adjustments to one, or more, of the four operational components in the distribution system can be made.

AUDITING EXISTING DISTRIBUTION PATTERNS

Both auditing and monitoring require the use of similar evaluation techniques. The main difference is that auditing is periodic and long term, whereas monitoring is on-going and short term. Three major components of the evaluation process are: (1) determining the appropriate unit of analysis, (2) selecting distribution measurement indicators, and (3) making comparisons between different services. Following is a review of these components.

UNITS OF ANALYSIS

Evaluation of the equity of service distribution involves geographic comparisons. The problem lies in selecting which sociospatial or geographic units are appropriate, since different neighborhood definitions are likely to produce different analytical results in measuring service equality. Three criteria should guide the unit of analysis decision (Lucy and Mladenka 1977).
1) It should be feasible to gather data for each unit. For example, are the data already available, or is it possible to gather information on the amount of solid waste collected per household or the weekly number of public transit rides made per household?

2) Population data and physical characteristics data (such as housing) should be available for the geographic region of interest so it can be related to the service data which are gathered. For example, it may be desirable to relate the service data to the income or race or residents in each geographical unit.

3) The geographical unit should be relevant to decisions that may be made about the service.

The most useful unit of analysis is probably the service district; reallocation of resources can then be made between service districts if inequitable service distribution patterns are revealed.

**TYPES OF EVALUATION INDICATORS**

Relative success in achieving distribution objectives can only be meaningfully evaluated if appropriate measurement indicators are developed. Indicators are normally based on either resources, activities, or results (Lucy and Mladenka 1977). Resources are quantitative inputs to the service distribution system which may include money, personnel, facilities and equipment. Activities are the way in which the resources are used. For example, the number or frequency of policemen who patrol streets and the number of arrests they make, or the frequency with which sanitation workers collect refuse. Results are what happens as a direct consequence of the service delivered. For example, how much stolen property has been recovered. How much refuse has been collected. The differences between these three types of indicators can be illustrated with police services. Police distribution may be analyzed in terms of: the number of police patrolmen per 1000 neighborhood residents (a resource indicator); the average response time for each neighborhood, from receipt of a call for service until a police officer’s arrival at the scene (an activity indicator); or the clearance rate for each neighborhood, that is, the percentage of crimes cleared by the arrest of someone suspected of committing crimes (a results indicator).

No one measurement indicator is necessarily better or worse than another. Although they typically produce very different results, the selection of a specific indicator is usually based upon the organization's distribution objectives, the availability of data, and/or the cost of gathering measurement data.
MAKING COMPARISONS BETWEEN SERVICES

In some situations, particularly in discretionary services such as recreation, libraries, parks, and cultural arts, determination of equitable distribution involves trying to assess the benefits offered by very different services. Using recreation as an example, how can the resources in Neighborhood A, comprised of 4 small parks, 1 large swimming pool, 3 ball parks and a golf course be compared with those of Neighborhood B which consist of 2 large parks, 3 small swimming pools and 1 recreation center? These are very different combinations of amenities, and yet they all seek to provide recreational benefits. Clearly, this problem is compounded when comparison between different types of services is attempted.

There appear to be four possible approaches to making such comparisons. First, the visual approach may be used. By mapping the existing outlets for each service, and by developing transparent overlays for each service, visual identification of relatively deprived and relatively well-endowed areas, in terms of the quantity and quality of services, can be identified. The main strength of the visual approach is also its major weakness. The approach is relatively simple, because the use of subjective, normative judgement avoids the difficulty of trying to objectively weigh the value of a recreation center against the value of a park or a swimming pool.

Second, efforts could be made to standardize provisions so each neighborhood has the same number of parks, fire houses, libraries, etc. Provisions could be expressed in such terms as the number and percent of people in a specific geographic area living within a selected travel time or distance from specified facilities or services. However, such standardization is normally inappropriate, since citizens in different neighborhoods often have different service preferences and priorities. Third, an activity indicator, such as participation or visitation, could be used to compare the equality of service distribution among neighborhoods.

A fourth approach is to undertake an investment inventory which measures the current appraised value of all facilities. Thus, dollars invested in libraries, parks, recreation, and cultural facilities could be aggregated to identify the current investment value of quality of life facilities in each neighborhood, and, in this way, identify neighborhood inequities. This investment inventory approach facilitates better budgetary decisions for the allocation of services between different neighborhoods so inequities between neighborhoods are reduced. At the same time, it enables the more detailed decisions, on which particular types of services should receive
priority in each neighborhood, to be made flexible, in accordance with the differing wishes of individual neighborhoods.

ESTABLISHING DISTRIBUTION OBJECTIVES

Once an audit of the existing distribution pattern has been completed, it is necessary to establish, revise, or reaffirm distribution objectives. Objectives are the end results which an agency wants to obtain and should guide all the distribution decisions and actions of the agency.

Distribution objectives may be expressed in terms of resources, activities and results. A resource based distribution objective for swimming pool provision in a city may be to provide, within a five-year period, adequate recreational swimming opportunities for all citizens by raising the level of public investment in basic swimming facilities in all planning zones to a specified per capital amount, giving priority to those zones which have the lowest current and projected investment. A distribution objective based on an activity approach could be a family counseling department which has an objective of visiting each client family in their home every month. A police department which has an objective of achieving arrest rates of at least 50 percent in every neighborhood within 3 years, would be using a results objective.

Distribution objectives should be compatible with the agency’s budgetary capacity, so that what is to be attempted in a given time frame is financially feasible. Further, when distribution objectives are being established, other marketing mix decisions, such as prices to be charged, programs to be offered, and promotion, also need to be considered. Distribution objectives should be carefully integrated into the overall marketing plan to achieve an integrated, cohesive strategy.

DEVELOPING A DISTRIBUTION STRATEGY PLAN

The audit of existing distribution patterns establishes "Where we are now;" the objectives project "What we want our distribution pattern to look like in X years time." The distribution strategy plan provides a blueprint of how to get from where we are now to where we want to be in a specified period of time. There are four main operational components which constitute a public agency’s distribution system. They are: channel of distribution, intensity of distribution, selection of site locations, and schedule of service delivery.
CHANNEL OF DISTRIBUTION

A public sector channel of distribution consists of the set of organizations, agencies, and outlets which share in the responsibilities for making a service available and accessible to target populations. Channel of distribution decisions are concerned with whether an agency should attempt to deliver its offerings directly to consumers, or whether it can better deliver selected offerings indirectly through involving other agencies or organizations. The starting point for effective channel decisions is defining target markets and assessing the needs of these target markets. There are three dimensions to channel decisions. The first dimension concerns vertical distribution, and the second dimension concerns horizontal distribution patterns. In both cases, the decision of whether to use a direct or an indirect approach is determined by assessing which approach offers the most effective, efficient and equitable distribution of a particular service.

An agency is not restricted to using only one particular channel. Indeed, there are instances when it is advantageous to deliver a particular offering through several different types of outlets simultaneously in order to reach different target markets. Thus, the type of outlets to be used constitutes the third dimension of channel decisions.

Vertical Distribution Decisions

Vertical distribution occurs when services are delivered from a higher level of government, through intermediary government levels, to the ultimate target market. This process is somewhat analogous to a manufacturer’s decision to sell either directly to customers, or indirectly through retailers or wholesaler/retailer networks. Intermediary government levels should only be included if it is advantageous to deliver some service by using them. If any of the intermediary levels do not increase the effectiveness, efficiency, or equity of the distribution system, then they should be omitted from the delivery system, and a direct approach adopted.

Figure 2 illustrates three alternative distribution options the federal government might use to distribute funds to target markets. The first option, direct distribution, entails providing funds directly to those citizens who qualify under the requirements of a program. Social security payments are an example of this option. Second, the federal government might use one or more indirect distribution alternatives. It might distribute funds to state agencies, for example, and require the state agencies either to allocate the funds to qualified jurisdictions in the state, or to distribute the funds or services directly to qualified citizens or projects. The Land and Water
FIGURE 2
EXAMPLES OF VERTICAL DISTRIBUTION DECISIONS

Direct Distribution

Federal Government \[\rightarrow\] Citizens

Indirect Distribution

Federal Government \[\rightarrow\] Cities or Counties \[\rightarrow\] Citizens

Federal Government \[\rightarrow\] States \[\rightarrow\] Cities or Counties \[\rightarrow\] Citizens

FIGURE 3
ALTERNATIVE HORIZONTAL DISTRIBUTION DECISIONS

DIRECT PROVIDER

FACILITATOR \[\rightarrow\] OUTREACH

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Conservation Fund, which provides matching grants for acquiring or developing outdoor park and recreation facilities, is an example of this alternative. Third, as in the case of general revenue sharing, the federal government may decide it is more efficient for some programs to by-pass states and distribute funds directly to local cities or counties.

Agencies within the vertical channel do not always work in harmony. Sometimes there is conflict, confusion and duplication of effort. Conflicts often emerge when the objectives at one level of government can only be achieved if another level cooperates. For example, the welfare program Aid to Families with Dependent Children (AFDC) is regularly and partially funded by the federal government, but it is actually delivered by state governments. Conflicts arise because what one level of government intends is not necessarily what another level wants to do or is capable of doing.

**Horizontal Distribution Decisions**

Horizontal distribution refers to alternate distribution strategies adopted within a single level of government. Three alternate approaches are illustrated in Figure 3. The direct provider role is the model many agencies traditionally have adopted. In this approach, the agency typically assumes exclusive responsibility for planning, organizing and distributing services and providing facilities.

Two problems associated with exclusive use of the direct provider model have led many agencies to adopt facilitator and/or outreach roles as additional modes of service delivery. The first problem is that many citizens are unable, or unwilling for a variety of reasons, to go to distribution outlets to use the services offered. Recognition of this problem has led some agencies to expand their traditional approach to incorporate an outreach role. The second problem is the high cost associated with direct provider and outreach approaches. Services have been subject to more critical cost reviews since the mid 1970’s, when funding became less available. This situation caused agencies to examine the potential of serving as a facilitator, encouraging others to deliver selected services, rather than serving as a direct provider.

The facilitative function can include the agency assuming the role of a referral agent. In this situation, the agency acts as a broker, providing a connection between the service needs of community residents and the supply of opportunities available to satisfy them. The facilitation of integrative arrangements and provision of services by others is emerging rapidly as an
alternative distribution mode in response to diminishing budgets, rising maintenance and operation costs, and greater service demands.

**Type of Outlet Decisions**

The selection of target markets will influence and directly shape decisions concerning the types of outlets to be used. If an agency adopts a multi-segment target market strategy, it must also consider multiple types of distribution outlets.

There is often a tendency to develop standardized uniform distribution systems designed to accommodate common needs shared by all clients. Unfortunately, attempting to accommodate the common needs shared by all often results in the failure to adequately respond to the particular distribution needs of any market segment.

Figure 4 provides an example of how a library might use different types of outlets to reach various market segments effectively. The main library appeals to researchers and others who desire an extensive collection of resources at one location and persons who seek specialized sorts of information and/or services. Most people who use branch libraries seek either leisure reading materials or limited research information. The main appeal of the bookmobile is its convenience to users. Outreach programs have improved library services by offering such programs in association with senior citizen centers, churches, day care centers and headstart programs.

Each of the four target markets have different needs and different distribution preferences. By providing different types of outlets, the library is able to reach a larger portion of its total market and provide services consistent with their needs. All markets appropriate for segmentation should also be considered candidates for using different types of distribution outlets.

**INTENSITY OF DISTRIBUTION**

After determining which channels and types of outlets are to be used for distributing a service, the next decision is to identify how many outlets should be provided. Intensity of distribution refers to the relative availability of a service to the consumer.

Generally, the intensity of distribution of a service should meet, but not exceed, the needs and preferences of target markets. Too few outlets may fail to provide a needed level of service, and too many outlets may incur unnecessary costs. The decision regarding intensity of distribution should be guided by the distribution objectives, but will also be influenced by such
FIGURE 4

DIFFERENT TYPES OF OUTLETS FOR LIBRARY SERVICES

Main Library → Branch Library → Target Markets

Main Library → Bookmobile

Bookmobile → Outreach through Daycare centers, Senior centers
factors as the financial condition of the agency, degree of dependence upon facilities, the availability and extent of complementary or similar services offered by other agencies, type of outlets desired, and volume of demand expected.

A basic factor influencing intensity decisions is the trade-offs between costs and accessibility. Intensity of distribution, accessibility, and costs are closely interrelated. The greater the intensity of distribution, the greater the accessibility of a service, but the higher the cost.

Intensity of distribution can be viewed in terms of both facilities and services. The intensity of distribution of facilities refers to the relative number of physical facilities an agency operates. The intensity of distribution of services refers to the relative number of outlets at which a person can receive the service.

**Intensive** distribution of facilities entails having many physical facilities to service the target market clientele. At the extreme, intensive distribution of facilities would entail facilities adjacent to each potential user’s residence, for example: roads, street lights, sidewalks and storm sewers. Alternatively, intensive facility distribution may mean making facilities available in most neighborhoods. Totlots are frequently distributed intensively so that the facilities are within walking distance for all children. Accessibility is maximized. Intensive distribution of services entails providing the service directly to clients in their homes, or having it readily available and within easy access.

**Selective** distribution entails having facilities and/or services available at several outlets. Selective distribution presumes members of target markets are willing and able to travel some distance to use the facility or receive the service. It also recognizes the inability of agencies to provide some services directly to all users. Selective distribution is a compromise between the economics of scale associated with exclusive distribution and the preference of clients for personalized service delivery. Community centers are typically selectively distributed. Other examples include schools and parks within a community, branch libraries, satellite welfare offices, and family planning clinics. If a selective distribution strategy is adopted, locations should be selected which are most convenient for the target clientele.

**Exclusive** distribution is the provision of facilities and/or services in only one location within a community or target market area. Immobile facilities offering specialized services, such as hospitals, often use exclusive distribution because they are used relatively infrequently. Exclusive distribution has the advantage of minimized costs and maximized control. The disadvantage, of course, is inconvenience to a large portion of the target market.
By having one large library in a major city, duplication of books, staff, and building costs can be avoided. The citizen will gain to the extent he or she will find an extensive collection of books. Restricting the number of locations forces the client to travel, costing him or her more in terms of time, transportation, convenience and personal energy.

Some state universities employ exclusive distribution. The cost of running the university is minimized by operating only one campus, but the travel costs to clients of attending classes at that institution are likely to be high. If the university decides to distribute its educational product more intensively throughout the state, it will face all the classic distribution questions faced by large business firms: how many branch locations should be established, how large should they be, where should they be located, and what specialization should take place at each branch (Kotler 1982)?

An agency has nine intensity of distribution alternatives from which to choose. Figure 5 illustrates these alternative itensity of distribution strategies, and suggests possible services that might most appropriately fit into the nine cells.

**SELECTING LOCATIONS**

After channel and intensity decisions have been made, the agency is confronted with the task of identifying specific site locations through which a service will be delivered.

If the location and size of a facility are not suitable, then no matter how good its subsequent service offerings, management, promotion or pricing strategies, the facility is unlikely to achieve its full potential. Conversely, a well-located facility may be successful in spite of inadequacies in operating management. A good site location requires that two criteria be met. First, it must be accessible to target markets. Second, it should be very visible to target markets.

Access is primarily a function of geographic proximity to potential users. The general conclusion about location and utilization is that use tends to vary directly with distance from the facility. Many studies have illustrated that consumers look upon travel time, transport fare, and so forth, as costs to be paid for obtaining services. Beyond a certain point, consumers are unwilling to pay the cost.

The visibility criterion requires that members of target markets be made aware of a service offering by seeing it. If there is no awareness that a service exists, then obviously it cannot be used. The only ways to learn of the existence of any public service offering are to hear about it, see it, or
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see a reference to it. Because of the political reluctance of elected officials
to engage in paid promotional efforts, the major promotional tool which
public agencies possess is locating their facilities and services where they
are very visible to target markets.

**Reasons for Inappropriate Facility Location**

Public agencies often have failed to recognize the crucial importance of
location. There appear to be at least five reasons why public facilities are
located inappropriately.

First, some government and social service agencies have inherited facil-
ities whose locations were selected long ago. These facilities may reflect
an orientation toward a target market which has changed considerably since
the time the facilities were built. Facilities established to serve one socio-
economic group may be serving a very different group of people today. The
first group may have left the area and been supplanted by people with
different social, racial, or economic characteristics, and hence, different
life styles and wants.

Second, donations may be a factor in explaining the distribution of facil-
ities. For example, many cities have acquired over half their parkland from
donations. In such cases, the site of a park is dictated by the donor, irre-
respective of preferred distribution considerations or the desires of the public.
In some instances, the source of the donation may have been the federal
government. Facilities or services may be offered at a particular location
because only that location qualified for a facility under the terms of a
particular federal grant program.

Third, local, county, state or federal offices are often centralized in one
building or complex because it is administratively convenient for the agen-
cies to be located in close juxtaposition. This expedites bureaucratic pro-
cedures, but these offices may not be in the most desirable location from
the consumers' perspective.

Fourth, facilities are located in a particular place because a site was
available. There are, for example, many areas where parks should be lo-
cated, and where decision-makers would like to site them, but there is no
space available. This problem is particularly acute in central urban areas.

Finally, locations are selected because the land is relatively inexpensive.
This is perhaps the most popular criterion currently in use for site selection.
This criterion frequently fails to consider the potentially increased benefits
of revenues and/or greater utilization accruing to an agency if a facility
were located on a more expensive, but more visible and accessible site.
Proper site selection entails an analysis not only of cost considerations, but also of revenue and benefit considerations, including accessibility of the location for the target markets it is intended to serve.

Sometimes, public jurisdictions rationalize that they cannot afford to purchase prime locations, because the cost of acquisition is too high, or because the opportunity cost of removing valuable property from the tax roles would adversely affect the jurisdiction's tax base. For these reasons, public facilities are often located at less visible and less accessible sites which are not sought by commercial interests. Decision makers often fail to recognize that a short run decrease in costs may increase long run costs and inhibit the agency from achieving its marketing goals.

SERVICE SCHEDULING

Scheduling is the final operational component to be considered (Figure 1). Scheduling addresses the questions, "When is the best time to offer a service, for how long, and how often?" There cannot be any generalizable rules, but clearly if a service is not offered at the "right" time, then an exchange is less likely to be consummated. The only firm rule for scheduling is that it should be governed by the needs of target markets. Sometimes, there is a tendency to schedule services at times which are more convenient for the administrators of those services than for target markets.

This is the most flexible of the operational components because it can be adjusted relatively easily. However, it is possible that confusion, loss of support, and loss of goodwill, may be incurred by changing well-established schedules. This, together with the expense which may be incurred in communicating changes to target markets, suggests that scheduling changes should be made only after careful deliberation.

CONCLUSION

In this article a systematic approach to formulating public sector distribution decisions has been suggested. Too often, ad hoc decisions are made about locating a facility or delivering a service without the full implications of that decision being recognized. Each element in the distribution system impacts upon the others. The adoption of objectives derived from an audit of the existing distribution pattern, to direct the pattern of facility and service distribution, will facilitate the most appropriate location selections. Periodic evaluations will assess the effectiveness of implementation, given the agreed objectives.
Decisions about the distribution of services touch the lives of all citizens. A citizen's perception of public officials, or an agency, is often based upon a fairly small number of experiences which have been satisfactory or unsatisfactory. In an era of declining public agency budgets, and accompanying service cuts, the high visibility to citizens of public service delivery systems is likely to make service distribution subject to an increasing amount of critical evaluation.

REFERENCES


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